

HARTNELL COMMUNITY COLLEGE DISTRICT

MEASURE T GENERAL OBLIGATION

HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE T GENERAL OBLIGATION BONDS
Table of Contents
June 30, 2020

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

FINANCIAL SECTION

Balance Sheet	3
Statement of Revenues, Expenditures and Changes in Fund Balance.....	4
Notes to Financial Statements.....	5

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 <i>Government Auditing Standards</i>	9
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FINDINGS AND RESPONSES SECTION

Schedule of Audit Findings and Questioned Costs.....	11
Summary Schedule of Prior Audit Findings.....	12

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, 2020, 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

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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 r

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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, 2020 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 October 1, 2020 on our consideration of the Measure T General Obligation Bonds' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with

FINANCIAL SECTION

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HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE T GENERAL OBLIGATION BONDS
Balance Sheet
June 30, 2020

ASSETS	
Cash in county treasury	\$ 44,670,465
Accounts receivable	<u>271,747</u>
Total Assets	<u>44,942,212</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	<u>3,302,226</u>
Total Liabilities	<u>3,302,226</u>
Fund Balance	
Restricted for capital projects	<u>41,639,986</u>
Total Liabilities and Fund Balance	<u>\$ 44,942,212</u>

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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, 2020

REVENUES	
Other local revenue	\$ 1,418,691
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Total Revenues	1,418,691
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EXPENDITURES	
Current:	
Classified salaries	261,468
Employee benefits	155,586
Supplies and materials	705
Contract services and other operating expenditures	22,014
Capital outlay	21,878,754
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Total Expenditures	22,318,527
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Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,899,836)
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Net Change in Fund Balance	(20,899,836)
Fund Balance, July 1, 2019	62,539,822
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Fund Balance, June 30, 2020	\$ 41,639,986
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HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE T GENERAL OBLIGATION BONDS
Notes to Financial Statements
June 30, 2020

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

HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE T GENERAL OBLIGATION BONDS
Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2020, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2020, the District had no concentration of credit risk.

Restricted Fund Balance: Restricted fund balance includes resources which are legally or contractually restricted by external third parties. Fund balance is restricted for capital projects of the Bond Fund in accordance with the Bond Project List for Measure T General Obligation Bonds.

Accounting Estimates: The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions 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.

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid.

NOTE 2 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020 consisted of \$271,747, due from the County for interest income. At June 30, 2020, no allowance for doubtful accounts was deemed necessary.

HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE T GENERAL OBLIGATION BONDS
Notes to Financial Statements
June 30, 2020

NOTE 4 – PURPOSE OF BOND ISSUANCE, continued

**OTHER INDEPENDENT
AUDITORS' REPORT**

Compliance and Other Matters

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

FINDINGS AND RESPONSES SECTION

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HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE T GENERAL OBLIGATION BONDS
Schedule of Audit Findings and Questioned Costs

HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE T GENERAL OBLIGATION BONDS
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2020

There were no audit findings noted during the 2018-19 year.

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