



See what's possible.

HARTNELL COMMUNITY COLLEGE DISTRICT MEASURE T GENERAL OBLIGATION BONDS

FINANCIAL AUDIT

Fiscal Year Ended June 30, 2022

**HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE T GENERAL OBLIGATION BONDS
TABLE OF CONTENTS
JUNE 30, 2022**

	<u>Page</u>
Independent Auditors' Report.....	1

FINANCIAL SECTION

Balance Sheet	4
Statement of Revenues, Expenditures and Changes in Fund Balance.....	5
Notes to Financial Statements.....	6

OTHER INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with	
--	--



INDEPENDENT AUDITORS' REPORT

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial

667(ug) d-38

3.0 c0.0 6) (67614-81 peferrif 7a6- and 5 in acco 944) with generally-accepted auditing standards: 46

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2022 on our consideration of the District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and other matters for the Measure T General Obligation Bonds. 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 internal control over financial reporting or on compliance for the Bond Funds. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hartnell Community College District's internal control over financial reporting and compliance for the Bond Funds.



San Diego, California
December 29, 2022

FINANCIAL SECTION

**HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE T GENERAL OBLIGATION BONDS
BALANCE SHEET
JUNE 30, 2022**

ASSETS	
Cash in county treasury	\$ 59,250,081
Accounts receivable	<u>35,249</u>
Total Assets	<u>59,285,330</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	<u>388,647</u>
Total Liabilities	<u>388,647</u>
Fund Balance	
Restricted for capital projects	<u>58,896,683</u>
Total Liabilities and Fund Balance	<u>\$ 59,285,330</u>

**HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE T GENERAL OBLIGATION BONDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

REVENUES

Other local revenue	\$ 272,145
---------------------	------------

Total Revenues	<u>272,145</u>
-----------------------	----------------

EXPENDITURES

Classified salaries	277,830
---------------------	---------

Employee benefits	175,344
-------------------	---------

Supplies and materials	549
------------------------	-----

Contract services and other operating expenditures	4,077
--	-------

Capital outlay	<u>17,383,491</u>
----------------	-------------------

Total Expenditures	<u>17,841,291</u>
---------------------------	-------------------

Net Change in Fund Balance	(17,569,146)
-----------------------------------	--------------

Fund Balance, July 1, 2021	<u>76,465,829</u>
-----------------------------------	-------------------

Fund Balance, June 30, 2022	<u>\$ 58,896,683</u>
------------------------------------	----------------------

**HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE T GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hartnell Community College District (the "District") accounts for the Measure T portion of its Bond Capital Projects Fund's ("Bond Fund") financial transactions in accordance with policies and procedures of the State Chancellor's Office's California Community Colleges Budget and Accounting Manual. The accounting policies of the Bond Fund conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies:

Financial Reporting Entity: The financial statements include only the Measure T portion of Bond Fund Resources of the District. The fund was established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds (Election of 2016, Series A). The authorized issuance amount of the bonds is \$167,000,000. Series A of the bonds were sold in August 2017, for \$70,000,000. Series B of the bonds were sold in July 2020, for \$70,000,000. These financial statements are not intended to present fairly the financial position and results of op

**HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE T GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Interest Rate Risk: The District does not have a form

**HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE T GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 – FUND BALANCE CLASSIFICATION

Governmental Accounting Standards Board Codification Sections 1300 and 1800, Fund Balance Reporting and Governmental Fund Type Definitions (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications are nonspendable, restricted, committed, assigned and unassigned. The fund balance of the Measure T General Obligation Bonds is restricted, as described below.

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

NOTE 4 – PURPOSE OF BOND ISSUANCE

Bond Authorization: The Hartnell Community College District, Monterey County, California Election of 2016 General Obligation Bonds, Measure T were authorized at an election of the registered voters of the Hartnell Community College District held on November 8, 2016 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$167,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the acquisition, construction and modernization of c oisition, c fifm re6.227 Nu7.5ction 6oTJNO (s)6.1 (an)orit4S040Bne. The fon4S040Bnns of t6 (t

**HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE T GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 – PURPOSE OF BOND ISSUANCE, continued

The District's Board of Trustees developed the following Bond Projec

**OTHER INDEPENDENT
AUDITORS' REPORT**



**INDEPENDENT AUDITORS' 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***

Measure T Citizens' Oversight Committee
And Governing Board Members
Hartnell Community College District
Salinas, 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 Measure T General Obligation Bonds, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Measure T General Obligation Bonds' basic financial statements, and have issued our report thereon dated December 29, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Measure T General Obligation Bonds' 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 the Measure T General Obligation Bonds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Measure T General Obligation Bonds' 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 entity'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Measure T General Obligation Bonds' 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

FINDINGS AND RESPONSES SECTION

**HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE T GENERAL OBLIGATION BONDS
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

This section identifies the deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no audit findings noted during the 2021-22 year.

**HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE T GENERAL OBLIGATION BONDS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

There were no audit findings noted during the 2020-21 year.