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HARTNELL COMMUNITY COLLEGE DISTRICT MEASURE T GENERAL OBLIGATION BONDS

FINANCIAL AUDIT

FISCAL YEAR ENDED JUNE 30, 2023

CWDL

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards we have also issued our report dated December 20, 2023 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 20, 2023

Cash in county treasury	\$	52,496,903
Accounts receivable		219,065
		52,715,968

Investment Income	<u>\$ 1,022,754</u>
	<u>1,022,754</u>
Classified salaries	284,289
Employee benefits	189,278
Supplies and materials	638
Contract services and other operating expenditures	7,233
Capital outlay	<u>6,857,250</u>
	<u>7,338,688</u>
	<u>(6,315,934)</u>
	<u>(6,315,934)</u>
	<u>58,896,683</u>
	<u>\$ 52,580,749</u>

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, 2023, 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, 2023, 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.

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.

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 certain District property and facilities. 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:

Purpose of Bonds:

The proceeds of the Bond may be used:

"To repair/upgrade classrooms, expand local access to higher education/training for high-wage jobs, including nursing, agriculture, science

OTHER INDEPENDENT
AUDITORS' REPORT

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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, 2023 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 20, 2023.

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

As part of obtaining reasonable assurance about whet

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

