# HARTNELL COMMUNITY COLLEGE DISTRICT

# MEASURE T GENERAL OBLIGATION BONDS FINANCIAL AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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#### INDEPENDENT AUDITORS' REPORT

Measure T Citizens' Oversight Committee And Governing Board Members Hartnell Community College District Salinas, California

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Measure T General Obligation Bonds of Hartnell Community College District (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Measure T General Obligation Bonds' basic 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 the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the





#### Auditor's Responsibility (continued)

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

As discussed in Note 1, the financial statements present only the individual Proposition 39 Bond Building Fund, consisting of the net construction proceeds of the Measure T General Obligation Bonds as issued by the District, through the County of Monterey, and are not intended to present fairly the financial position of the District in conformity with generally accepted accounting principles.

# Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure T General Obligation Bonds of Hartnell Community College District as of June 30, 2019 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

# Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 20,



# HARTNELL COMMUNITY COLLEGE DISTRICT MEASURE T GENERAL OBLIGATION BONDS Balance Sheet

June 30, 2019

**ASSETS** 

Cash in county treasury \$ 62,352,313 Accounts receivable \$ 336,983

**Total Assets** 62,689,296

LIABILITIES AND FUND BALANCE Liabilities

# HARTNELL COMMUNITY COLLEGE DISTRICT MEASURE T GENERAL OBLIGATION BONDS Notes to Financial Statements June 30, 2019

#### 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:

<u>Financial Reporting Entity</u>: 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. These financial statements are not intended to present fairly the financial position

HARTNELL COMMUNITY COLLEGE DISTRICT MEASURE T GENERAL OBLIGATION BONDS Notes to Financial Statements June 30, 2019



# 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, 2019 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 September 20, 2019.

# 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-3.8(e)0.6(rial might)





#### **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 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.

San Diego, California September 20, 2019







# HARTNELL COMMUNITY COLLEGE DISTRICT MEASURE T GENERAL OBLIGATION BONDS Schedule of Audit Findings and Questioned Costs For the Fiscal Year Ended June 30, 2019

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 2018-19 year.

# HARTNELL COMMUNITY COLLEGE DISTRICT MEASURE T GENERAL OBLIGATION BONDS Summary Schedule of Prior Audit Findings For the Fiscal Year Ended June 30, 2019

There were no audit findings noted during the 2017-18 year.