

SWEETWATER UNION HIGH SCHOOL DISTRICT

**BUILDING FUND (PROPOSITION O)
FINANCIAL REPORT**

JUNE 30, 2016

**SWEETWATER UNION HIGH SCHOOL DISTRICT
BUILDING FUND (PROPOSITION O)**

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INDEPENDENT AUDITOR'S REPORT

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Governing Board and
Citizens Oversight Committee
Sweetwater Union High School District
Chula Vista, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Sweetwater Union High School District's (the District) Building Fund (Proposition O), and the related notes to the financial statements, as of and for the year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund (Proposition O) of the Sweetwater Union High School District at June 30, 2016, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Building Fund specific to Proposition O, and are not intended to present fairly the financial position and changes in financial position of Sweetwater Union High School District in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2016, on our consideration of the District Building Fund's (Proposition O) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's Building Fund's (Proposition O) internal control over financial reporting and compliance.

Vavrinck, Jino, Day & Co., LLP

Rancho Cucamonga, California
December 8, 2016

**SWEETWATER UNION HIGH SCHOOL DISTRICT
BUILDING FUND (PROPOSITION O)**

**BALANCE SHEET
JUNE 30, 2016**

ASSETS

Deposits and investments	\$ 70,918,969
Accounts receivable	102,405
Due from other funds	<u>863,293</u>
Total Assets	<u><u>\$ 71,884,667</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 1,655,325
Due to other funds	<u>69,667</u>
Total Liabilities	<u>1,724,992</u>

Fund Balance:

Restricted	<u>70,159,675</u>
Total Liabilities and Fund Balance	<u><u>\$ 71,884,667</u></u>

The accompanying notes are an integral part of these financial statements.

**SWEETWATER UNION HIGH SCHOOL DISTRICT
BUILDING FUND (PROPOSITION O)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016**

REVENUES	
Interest income	\$ 156,494
Other local revenue	30
Total Revenues	<u>156,524</u>
EXPENDITURES	
Plant services	
Salaries and benefits	806,259
Supplies and materials	274,149
Services and other operating expenditures	292,742
Facilities acquisition and construction	
Professional services and operating expenditures	525,382
Building and improvements to buildings	2,458,968
Debt service	
Interest and other	749,500
Total Expenditures	<u>5,107,000</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(4,950,476)</u>
OTHER FINANCING SOURCES (Uses)	
Transfers in	1,235,766
Other sources - proceeds from issuance of debt	265,710,000
Other sources - premium on issuance of debt	14,913,405
Transfers out	(215,805,872)
Other uses - payment to refunded bond escrow agent	(2,266,477)
Net Financing Sources (Uses)	<u>63,786,822</u>
NET CHANGE IN FUND BALANCES	58,836,346
FUND BALANCE - BEGINNING	11,323,329
FUND BALANCE - ENDING	<u><u>\$ 70,159,675</u></u>

The accompanying notes are an integral part of these financial statements.

SWEETWATER UNION HIGH SCHOOL DISTRICT BUILDING FUND (PROPOSITION O)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Sweetwater Union High School District's (the District) Building Fund (Proposition O) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The Sweetwater Union High School District Building Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

Financial Reporting Entity

The financial statements include only the Building Fund of the Sweetwater Union High School District used to account for Proposition O projects. This Fund was established to account for the expenditures of general obligation bonds issued under Proposition O. These financial statements are not intended to present fairly the financial position and results of operations of the Sweetwater Union High School District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Building Fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Building Fund is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

SWEETWATER UNION HIGH SCHOOL DISTRICT BUILDING FUND (PROPOSITION O)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances lapse at June 30.

Fund Balance – Building Fund (Proposition O)

As of June 30, 2016, the fund balance is classified as follows:

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws of regulations of other governments.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principles

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The District has implemented the provisions of this Statement as of June 30, 2016.

SWEETWATER UNION HIGH SCHOOL DISTRICT BUILDING FUND (PROPOSITION O)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The District has implemented the provisions of this Statement as of June 30, 2016.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement No. 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

The District has implemented the provisions of this Statement as of June 30, 2016.

**SWEETWATER UNION HIGH SCHOOL DISTRICT
BUILDING FUND (PROPOSITION O)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2016, consisted of the following:

Cash on hand and in banks	\$	8,891
Investments		70,910,078
Total Deposits and Investments	\$	<u>70,918,969</u>

Policies and Practices

The District is authorized under *California Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**SWEETWATER UNION HIGH SCHOOL DISTRICT
BUILDING FUND (PROPOSITION O)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the San Diego County Investment Pool.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

	Reported Amount	Average Days to Maturity
San Diego County Investment Pool	\$ 70,900,121	310
Blackrock Institutional Funds Money Market Funds	9,957	43
	<u>\$ 70,910,078</u>	

SWEETWATER UNION HIGH SCHOOL DISTRICT BUILDING FUND (PROPOSITION O)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The investment in the San Diego County Investment Pool has been rated AA Af/S1 and the investment in Blackrock Institutional Funds Money Market Funds have been rated AA Am by Standard & Poor's Investor Service as of June 30, 2016.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of secured deposits. As of June 30, 2016, the District did not have bank balances exposed to custodial credit risk because amounts were fully insured.

NOTE 3 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

**SWEETWATER UNION HIGH SCHOOL DISTRICT
BUILDING FUND (PROPOSITION O)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Uncategorized - Investments in the San Diego County Investment Pool and/or Local Agency Investment Funds/State Investment Pools are not measured using the input levels above because District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2016:

<u>Investment Type</u>	<u>Reported Amount</u>	<u>Uncategorized</u>
San Diego County Investment Pool	<u>\$ 70,900,121</u>	<u>\$ 70,900,121</u>

NOTE 4 - RECEIVABLES

Accounts receivable at June 30, 2016, consisted of the following:

Interest	<u>\$ 102,405</u>
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NOTE 5 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2016, consisted of the following:

Salaries and benefits	\$ 4,375
Materials and supplies	7,155
Services	237,888
Capital Outlay	1,385,666
Other vendor payables	20,241
	<u>\$ 1,655,325</u>

**SWEETWATER UNION HIGH SCHOOL DISTRICT
BUILDING FUND (PROPOSITION O)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2016, between governmental funds are as follows:

The balance of \$863,293 due to the Building Fund from the County School Facilities Fund resulted from the reimbursement of project costs.

A balance of \$6,368 due to the General Fund from the Building Fund resulted from the reimbursement of operating costs.

A balance of \$63,299 due to the Capital Project Fund for Blended Component Units from the Building Fund resulted from the reimbursement of operating costs.

Interfund Transfers

Interfund transfers for the year ended June 30, 2016, consisted of the following:

Transfer in consisted of the following:

The County School Facilities Fund transferred to the Building Fund for project match costs.	\$ 1,209,970
The Capital Facilities Fund transferred to the Building Fund for reimbursement of project costs.	796
The General Fund transferred to the Building Fund for reimbursement of operating costs.	25,000
	<u>\$ 1,235,766</u>

Transfers out consisted of the following:

The Building Fund transferred to the Bond Interest and Redemption Fund for the proceeds deposited for the bond refunding payment.	<u>\$ 217,152,917</u>
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**SWEETWATER UNION HIGH SCHOOL DISTRICT
BUILDING FUND (PROPOSITION O)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2016, the Building Fund (Proposition O) had the following commitments with respect to unfinished capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Montgomery High Gym Structural Upgrade	\$ 5,229	09/30/16
Montgomery High Title IX	194,600	10/31/16
Chula Vista High Title IX	45,596	02/01/17
Mar Vista High Project 2	104,153	02/01/17
Sweetwater High ADA Project	9,260	02/01/17
Southwest Middle Project 1 Modernization Phase 1 and 2	586,418	03/01/17
Sweetwater High Title IX	12,604	05/31/17
National City Middle Physical Education Restoration	76,002	08/15/17
	<u>\$ 1,033,862</u>	

Litigation

The District is not currently a party to any legal proceedings.

INDEPENDENT AUDITOR'S REPORT



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Governing Board and
Citizens Oversight Committee
Sweetwater Union High School District
Chula Vista, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the Sweetwater Union High School District (the District) Building Fund (Proposition O), and the related notes of the financial statements as of and for the year ended June 30, 2016, and have issued our report thereon dated December 8, 2016.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Building Fund specific to Proposition O, and are not intended to present fairly the financial position and changes in financial position of Sweetwater Union High School District in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sweetwater Union High School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sweetwater Union High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Sweetwater Union High School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sweetwater Union High School District's Building Fund (Proposition O) financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinck, Jino, Day & Co., LLP

Rancho Cucamonga, California
December 8, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**SWEETWATER UNION HIGH SCHOOL DISTRICT
BUILDING FUND (PROPOSITION O)**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2016**

None reported.

**SWEETWATER UNION HIGH SCHOOL DISTRICT
BUILDING FUND (PROPOSITION O)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2016**

There were no audit findings reported in the prior year's schedule of financial statement findings.