



See what's possible.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
MEASURE T GENERAL OBLIGATION BONDS**

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**JUNE 30, 2021**

**HARTNELL COMMUNITY COLLEGE DISTRICT  
MEASURE T GENERAL OBLIGATION BONDS  
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June 30, 2021**

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**FINDINGS AND RECOMMENDATIONS**

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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, 2021, 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

**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 inte

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## **FINANCIAL SECTION**

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**HARTNELL COMMUNITY COLLEGE DISTRICT  
MEASURE T GENERAL OBLIGATION BONDS  
Balance Sheet  
June 30, 2021**

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<b>ASSETS</b>	
Cash in county treasury	\$ 78,422,052
Accounts receivable	<u>111,740</u>
<b>Total Assets</b>	<u>78,533,792</u>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>Liabilities</b>	
Accounts payable	<u>2,067,963</u>
<b>Total Liabilities</b>	<u>2,067,963</u>
<b>Fund Balance</b>	
Restricted for capital projects	<u>76,465,829</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 78,533,792</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, 2021**

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**REVENUES**

Other local revenue \$ 1,003,341

**Total Revenues** 1,003,341

**EXPENDITURES**

Current:

Classified salaries 270,1,003,Nd.5 (eM20.2 31 13Tc 0.m  
,09.6

**HARTNELL COMMUNITY COLLEGE DISTRICT**  
**MEASURE T GENERAL OBLIGATION BONDS**  
**Notes to Financial Statements**  
**June 30, 2021**

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**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 operations of the District in compliance with accounting principles generally accepted in the United States of America.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements represent the Measure T portion of the Bond Fund of the District and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Cash and Cash Equivalents: For the purpose of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less. Funds invested in the Monterey County Treasury are considered cash equivalents.

Cash in County Treasury: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing Monterey County Treasurer's Pooled Investment Fund. 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 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 cash held in the County Treasury are classified within level 2 of the fair value hierarchy because they are valued using broker or dealer quotations, or alternative pricing sources with reasonable level of price transparency. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.



**HARTNELL COMMUNITY COLLEGE DISTRICT  
MEASURE T GENERAL OBLIGATION BONDS  
Notes to Financial Statements  
June 30, 2021**

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**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 fairvalue losses arising from increasing interest rates. At June 30, 2021, 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, 2021, 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 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, 2021 consisted of \$111,740, due from the County for interest income. At June 30, 2021, no allowance for doubtful accounts was deemed necessary.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
MEASURE T GENERAL OBLIGATION BONDS  
Notes to Financial Statements  
June 30, 2021**

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**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 TsUJ -0.0cftonrald0.8 (sUion Bo958 -1.323 Tdouny, CaSSnpmeewoSU0.0Uion Bo958



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**OTHER INDEPENDENT  
AUDITORS' REPORT**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND**

## 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 ~~GAAS~~.

## 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 ~~GAAS~~ in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



San Diego, California  
October 19, 2021

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## **FINDINGS AND RESPONSES SECTION**

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**HARTNELL COMMUNITY COLLEGE DISTRICT  
MEASURE T GENERAL OBLIGATION BONDS  
Schedule of Audit Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2021**

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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

GAAP.

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



**HARTNELL COMMUNITY COLLEGE DISTRICT  
MEASURE T GENERAL OBLIGATION BONDS  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2021**

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There were no audit findings noted during the 2019-20 year.