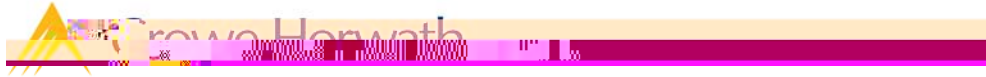


HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2016

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
BACKGROUND:	
LEGISLATIVE HISTORY	2
HARTNELL COMMUNITY COLLEGE DISTRICT MEASURE H GENERAL OBLIGATION BONDS	2
PERFORMANCE AUDIT:	
OBJECTIVES	4
SCOPE	4
METHODOLOGY	4
CONCLUSIONS	4



INDEPENDENT AUDITOR'S REPORT

Preliminary Draft

HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION
June 30, 2016

HARTNELL COMMUNITY COLLEGE DISTRICT MEASURE H GENERAL OBLIGATION BONDS
(Continued)

During April 2003, the District issued the 2002 General Obligation Bonds, Series A in the amount of \$35,000,000. The bonds matured beginning on February 1, 2004 through August 1, 2013.

During March 2005, the District issued 2005 General Obligation Refunding Bonds in the amount of \$29,062,042. The bonds mature beginning August 1, 2005 through August 1, 2022, with interest yields ranging from 4.50 to 4.75 percent.

During June 2006, the District issued 2002 General Obligation Bonds, Series B in the amount of \$34,995,518. The bonds mature beginning on June 1, 2007 through December 1, 2031, with interest yields ranging from 3.86 to 5.00 percent.

During June 2009, the District issued the 2002 General Obligation Bonds, Series C in the amount of \$12,597,888. The bonds mature beginning on August 1, 2023 through August 1, 2033, with interest yields ranging from 6.13 to 11.50 percent.

During September 2009, the District issued the 2002 General Obligation Bonds, Series D in the amount of \$48,405,079. The bonds mature beginning on August 1, 2035 through August 1, 2049, with interest yields ranging from 7.00 to 11.50 percent.

During January 2014, the District issued the 2014 General Obligation Refunding Bonds in the amount of \$34,485,000. The bonds mature beginning on August 1, 2014 through August 1, 2030 with interest yields ranging from 2.55 to 3.45 percent.

During December 2015, the District issued the 2015 General Obligation Refunding Bonds in the amount of \$90,245,295. The bonds mature beginning on August 1, 2017 through August 1, 2049 with interest yields ranging from 1.35 to 5.00 percent.

HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS
June 30, 2016

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure H General Obligation Bond funds for the year ended June 30, 2016 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all Measure H General Obligation Bond project expenditures for the year ended June 30, 2016 (the "List"). An approximate total of 250 transactions were identified, representing \$13,547,050 in expenditures from July 1, 2015 through June 30, 2016.

METHODOLOGY

We performed the following procedures to the List of Measure H General Obligation Bond project expenditures for the year ended June 30, 2016:

- x Reconciled the List to total bond expenditures as reported by the District in the District's audited financial statements for the year ended June 30, 2016, presented in the Bond Projects Fund.
- x Verified the mathematical accuracy of the List.
- x Selected a sample of 25 expenditures totaling \$11,198,423. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 10 percent of the number of expenditures and 83 percent of the total expenditure value. Verified that the expenditures were for the approved projects and were expended for the construction, 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 and that funds were not spent for District administrative or instructional salaries or other administrative expenses.

CONCLUSIONS

The results of our tests indicated that, in all significant respects, Hartnell Community College District expended Measure H General Obligation Bond funds for the year ended June 30, 2016 only for the specific projects developed by the District's Board of Trustee and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.