

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

We have conducted a performance audit of the Hartnell Community College District (the "District") Measure T General Obligation Bonds for the year ended June 30, 2020.

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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 real property for school facilities", upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

The Hartnell Community College District (Monterey and San Benito Counties, California) Election of 2016 General Obligation Bonds, Series A (the "Bonds"), were authorized at an election of the registered voters of the Hartnell Community College District (the "District") held on November 8, 2016, at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of \$167,000,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuing the Bonds.

The Bonds are general obligations of the District, payable solely from ad valorem property taxes. A summary of the text of the ballot language was as follows:

"To repair/upgrade classrooms, expand local access to higher education/training for high-wage jobs, including nursing, agriculture, science, technology/ engineering, by upgrading aging classrooms technology, science labs, repairing outdated, deteriorating mechanical/electrical systems, improving veterans' services, safety, security/ disabled access, removing asbestos, acquiring, constructing repairing sites/facilities/equipment, shall Hartnell Community College District issue \$167,000,000 in bonds at legal rates, requiring citizen oversight, independent audits, all funds used locally?"

The District's Board of Trustees developed the following Bond Project List for Measure T:

Construct or upgrade classrooms for job training in nursing and other health sciences, agriculture science/technology, teaching and computer/information technology.

Repair and upgrade classrooms, labs and job training centers for 21st Century jobs.

Provide adequate libraries, classrooms and labs at District instructional locations for career training and transfer to universities.

Upgrade computer labs and classroom instructional technology.

Provide space for universities to offer four-year bachelor's degrees.

Update campus facilities to provide access for students with disabilities.

Increase energy efficiency by replacing aging heating, ventilation and air-conditioning systems with energy-efficient models and install energy saving dual pane windows to reduce operating expenses.

Upgrade and replace existing information technology infrastructure and network systems to improve efficiency and increase capacity.

Upgrade and construct academic buildings to expand classrooms for job training and career technical education and provide literacy and English language learning centers.

Construct science, technology, engineering and math (STEM) labs at District instructional locations.

Repair or replace leaking roofs.

Renovate, repair or replace deteriorating and outdated laboratories, classrooms, training centers and support facilities.

Remove hazardous asbestos, lead paint and other hazardous materials.

Update classrooms and educational facilities to meet current fire and safety codes.

Update campus facilities to provide access for disabled students.

Improve student, staff and faculty safety by upgrading emergency management systems, including video surveillance, emergency communication systems, and security systems.

Upgrade electrical, mechanical, heating, ventilation and air-conditioning systems.

During August 2017, the District issued the 2016 General Obligation Bonds, Series A in the amount of \$70,000,000. The bonds mature beginning August 1, 2018 through August 1, 2047, with interest yields ranging from 2.00 to 5.00 percent.

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The objective of our performance audit was to determine that the District expended Measure T General

