



Financial and Performance Audits  
General Obligation Bonds Construction Fund  
(Measure RR and Measure GO)  
June 30, 2021

**Mt. San Antonio Community College  
District**

Mt. San Antonio Community College District  
General Obligation Bonds Construction Fund (Measure RR and Measure GO)

Table of Contents  
June 30, 2021

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**FINANCIAL AUDIT**

Independent Auditor's Report .....	1
Financial Statements	
Balance Sheets .....	3
Statements of Revenues, Expenditures, and Changes in Fund Balances .....	4
Notes to Financial Statements .....	5
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 <i>Government Auditing Standards</i> .....	10
Schedule of Findings and Questioned Costs	
Financial Statement Findings .....	12
Summary Schedule of Prior Audit Findings.....	13

**PERFORMANCE AUDIT**

Independent Auditor's Report on Performance .....	14
Authority for Issuance.....	15
Purpose of Issuance .....	16
Authority for the Audit .....	17
Objectives of the Audit .....	17
Scope of the Audit.....	17
Methodology.....	18
Conclusion.....	19
Unaudited Additional Information	
Lease Revenue Bonds Schedule of Project Budgets and Expenditures (Unaudited).....	20
Bond Anticipation Notes 2010 Schedule of Project Budgets and Expenditures (Unaudited) .....	21
Measure RR General Obligation Bond Fund Schedule of Project Budgets and Expenditures (Unaudited) .....	22
Bond Anticipation Notes 2017 Schedule of Project Budgets and Expenditures (Unaudited) .....	23
Bond Anticipation Notes 2019 Schedule of Project Budgets and Expenditures (Unaudited) .....	24
Measure GO General Obligation Bond Fund Schedule of Project Budgets and Expenditures (Unaudited).....	25
Schedule of Findings and Questioned Costs	
Schedule of Findings and Questioned Costs.....	26
Summary Schedule of Prior Audit Findings.....	27



Financial Audit  
General Obligation Bonds Construction Fund  
(Measure RR and Measure GO)  
June 30, 2021

**Mt. San Antonio Community College  
District**



## Independent Auditor's Report

Board of Trustees and Citizens' Oversight Committee  
Mt. San Antonio Community College District  
Walnut, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Mt. San Antonio Community College District's (the District), General Obligation Bonds Construction Fund (Measure RR and Measure GO), as of and for the year ended June 30, 2021, and the related notes to the financial statements, 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 statements 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 from 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 fraud or error. 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 General Obligation Bonds Construction Fund (Measure RR and Measure GO) of the District as of June 30, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, the financial statements of the General Obligation Bonds Construction Fund specific to Measure RR and Measure GO are intended to present the financial position and the changes in financial position attributable to the transactions of those Funds. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2021, and the changes in financial position for the year then ended in accordance 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 a report dated November 30, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's 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 internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California  
November 30, 2021

Mt. San Antonio Community College District  
 General Obligation Bonds Construction Fund (Measure RR and Measure GO)

Balance Sheets  
 June 30, 2021

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	Measure RR	Measure GO	Total
Assets			
Investments	\$ 4,351,484	\$ 120,183,358	\$ 124,534,842
Accounts receivable	7,854	149,630	157,484
	<u>\$ 4,359,338</u>	<u>\$ 120,332,988</u>	<u>\$ 124,692,326</u>
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ 33,513	\$ 13,909,247	\$ 13,942,760
	<u>\$ 33,513</u>	<u>\$ 13,909,247</u>	<u>\$ 13,942,760</u>
Fund Balance			
Restricted for capital projects	4,325,825	106,423,741	110,749,566
	<u>4,325,825</u>	<u>106,423,741</u>	<u>110,749,566</u>
Total liabilities and fund balance	<u>\$ 4,359,338</u>	<u>\$ 120,332,988</u>	<u>\$ 124,692,326</u>

Mt. San Antonio Community College District  
 General Obligation Bonds Construction Fund (Measure RR and Measure GO)  
 Statements of Revenues, Expenditures, and Changes in Fund Balances  
 Year Ended June 30, 2021

	<u>Measure RR</u>	<u>Measure GO</u>	<u>Total</u>
Revenues			
Interest income	\$ 10,368	\$ 646,477	\$ 656,845
Expenditures			
Current			
Salaries and benefits	-	3,665,196	3,665,196
Supplies and materials	1,427	60,210	61,637
Services and operating expenditures	6,899	269,590	276,489
Capital outlay	547,626	81,496,897	82,044,523
Total expenditures	<u>555,952</u>	<u>85,491,893</u>	<u>86,047,845</u>
Net Change in Fund Balance	(545,584)	(84,845,416)	(85,391,000)
Fund Balance - Beginning	<u>4,871,409</u>	<u>191,269,157</u>	<u>196,140,566</u>
Fund Balance - Ending	<u>\$ 4,325,825</u>	<u>\$ 106,423,741</u>	<u>\$ 110,749,566</u>

Mt. San Antonio Community College District  
General Obligation Bonds Construction Fund (Measure RR and Measure GO)

Notes to Financial Statements

June 30, 2021

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**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Mt. San Antonio Community College District's (the District) General Obligation Bonds Construction Fund (Measure RR and Measure GO) 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 District's General Obligation Bonds Construction Fund (Measure RR and Measure GO) accounts for the financial transactions in accordance with the policies and procedures of the California Community Colleges *Budget and Accounting Manual*.

**Financial Reporting Entity**

The audited financial statements include only the General Obligation Bonds Construction Fund of the District used to account for Measure RR and Measure GO projects. These Funds were established to account for the receipt of proceeds of general obligation bond issuances and the expenditures of those proceeds under the general obligation bonds issued under Measure RR and Measure GO. These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

**Fund Accounting**

The operations of the General Obligation Bonds Construction Fund (Measure RR and Measure GO) 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 General Obligation Bonds Construction Fund (Measure RR and Measure GO) 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 are generally 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. These fund financial statements do not include the adoption of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as the District was not required to adopt GASB Statement No. 54 under the reporting requirements of GASB Statement No. 35.



Mt. San Antonio Community College District  
General Obligation Bonds Construction Fund (Measure RR and Measure GO)

Notes to Financial Statements  
June 30, 2021

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**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.

**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**

As of June 30, 2021, 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 or regulations of other governments.

**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 during the reporting period. Actual results could differ from those estimates.

Mt. San Antonio Community College District  
General Obligation Bonds Construction Fund (Measure RR and Measure GO)

Notes to Financial Statements

June 30, 2021

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**Note 2 - Investments**

**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 instrument; 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 agreement; 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**

In accordance with the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying 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.

Mt. San Antonio Community College District  
General Obligation Bonds Construction Fund (Measure RR and Measure GO)

Notes to Financial Statements  
June 30, 2021

**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

**Summary of Investments**

Investments as of June 30, 2021 consist of the following:

	Measure RR	Measure GO	Total
Los Angeles County Treasury Investment Pool	\$ 4,351,484	\$ 120,183,358	\$ 124,534,842

**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 is to changes in market interest rates. The District does not have a formal investment policy that limits investment 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 Los Angeles County Treasury Investment Pool. The District maintains a General Obligation Bond Construction Fund (Measure RR and Measure GO) investment of \$124,534,842 with the Los Angeles County Treasury Investment Pool, with a weighted average maturity of 1,045 days.

Mt. San Antonio Community College District  
General Obligation Bonds Construction Fund (Measure RR and Measure GO)

Notes to Financial Statements  
June 30, 2021

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**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 District's investment in the Los Angeles County Treasury Investment Pool is not required to be rated, nor has been rated as of June 30, 2021.

**Note 3 - Accounts Receivable**

Accounts receivable at June 30, 2021, consist of the following:

	<u>Measure RR</u>	<u>Measure GO</u>	<u>Total</u>
Interest	<u>\$ 7,854</u>	<u>\$ 149,630</u>	<u>\$ 157,484</u>

**Note 4 - Commitments and Contingencies**

**Construction Commitments**

As of June 30, 2021, the General Obligation Bonds Construction Fund (Measure RR and Measure GO) had approximately \$74.8 million in commitments with respect to unfinished projects.

**Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the General Obligation Bonds Construction Fund (Measure RR and Measure GO) at June 30, 2021.



Independent Auditor's Report  
General Obligation Bonds Construction Fund  
(Measure RR and Measure GO)  
June 30, 2021

**Mt. San Antonio Community College  
District**



**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***

Board of Trustees and Citizens' Oversight Committee  
Mt. San Antonio Community College District  
Walnut, 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 financial statements of the Mt. San Antonio Community College District's (the District) General Obligation Bonds Construction Fund (Measure RR and Measure GO), as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2021.

**Emphasis of Matter**

As discussed in Note 1, the financial statements of the General Obligation Bonds Construction Fund specific to Measure RR and Measure GO are intended to present the financial position and the changes in financial position attributable to the transactions of those Funds. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2021, and the changes in financial position for the year then ended in accordance 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 the District's internal control over financial reporting (internal control) as a basis for designing 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 General Obligation Bonds Construction Fund (Measure RR and Measure GO) 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 the District's General Obligation Bonds Construction Fund (Measure RR and Measure GO) financial statements are free from 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 financial statements. 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
November 30, 2021

Mt. San Antonio Community College District  
General Obligation Bonds Construction Fund (Measure RR and Measure GO)  
Financial Statement Findings  
June 30, 2021

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None reported.



Mt. San Antonio Community College District  
General Obligation Bonds Construction Fund (Measure RR and Measure GO)  
Summary Schedule of Prior Audit Findings  
June 30, 2021

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There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.



Performance Audit  
Measure RR and Measure GO General Obligation Bonds,  
Lease Revenue Bonds, and Bond Anticipation Notes  
June 30, 2021

# Mt. San Antonio Community College District



## Independent Auditor's Report on Performance

Board of Trustees and Citizens' Oversight Committee  
Mt. San Antonio Community College District  
Walnut, California

We were engaged to conduct a performance audit of the Mt. San Antonio Community College District's (the District) General Obligation Bonds Construction Fund (Measure RR and Measure GO) for the year ended June 30, 2021. In addition, as a result of the District's use of Measure RR and Measure GO General Obligation Bond funds to defease temporary financing debt, we have conducted a performance audit of the District's use of proceeds from lease revenues bonds and bond anticipation notes for the year ended June 30, 2021.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The results of our tests indicated that the District expended Measure RR and Measure GO General Obligation Bonds, lease revenue bonds, and bond anticipation notes funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

This report is intended solely for the information and use of the District, and is not intended to be and should not be used by anyone other than this specified party.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Rancho Cucamonga, California  
November 30, 2021

Mt. San Antonio Community College District  
Measure RR and Measure GO General Obligation Bonds, Lease Revenue Bonds,  
and Bond Anticipation Notes

June 30, 2021

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**Authority for Issuance**

The general obligation bonds associated with Measure RR and Measure GO were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California *Education Code*, and other applicable provisions of law.

The District received authorization from an election held on November 11, 2008, to issue bonds of the District in an aggregate principal amount not to exceed \$353,000,000 to finance the acquisition, construction, modernization, renovation, and equipping of District facilities, and to pay the cost of issuance associated with the Bonds approved by eligible voters within the District. The proposition required approval by at least 55% of the votes cast by eligible voters within the District (the 2008 Authorization).

Until the 2013-2014 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 \$10,800,000 in lease revenue bonds to provide financing of equipment, relocatable structures, and building projects. In April 2010, the District issued \$64,900,000 in bond anticipation notes to finance the acquisition, construction, modernization, renovation, and equipping of District facilities and to refinance the District's outstanding lease revenue bonds.

In August 2013, the District issued Election of 2008 Series 2013A and 2013B General Obligation Bonds in the amounts of \$205,586,691 and \$11,715,000, respectively. The bonds were issued to liquidate bond anticipation notes held by the District and to finance the acquisition, construction, modernization, renovation, and equipping of District facilities.

In September 2015, the District issued Election of 2008 Series 2015C General Obligation Bonds in the amount of \$20,000,000. The bonds were issued to finance the acquisition, construction, modernization, renovation, and equipping of District facilities.

In March 2017, the District issued the 2017 General Obligation Bond Anticipation Notes. The notes were issued as capital appreciation notes in the original principal amount of \$89,996,003. The notes mature and are due in full on April 1, 2022 with an appreciated maturity value of \$101,275,000. The notes are payable from either proceeds from the future sale of general obligation bonds or other funds of the District lawfully available for the purpose of repaying the Notes. The District has covenanted in its resolution authorizing the issuance of the notes to take all actions required to authorize, sell, and issue, on or before April 1, 2022, general obligation bonds or certificates of participation in an aggregate principal amount sufficient to pay the maturity value of the notes.

In August 2020, the District issued Election of 2008 Series 2020D General Obligation Bonds in the amount of \$59,728,759, with an additional amount of \$4,822,640 in bond premium associated with capital appreciation bonds added to the bond principal value at issuance. The bonds were issued to liquidate the 2017 General Obligation Bond Anticipation Notes held by the District.

Mt. San Antonio Community College District  
Measure RR and Measure GO General Obligation Bonds, Lease Revenue Bonds,  
and Bond Anticipation Notes

June 30, 2021

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The District received authorization from an election held on November 6, 2018, to issue bonds of the District in an aggregate principal amount not to exceed \$750,000,000 to finance the upgrade of job training/college transfer/vocational classrooms, science, computer/technology labs, improve student safety, veterans' career resources, access for disabled students; remove asbestos, replace deteriorating roofs, gas, electrical/sewer lines; acquire, construct, repair sites, facilities, equipment, and to pay the cost of issuance associated with the Bonds approved by eligible voters within the District. The proposition required approval by at least 55% of the votes cast by eligible voters within the District (the 2018 Authorization).

In January 2019, the District issued the 2019 General Obligation Bond Anticipation Notes. The notes were issued as current interest notes in the original principal amount of \$25,700,000 through a private placement offering, with an original maturity date of April 29, 2019. The maturity value of the notes and outstanding interest were paid in full on April 4, 2019 from the proceeds of the Election of 2018 Series 2019A General Obligation Bonds.

In April 2019, the District issued Election of 2018 Series 2019A General Obligation Bonds in the amount of \$310,700,000. The bonds were issued to liquidate bond anticipation notes held by the District and to finance the acquisition, construction, modernization, renovation, and equipping of District facilities.

In August 2020, the District issued Election of 2018 Series 2020B General Obligation Bonds in the amount of \$30,499,915, with an additional amount of \$2,920,147 in bond premium associated with capital appreciation bonds added to the bond principal value at issuance. The bonds were issued to liquidate the 2017 General Obligation Bond Anticipation Notes held by the District.

**Purpose of Issuance**

The net proceeds of the Bonds issued under the 2008 Authorization and 2018 Authorization will be used for the purposes specified in the District bond proposition submitted at the Election, which include the financing of the construction and modernization of certain District property and facilities, the acquisition of equipment and to pay the costs of issuance associated with the Bonds. The proceeds from the Bonds are to be used for projects such as modernization of college technology, upgrading and modernization of college infrastructure, including classrooms and labs, and building new teaching and learning spaces. All projects to be funded under the Measure RR and Measure GO General Obligation Bonds must be included in the Board of Trustees' approved Facilities Master Plan, which details the scope of work to be done for each project.

Mt. San Antonio Community College District  
Measure RR and Measure GO General Obligation Bonds, Lease Revenue Bonds,  
and Bond Anticipation Notes

June 30, 2021

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### Authority for the Audit

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55% of the electorate.

In addition to reducing the approval threshold from two-thirds to 55%, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety and information technology needs in developing the project list.
3. Requires the district to appoint a citizen's oversight committee.
4. Requires the district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

### Objectives of the Audit

1. Determine whether expenditures charged to the General Obligation Bonds Construction Fund (Measure RR and Measure GO), lease revenue bonds, and bond anticipation notes have been made in accordance with the bond project list approved by the voters through the approval of Measure RR and Measure GO.
2. Determine whether salary transactions, charged to the General Obligation Bonds Construction Fund (Measure RR and Measure GO), lease revenue bonds, and bond anticipation notes were in support of Measure RR and Measure GO and not for District general administration or operations.

### Scope of the Audit

The scope of our performance audit covered the period of July 1, 2020 to June 30, 2021. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2021, were not reviewed or included within the scope of our audit or in this report.

Mt. San Antonio Community College District  
 Measure RR and Measure GO General Obligation Bonds, Lease Revenue Bonds,  
 and Bond Anticipation Notes

June 30, 2021

**Methodology**

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2021, for the General Obligation Bonds Construction Fund (Measure RR and Measure GO), lease revenue bonds, and bond anticipation notes. Within the fiscal year audited, we obtained the actual invoices, purchase orders, and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution, Measure RR, and Measure GO as to the approved bond projects list. We performed the following procedures:

1. We identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
2. We selected a sample of expenditures using the following criteria:
  - a. We considered all expenditures recorded in all object codes, including transfers out.
  - b. We considered all expenditures recorded in all projects that were funded from July 1, 2020 through June 30, 2021 from the General Obligation Bonds Construction Fund (Measure RR and Measure GO), lease revenue bonds, and bond anticipation notes.
  - c. We selected a sample of expenditures using professional judgement, based on risk assessment and consideration of coverage of all object codes, and projects for period starting July 1, 2020 and ending June 30, 2021.
3. Our sample included transactions totaling \$48,466,684. This represents 55% of the total expenditures of \$88,142,394, including transfers out.

Fund	Dollar Value of Transactions Tested	Total Project Expenditures	Percentage of Total Expenditures
BAN Funds	\$ 1,415,621	\$ 2,094,549	68%
Bond Construction Fund #2 and #3, Measure RR	273,596	555,952	49%
Bond Measure GO Fund	<u>46,777,467</u>	<u>85,491,893</u>	55%
Total	<u>\$ 48,466,684</u>	<u>\$ 88,142,394</u>	55%

4. We reviewed the actual invoices and other supporting documentation to determine that:
  - a. Expenditures were supported by invoices with evidence of proper approval and documentation of receipting goods or services.
  - b. Expenditures were supported by proper bid documentation, as applicable.
  - c. Expenditures were expended in accordance with voter-approved bond project list.
  - d. Bond proceeds were not used for salaries of administrators or other operating expenses of the District.

Mt. San Antonio Community College District  
Measure RR and Measure GO General Obligation Bonds, Lease Revenue Bonds,  
and Bond Anticipation Notes

June 30, 2021

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5. We determined that the District has met the compliance requirements of Measure RR and Measure GO if the following conditions were met:
  - a. Supporting documents for expenditures were aligned with the voter-approved bond project list.
  - b. Expenditures were not used for salaries of administrators or other operating expenses of the District.

**Conclusion**

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures held in the General Obligation Bonds Construction Fund (Measure RR and Measure GO), lease revenue bonds, and bond anticipation notes, and that such expenditures were made for authorized Bond projects. Further, it was noted that funds held in the General Obligation Bonds Construction Fund (Measure RR and Measure GO), lease revenue bonds, and bond anticipation notes, and expended by the District, were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004, by the State of California Attorney General.



Mt. San Antonio Community College District  
 Measure RR and Measure GO General Obligation Bonds, Lease Revenue Bonds,  
 and Bond Anticipation Notes  
 Lease Revenue Bonds Schedule of Project Budgets and Expenditures (Unaudited)  
 Year Ended June 30, 2021

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	Total Budget	Actual Costs for Fiscal Year Ended June 30, 2021	Cumulative Costs through June 30, 2021
Project 7 Campus Classroom Improvements	\$ 3,725,707	\$ -	\$ 3,725,707
Project 17 Campus-Wide Improvements	7,484,177	-	7,260,559
	\$ 11,209,884	\$ -	\$ 10,986,266
Budget Reconciliation:			
Lease Revenue Bond Proceeds	\$ 10,904,255		
Interest Earned	305,629		
	\$ 11,209,884		

Mt. San Antonio Community College District  
Measure RR and Measure GO General Obligation Bonds, Lease Revenue Bonds,  
and Bond Anticipation Notes  
Bond Anticipation Notes 2010 Schedule of Project Budgets and Expenditures (Unaudited)  
Year Ended June 30, 2021

	<u>Total Budget</u>	<u>Actual Costs for Fiscal Year Ended June 30, 2021</u>	<u>Cumulative Costs through June 30, 2021</u>
Project A	Library, Learning Resources, and Campus Center	\$ 197,529	\$ -
Project B	Business and Computer Technology	527,299	-
Project C	Child Development Center	16,668,996	-
Project D	Athletics Complex Phase 2	38,772	-
Project E	Career and Technical Education Building Renovation	92,043	-
Project F	Classroom Building Renovation	4,486,364	-
Project G	Laboratory Building Expansion-Sciences	789,634	-
Project H	Fire Academy	106,161	-
Project I	Public Transportation Center	120,313	-
Project J	Parking, Public Safety, and Traffic Improvements	581,551	-
Project K	Scheduled Maintenance	2,680,003	2,607
Project L1	Infrastructure Improvement (Utilities, Site, Traffic, Energy, Landscape)	5,125,648	-
Project L3	Temporary Space	1,783,563	-
Project L4	Demolition	261,813	-
Project L5	Administration Building Remodel	1,150,456	-
Project L6	Contingency	-	-
Project L7	Campus-Wide Improvement Projects	15,943,939	2,336
Project L8	Construction Support	6,386,566	33,570
	Lease Revenue Bonds (COPS) Debt Retirement	9,596,001	-
	Bond Investment/Interest Reserves	33,930	-
		<u>\$ 66,570,581</u>	<u>\$ 38,513</u>
			<u>\$ 66,451,330</u>
Budget Reconciliation:			
	BAN Issuance	\$ 64,999,814	
	Interest Earned	1,551,637	
	Fair Value Adjustment	(671)	
	Additional Proceeds	19,801	
		<u>\$ 66,570,581</u>	

Mt. San Antonio Community College District  
Measure RR and Measure GO General Obligation Bonds, Lease Revenue Bonds,  
and Bond Anticipation Notes  
Measure RR General Obligation Bond Fund Schedule of Project Budgets and Expenditures (Unaudited)  
Year Ended June 30, 2021

	<u>Total Budget</u>	<u>Actual Costs for Fiscal Year Ended June 30, 2021</u>	<u>Cumulative Costs through June 30, 2021</u>	
Project A	Library, Learning Resources, and Campus Center	\$ 1,218,276	\$ -	\$ 1,179,471
Project B	Business and Computer Technology	41,023,815	-	40,877,483
Project C	Child Development Center	2,468,988	-	2,468,988
Project D	Athletics Complex Phase 2	7,179,216	214	7,140,319
Project H	Fire Academy	3,475,750	-	3,475,750
Project J	Parking, Public Safety, and Traffic Improvements	4,536,122	-	4,536,122
Project K	Scheduled Maintenance	8,484,023	384,575	7,373,508
Project L1	Infrastructure Improvement (Utilities, Site, Traffic, Energy, Landscape)	20,354,508	100,713	20,166,841
Project L3	Temporary Space	17,304,713	10,575	17,094,992
Project L4	Demolition	397,197	-	397,197
Project L5	Administration Building Remodel	1,353,186	8,352	1,321,663
Project L6	Contingency	-	-	-
Project L7	Campus-Wide Improvement Projects	46,295,119	40,512	44,129,563
Project L8	Construction Support	15,474,689	11,011	15,380,478
	Interest Reserves	302,598	-	-
		<u>\$ 169,868,200</u>	<u>\$ 555,952</u>	<u>\$ 165,542,375</u>
Budget Reconciliation:				
	Measure RR Proceeds	\$ 164,721,295		
	Interest Earned	3,297,129		
	Fair Value Adjustment	(24,552)		
	Proceeds for Legal Settlements	1,874,328		
		<u>\$ 169,868,200</u>		

Mt. San Antonio Community College District  
Measure RR and Measure GO General Obligation Bonds, Lease Revenue Bonds,  
and Bond Anticipation Notes  
Bond Anticipation Notes 2017 Schedule of Project Budgets and Expenditures (Unaudited)  
Year Ended June 30, 2021

	<u>Total Budget</u>	<u>Actual Costs for Fiscal Year Ended June 30, 2021</u>	<u>Cumulative Costs through June 30, 2021</u>
Project A Library, Learning Resources, and Campus Center	\$ 3,150,000	\$ -	\$ 2,931,831
Project B Business and Computer Technology	20,210,287	-	20,150,059
Project D Athletics Complex Phase 2	44,245,593	121,643	44,082,792
Project J Parking, Public Safety, and Traffic Improvements	3,984,194	263,742	3,660,086
Project K Scheduled Maintenance	3,769,932	453,155	3,347,291
Project L1 Infrastructure Improvement (Utilities, Site, Traffic, Energy, Landscape)	3,031,991	131,918	2,878,284
Project L3 Temporary Space	2,547,013	34,710	2,530,369
Project L5 Administration Building Remodel	50,000	-	10,789
Project L7 Campus-Wide Improvement Projects	2,632,916	408,773	2,436,694
Project L8 Construction Support	7,523,400	69,508	7,309,146
Restricted Fund Balance - BAN Projects	9,442	-	-
Restricted Fund Balance - BAN Interest	497,589	-	-
	<u>\$ 91,652,357</u>	<u>\$ 1,483,449</u>	<u>\$ 89,337,341</u>
Budget Reconciliation:			
BAN Issuance	\$ 89,785,753		
Interest Earned	1,870,484		
Fair Value Adjustment	(13,322)		
Additional Proceeds	9,442		
	<u>\$ 91,652,357</u>		

Mt. San Antonio Community College District  
Measure RR and Measure GO General Obligation Bonds, Lease Revenue Bonds,  
and Bond Anticipation Notes  
Bond Anticipation Notes 2019 Schedule of Project Budgets and Expenditures (Unaudited)  
Year Ended June 30, 2021

		<u>Total Budget</u>	<u>Actual Costs for Fiscal Year Ended June 30, 2021</u>	<u>Cumulative Costs through June 30, 2021</u>
Project D	Athletics Complex Phase 2	\$ 21,549,582	\$ 344,797	\$ 21,527,647
Project I	Public Transportation Center	41,050	-	41,050
Project J	Parking, Public Safety, and Traffic Improvements	-	-	-
Project K	Scheduled Maintenance	121,000	109,000	109,000
Project L1	Infrastructure Improvement (Utilities, Site, Traffic, Energy, Landscape)	1,731,635	16,435	1,602,349
Project L7	Campus-Wide Improvement Projects	1,781,869	102,355	1,729,168
Project L8	Construction Support	403,864	-	400,747
	Restricted Fund Balance - BAN Interest	221,611	-	-
		<u>\$ 25,850,611</u>	<u>\$ 572,587</u>	<u>\$ 25,409,961</u>
Budget Reconciliation:				
	BAN Issuance	\$ 25,629,000		
	Interest Earned	223,184		
	Fair Value Adjustment	<u>(1,573)</u>		
		<u>\$ 25,850,611</u>		

Mt. San Antonio Community College District  
Measure RR and Measure GO General Obligation Bonds, Lease Revenue Bonds,  
and Bond Anticipation Notes  
Measure GO General Obligation Bond Fund Schedule of Project Budgets and Expenditures (Unaudited)  
Year Ended June 30, 2021

	<u>Total Budget</u>	<u>Actual Costs for Fiscal Year Ended June 30, 2021</u>	<u>Cumulative Costs through June 30, 2021</u>
Project A	Library, Learning Resources, and Campus Center	\$ 44,968,862	\$ 18,173,776
Project D	Athletics Complex Phase 2	85,246,486	9,768,673
Project E	Career and Technical Education Building Renovation	1,290,000	476,136
Project I	Public Transportation Center	850,000	89,882
Project J	Parking, Public Safety, and Traffic Improvements	68,250,000	32,920,127
Project K	Scheduled Maintenance	5,034,584	183,763
Project L1	Infrastructure Improvement (Utilities, Site, Traffic, Energy, Landscape)	44,131,521	15,194,662
Project L3	Temporary Space	7,825,250	1,850,738
Project L7	Campus-Wide Improvement Projects	4,459,620	430,472
Project L8	Construction Support	15,324,999	3,982,232
Project M	Bookstore	4,209,712	1,831,964
Project N	Student Services	200,000	-
Project O	Sciences Building	500,000	42,485
Project P	P-Adult Basic Education Classrooms	2,208,966	322,872
Project Q	College Services Building 6	500,000	224,111
	2019 BAN Debt Retirement	25,854,544	-
	Interest Reserves	5,771,341	-
	<u>\$ 316,625,885</u>	<u>\$ 85,491,893</u>	<u>\$ 210,202,144</u>
Budget Reconciliation:			
	Measure GO Proceeds	\$ 310,854,544	
	Interest Earned	6,449,445	
	Fair Value Adjustment	(678,104)	
	<u>\$ 316,625,885</u>		

Mt. San Antonio Community College District  
Measure RR and Measure GO General Obligation Bonds, Lease Revenue Bonds,  
and Bond Anticipation Notes  
Schedule of Findings and Questioned Costs  
June 30, 2021

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None reported.

Mt. San Antonio Community College District  
Measure RR and Measure GO General Obligation Bonds, Lease Revenue Bonds,  
and Bond Anticipation Notes  
Summary Schedule of Prior Audit Findings  
June 30, 2021

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There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.