

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

PERFORMANCE AUDIT
OF
PROPOSITION 39, GENERAL OBLIGATION BONDS
(MEASURE R, NOVEMBER 2001 & MEASURE RR, NOVEMBER 2008)
LEASE REVENUE BONDS (2007)
BOND ANTICIPATION NOTES (2009)

June 30, 2015



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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Citizens' Oversight Committee
Mt. San Antonio Community College District
1100 North Grand Avenue
Walnut, California 91789

We have conducted a performance audit of the Mt. San Antonio Community College District's (the District), Measure R and Measure RR General Obligation Bond funds for the year ended June 30, 2015. In addition, as a result of the District's use of Measure RR General Obligation Bond funds to defease temporary financing debt, we have conducted a performance audit of the District's use of proceeds from lease revenue bonds (2007) and bond anticipation notes (2009) for the fiscal year ended June 30, 2015.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusion based on our audit objectives.

Our audit was limited to the objectives listed on pages 5-6 of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 Measure R and Measure RR General Obligation Bonds under Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the Bonds and the net proceeds thereof. Management is responsible for the District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of the District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution. Accordingly, we do not express any assurance on internal control.

The results of our tests indicated that for the fiscal year ended June 30, 2015 the District complied, in all significant respects, with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution. In addition, the District expended proceeds from the lease revenue bonds and bond anticipation notes for the fiscal year ended June 30, 2015, only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees under Measure RR, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

Vicenti, Lloyd & Stutzman LLP
VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
November 19, 2015

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BACKGROUND INFORMATION

In November 2000, the voters of the State of California approved Proposition 39 authorizing the issuance of general obligation bonds by California public school districts and community colleges under certain circumstances and subject to certain conditions.

Measure R

In November 2001, a general obligation bond proposition (Measure R) of the Mt. San Antonio Community College District was approved by the voters of the District. Measure R authorized the District to issue up to \$221 million of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions.

Accordingly, the following bonds were issued:

- In May 2002, the first series of bonds, Series A, in the amount of \$40 million was issued.
- In February 2004, the second series of bonds, Series B, in the amount of \$75 million was issued.
- In September 2005, \$75.7 million in general obligation refunding bonds were issued to refund certain outstanding Series A and Series B bonds. In addition, the refunding bonds generated \$8.6 million in proceeds received by the District (net of the original bond issuance costs).
- In September 2006, the third series of bonds, Series C, in the amount of \$80 million was issued.
- In July 2008, the fourth and final series of bonds, Series D, in the amount of \$26 million was issued.
- In June 2012, \$29.9 million in general obligation refunding bonds were issued to refund certain outstanding 2005 refunding bonds.
- In August 2013, \$74.9 million in general obligation refunding bonds (Series A) were issued to refund certain outstanding 2005 refunding bonds, Series C bonds, and 2012 refunding bonds.

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BACKGROUND INFORMATION (continued)

Measure R (continued)

- In August 2013, \$48.2 million in general obligation refunding bonds (Series B) were issued to refund certain outstanding 2005 refunding bonds, Series C bonds, and 2012 refunding bonds.

Measure RR

In November 2008, voters of the District approved an additional general obligation bond proposition (Measure RR) of the Mt. San Antonio Community College District. Measure RR authorized the District to issue up to \$353 million of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions.

Until the 2013-14 fiscal year, assessed property values were insufficient to allow the approval of a bond issuance under Measure RR. In order to continue with planned construction projects, the District sought temporary financing sources. In June 2008, the District issued \$10.8 million in lease revenue bonds to provide the financing of equipment, relocatable structures, and building projects. In April 2010, the District issued \$64.9 million in bond anticipation notes to (a) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and (b) refund the District's outstanding lease revenue bonds.

In anticipation that the bond anticipation notes, together with the interest thereon, would be paid from the proceeds of the sale of Measure RR bonds, the District requested that expenditures paid with the proceeds from lease revenue bonds and bond anticipation notes be audited to ensure funds have been expended only for the authorized Measure RR bond projects described in the Official Ballot for the Bond Measure.

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BACKGROUND INFORMATION (continued)

Measure RR (continued)

Property values have since appreciated to a level sufficient to allow the District to issue bonds under Measure RR. Accordingly, the following bonds were issued:

- In August 2013, the first series of bonds, Series A, in the amount of \$205.6 million was issued to pay off certain outstanding bond anticipation notes and to finance projects approved under Measure RR.
- In August 2013, the second series of bonds, Series B, in the amount of \$11.7 million was issued to pay off certain outstanding bond anticipation notes.

Citizen's Oversight Committee

Pursuant to the requirements of Proposition 39, and related state legislation, the Board of Trustees of the District appropriately established a Citizens' Oversight Committee and appointed its initial members. In January 2009, the Board of Trustees of the District expanded the scope of the current Measure R Citizens' Oversight Committee and designated it to also serve as the independent bond oversight committee for Measure RR.

The principal purpose of the Citizens' Oversight Committee, as set out in state law, is to inform the public as to the expenditures of the proceeds of the bonds issued pursuant to the applicable bond measure. The Citizens' Oversight Committee is required to issue at least one report annually as to its activities and findings.

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BACKGROUND INFORMATION (continued)

Performance Audit

Section 1(b)(3)(C) of Article XIII A of the California Constitution requires the District to conduct an annual independent performance audit to ensure that the proceeds of the bonds have been expended only for the authorized bond projects. Consistent with this provision, Section 15286 of the California Education Code requires the performance audit to be conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and be submitted to the Citizens' Oversight Committee by March 31st of each year.

OBJECTIVES

The objectives of our performance audit were to:

- Obtain documentation for the expenditures charged against the Mt. San Antonio Community College District bond construction funds, bond anticipation note funds (hereinafter referred to as the "BAN funds"), and lease revenue bond funds (hereinafter referred to as the "lease revenue funds").
- Determine whether expenditures charged against the bond construction funds for the fiscal year ended June 30, 2015 have been made in accordance with the bond project authorization approved by the voters through the approval of Measure R in November 2001 (Measure R Bond Projects) and Measure RR in November 2008 (Measure RR Bond Projects).
- Determine whether expenditures charged against the BAN funds for the fiscal year ended June 30, 2015 have been made in accordance with the bond project authorization approved by the voters through the approval of Measure RR in November 2008 (Measure RR Bond Projects).
- Determine whether expenditures charged against the lease revenue funds for the fiscal year ended June 30, 2015 have been made in accordance with the bond project authorization approved by the voters through the approval of Measure RR in November 2008 (Measure RR Bond Projects).

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OBJECTIVES (continued)

- Note incongruities or system weaknesses and provide recommendations for improvement.
- Provide the District Board and the Citizens' Oversight Committee with a performance audit as required under the requirements of the California Constitution and Proposition 39.

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal year ended June 30, 2015. Our sample selection considered object and project codes associated with the Measure R and Measure RR Bond Projects including those projects originally funded by BAN and lease revenue funds. However, not all planned projects incurred expenditures in the current year, and not all projects with expenditures were tested. The propriety of expenditures for capital projects and maintenance projects funded through sources other than the funds described above, including interest thereon, were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2015 were not reviewed or included within the scope of our audit or in this report.

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PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure summary reports and detail prepared by the District for the fiscal year ended June 30, 2015 for the bond construction funds, lease revenue funds, and BAN funds. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Proposition 39, Measure R and Measure RR funding. We performed the following procedures:

- For Measure R, we reviewed the Campus Master Plan Bond Project publicized list of intended projects. For Measure RR, we reviewed the list of intended projects published in the Official Ballot.
- We selected a sample of expenditures for the fiscal year ended June 30, 2015 and reviewed supporting documentation to ensure that funds were properly expended on the authorized bond projects, met the requirements for bidding, if applicable, and were not used for salaries of school administrators or other operating expenses of the District. The following table illustrates the sample selected for each source of funding, as well as the percentage of total expenditures tested.

Fund	Number of Transactions Tested	Dollar Value of Transactions Tested	Total Project Expenditures	Percentage of Total Expenditures
Bond Construction Fund #1 - Measure R	5	\$ 272,744	\$ 503,684	54%
Lease Revenue Funds	1	870	870	100%
BAN Funds	35	1,094,745	1,545,709	71%
Bond Construction Fund #2 - Measure RR	64	15,880,795	30,804,933	52%

Detailed results of our testing are identified by project beginning on page 8.

- We compared total project expenditures to budgets to determine if there were any expenditures in excess of appropriation.

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PROCEDURES PERFORMED (continued)

Each of the projects has been given a specific project identification number and budget within the District's financial reporting system. Actual expenditures are matched against the budget to prevent cost overruns.

RESULTS OF PROCEDURES

Measure R Bond Projects – Bond Construction Funds

In 2001, the District put forward, as adopted by the Board of Trustees, 17 projects for use with the Measure R bond funding in a Campus Master Plan. During 2005, the Master Plan was reconfigured to better accommodate the projects and improvements associated with bond funding. Several of the original Measure R projects have been modified to balance cost effectiveness of bond funds, state funding priorities and campus needs. Budget amounts below were provided by the District and may be subject to further revision. The District has incurred cumulative total costs of \$242,612,929 through June 30, 2015 of which \$503,684 were expended during the fiscal year ended June 30, 2015. The projects and related costs are outlined below:

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RESULTS OF PROCEDURES (continued)

Measure R Bond Projects – Bond Construction Funds (continued)

	<u>Total</u>	Actual Costs for Fiscal Year Ended <u>June 30, 2015</u>	Cumulative Costs through <u>June 30, 2015</u>
	<u>Budget</u>		
Project 1 Science Laboratories	\$ 14,361,620	\$	\$ 14,361,620
Project 2 Workforce Training Center	290,433		290,433
Project 3 Campus-wide Energy Conservation Program	15,544,446		15,544,446
Project 4 Off-Campus Learning Centers	389		389
Project 5 Agricultural Science	19,725,966	6,312	19,725,966
Project 6 Child Development Center	1,955,361	154,586	1,955,360
Project 7 Campus Classroom Improvements	32,787,919		32,787,919
Project 10 Design and On-line Technology Center	13,654,920		13,654,922
Project 11 Physical Education/Wellness Facility and Athletic Fields	10,400,851		10,400,851
Project 12 Campus Center	73,882		73,882
Project 13 Student Support Services Renovations	7,364,858		7,364,858
Project 14 Welding/Air Conditioning Programs	6,181,760		6,181,760
Project 15 Language Center	9,776,059		9,776,059
Project 16 Health Careers Center	9,789,393		9,789,393
Project 17 Campus-Wide Improvements	100,547,967	342,786	100,548,081
Bond Investment	156,990		156,990
Bond Refunding Reserves/Interest Reserves	115		
	<u>\$ 242,612,929</u>	<u>\$ 503,684</u>	<u>\$ 242,612,929</u>
Budget Reconciliation:			
Measure R Proceeds	\$ 220,999,812		
Bond Refunding Proceeds	8,606,226		
Bond Investment Funds	13,006,891		
	<u>\$ 242,612,929</u>		

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RESULTS OF PROCEDURES (continued)

The following list outlines the detailed expenditures tested for the fiscal year ended June 30, 2015. The costs tested appear appropriate for the respective projects.

Project 6 – Child Development Center

Current year expenditures tested included legal settlement and legal expense related to the arbitration of the Child Development Center construction project.

Project 17 – Campus-Wide Improvements

The campus-wide improvement project has been sub-divided into nine categories. Not all project categories had expenditures during this period. Expenditures were reviewed in the following area:

- 17e. Infrastructure – Landscape – Current year expenditures tested included fencing installation.

Related Measure RR Bond Projects – Lease Revenue and BAN Funds

In 2008, the District put forward, as adopted by the Board of Trustees, the Official Ballot for Measure RR which describes the projects to be completed with the bond funding. Project costs have been expended using proceeds from lease revenue bonds and bond anticipation notes, which have been repaid using Measure RR proceeds. Budget amounts below were provided by the District and may be subject to further revision. The District has incurred cumulative total costs of \$11,011,673 and \$64,407,932 through June 30, 2015 with the use of lease revenue funds and BAN funds, respectively. Of these amounts \$870 and \$1,545,709 are current year expenditures, respectively. The projects and costs are outlined below:

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RESULTS OF PROCEDURES (continued)

Lease Revenue Funds

	<u>Total Budget</u>	Actual Costs for Fiscal Year Ended <u>June 30, 2015</u>	Cumulative Costs through <u>June 30, 2015</u>
Project 7 Campus Classroom Improvements	\$ 3,725,707	\$	\$ 3,725,707
Project 17 Campus-wide Improvements	<u>7,300,800</u>	<u>870</u>	<u>7,285,966</u>
	<u>\$ 11,026,507</u>	<u>\$ 870</u>	<u>\$ 11,011,673</u>
Budget Reconciliation:			
Lease Revenue Bond Proceeds	\$ 10,904,255		
Bond Investment Funds	<u>122,252</u>		
	<u>\$ 11,026,507</u>		

Project 17 – Campus-wide Improvements

The campus-wide improvement project has been sub-divided into four categories. Not all project categories had expenditures during the period tested. Expenditures were tested in the following area:

- Admin. Administration Building Remodel: Current year expenditures tested included the installation of fire alarms. Costs were tested and appear proper for the project.

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RESULTS OF PROCEDURES (continued)

BAN Funds

	<u>Total Budget</u>	<u>Actual Costs for Fiscal Year Ended June 30, 2015</u>	<u>Cumulative Costs through June 30, 2015</u>
Project A Library, Learning Resources and Campus Center	\$ 197,529	\$	\$ 197,529
Project B Business and Computer Technology	526,083	3,355	496,771
Project C Child Development Center	16,728,825	116,782	16,680,968
Project D Athletics Complex Phase 2	38,772		38,772
Project E Career and Technical Education Building Renovation	92,043		92,043
Project F Classroom Building Renovation	4,567,312	56,524	4,486,364
Project G Laboratory Building Expansion Sciences	791,201	1,533	789,634
Project H Fire Academy	106,161		106,161
Project J Parking, Public Safety, and Traffic Improvements	582,639		581,550
Project K Scheduled Maintenance	2,426,574	22,623	2,269,781
Project L1 Infrastructure Improvement Utilities, Site, Traffic, Energy	5,637,159	141,940	5,010,239
Project L3 Temporary Space	1,691,489	64,163	1,617,745
Project L4 Demolition	261,813		261,813
Project L5 Administration Building Remodel	1,120,131		1,120,131
Project L6 Contingency	221,531		
Project L7 Campus-wide Improvement Projects	15,887,388	1,096,377	15,392,060
Project L8 Construction Support	5,975,099	42,412	5,670,371
Lease Revenue Bonds (COPS) Debt Retirement	9,596,001		9,596,001
Bond Investment/Interest Reserves	54,141		
	<u>\$ 66,501,891</u>	<u>\$ 1,545,709</u>	<u>\$ 64,407,933</u>

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RESULTS OF PROCEDURES (continued)

The following list outlines the detailed expenditures tested for the fiscal year ended June 30, 2015. The costs tested appear appropriate for the respective projects.

Project C – Child Development Center

Current year expenditures tested included construction costs, HVAC services, electrical, plumbing and utilities.

Project F – Classroom Building Renovation

The classroom building renovation project has been sub-divided into two categories. Not all project categories had expenditures during the period tested. Expenditures were tested in the following area:

- F1. Phase 1 – Building 45 Renovation: Current year expenditures tested included shading structure installation.

Project L1 – Infrastructure Improvement (Utilities, Site, Traffic, Energy)

The infrastructure improvement project has been sub-divided into 24 categories. Certain project categories have been further divided into multiple projects to allow for tracking of different buildings or activities. Not all project categories had expenditures during the period tested. Expenditures were reviewed for the following areas:

- L1-Q1. Utility Infrastructure SW – Building 47: Current year expenditures tested included construction costs.

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RESULTS OF PROCEDURES (continued)

Project L7 – Campus-wide Improvement Projects

The campus-wide improvement project has been sub-divided into 21 categories. Not all project categories had expenditures during the period tested. Expenditures were reviewed in the following areas:

- L7-B. Building 12 Renovation for Classroom Space – Current year expenditures tested included architecture design, audio visual equipment and media systems, mobile shelving system installation, computers, and office and classroom furniture and supplies.

- L7-C1. Building 47 Facilities Plan Room and Renovation – Current year expenditures tested included architectural design, construction costs, the purchase of office furniture, audio visual equipment, computer network equipment, flooring, and project DSA fees.

- L7-C13. Design and Online Technology – Current year expenditures tested included purchases of classroom furniture and parts.

Project L8 – Construction Support

Current year expenditures tested included construction support services for projects.

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RESULTS OF PROCEDURES (continued)

Measure RR Bond Projects – Bond Construction Funds

In 2008, the District put forward, as adopted by the Board of Trustees, the Official Ballot for Measure RR which describes the projects to be completed with the bond funding. During August 2013, the District issued Series A and B of the Measure RR bonds. Budget amounts below were provided by the District and may be subject to further revision. The District has incurred cumulative total costs of \$56,875,109 through June 30, 2015, which \$30,804,933 were expended during fiscal year ended June 30, 2015. The projects and related costs are outlined below:

		Total <u>Budget</u>	Actual Costs for Fiscal Year Ended <u>June 30, 2015</u>	Cumulative Costs through <u>June 30, 2015</u>
Project B	Business and Computer Technology	\$ 22,213,917	\$ 1,179,777	\$ 3,061,787
Project C	Child Development Center	924,723	390,578	645,982
Project D	Athletics Complex Phase 2	12,536,115	1,988,519	3,028,477
Project F	Classroom Building Renovation	74,803		
Project H	Fire Academy	6,185,999	2,409,378	3,192,189
Project J	Parking, Public Safety, and Traffic Improvements	23,721,800	1,501,380	3,523,054
Project K	Scheduled Maintenance	4,563,018	1,461,000	2,657,589
Project L1	Infrastructure Improvement Utilities, Site, Traffic, Energy	16,627,233	1,634,126	6,106,722
Project L3	Temporary Space	7,719,059	852,699	1,024,113
Project L4	Demolition	303,145	157,614	206,532
Project L5	Administration Building Remodel	1,435,556	343,011	946,053
Project L6	Contingency	475,995		
Project L7	Campus-wide Improvement Projects	40,586,181	15,440,569	24,209,026
Project L8	Construction Support	10,536,782	3,446,282	8,273,585
	Bond Investment/Interest Reserves	<u>1,655,905</u>		
		<u>\$ 149,560,231</u>	<u>\$ 30,804,933</u>	<u>\$ 56,875,109</u>
Budget Reconciliation:				
	Measure RR Proceeds	\$ 144,822,655		
	Proceeds from Bond Issuance	1,353,064		
	Bond Investment Funds	1,908,517		
	Proceeds from Legal Settlement	<u>1,475,995</u>		
		<u>\$ 149,560,231</u>		

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RESULTS OF PROCEDURES (continued)

The following list outlines the detailed expenditures tested for the fiscal year ended June 30, 2015. The costs tested appear appropriate for the respective projects.

Project B – Business and Computer Technology

Current year expenditures tested included architectural services and Division of the State Architect fees.

Project C – Child Development Center

Current year expenditures tested included plumbing installation and legal settlement payments related to arbitration of the construction project.

Project D – Athletics Complex Phase 2

Current year expenditures tested included architectural services.

Project H1 – Fire Academy

Current year expenditures tested included grading, and site improvements construction costs.

Project J1 – Parking, Public Safety, and Traffic Improvements

Current year expenditures tested included construction costs.

Project K – Scheduled Maintenance

The scheduled maintenance project has been sub-divided into 46 categories. Not all project categories had expenditures during the period tested. Expenditures were reviewed for the following areas:

- K-25. Building 2 Mechanical – Current year expenditures tested included energy conservation program costs.

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RESULTS OF PROCEDURES (continued)

Project K – Scheduled Maintenance (continued)

- K-27. Building 28 Duct Cleaning – Current year expenditures tested included air duct cleaning services.
- K-40. Bldg. 60 Boiler Replacement – Current year expenditures tested included demolition of existing equipment.
- K-43. Bldg. 2 Flooring Replacement – Current year expenditures tested included flooring improvement.

Project L1 – Infrastructure Improvement (Utilities, Site, Traffic, Energy)

The infrastructure improvement project has been sub-divided into 61 categories. Certain project categories have been further divided into multiple projects to allow for tracking of different buildings or activities. Not all project categories had expenditures during the period tested. Expenditures were reviewed for the following areas:

- L1-I1. Campus Interior Site Improvements – Former Bldg. 5/5A Site – Current year expenditures tested included construction costs related to the Food Services Building.
- L1-I2. Campus Interior Site Improvements – South of Bldg. 12 – Current year expenditures tested included construction costs related to north campus.
- L1-P1. Utility Infrastructure NW Quadrant – Student Success: Current year expenditures tested included construction costs.
- L1-Q1. Utility Infrastructure SW Quadrant – Utilities – Bldg. 47: Current year expenditures tested included construction costs.
- L1-Q2. Utility Infrastructure SW Sewer: Current year expenditures tested included sewer line replacement.

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RESULTS OF PROCEDURES (continued)

Project L1 – Infrastructure Improvement (Utilities, Site, Traffic, Energy)
(continued)

L1-R1. Utility Infrastructure SE Quadrant – Central Plant: Current year expenditures tested included architectural design.

Project L4 – Demolition

The Demolition project has been sub-divided into 6 categories. Not all project categories had expenditures during the period tested. Expenditures were reviewed for the following area:

L4E. Building 9EFG Demolition – Current year expenditures tested included demolition of the existing Child Development Center buildings.

Project L7 – Campus-wide Improvement Projects

The campus-wide improvement project has been sub-divided into 35 categories. Not all project categories had expenditures during the period tested. Expenditures were reviewed in the following areas:

L7-B. Building 12 Renovation for Classroom Space: Current year expenditures tested included construction costs for north campus improvements.

L7-C1. Building 47 – Facilities Plan Room and Renovation – Current year expenditures tested included construction costs, and audio/visual parts and equipment purchases.

L7-C2. Food Service Building: Current year expenditures tested included construction costs.

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RESULTS OF PROCEDURES (continued)

Project L7 – Campus-wide Improvement Projects (continued)

- L7-C8. Student Success Annex – Current year expenditures tested included construction costs.
- L7-C9. Student Life Improvement – Current year expenditures tested included construction costs for the renovation of building 9C.
- L7-C12. Agricultural Science – Current year expenditures tested included construction costs.
- L7-C13. Design Technology – Current year expenditures tested included digital network radio broadcast consoles and system accessories.
- L7-C21. Campus Wide Door Hardware – Current year expenditures tested included construction costs door hardware improvements.
- L7-C22. Audiovisual Upgrade Improvement – Current year expenditures tested included construction costs for the Computer Technology Center.

Project L8 – Construction Support

Current year expenditures tested included legal services.

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CONCLUSION

The results of our tests indicated that, in all significant respects, the Mt. San Antonio Community College District has properly accounted for the expenditures associated with bond construction funds, lease revenue funds, and BAN funds. Additionally, expenditures associated with bond construction funds were made on authorized Measure R and Measure RR bond projects, and expenditures associated with lease revenue funds and BAN funds were made on authorized Measure RR bond projects. Further, the bond construction funds, lease revenue funds, and BAN funds were not used for salaries of school administrators or other operating expenditures.