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# HARTNELL COMMUNITY COLLEGE DISTRICT

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## FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2023 AND 2022

**HARTNELL COMMUNITY COLLEGE DISTRICT**  
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**JUNE 30, 2023**

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Hartnell Community College District  
Salinas, California

### **Report on Audit of Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of Hartnell Community College District (the "District") as of and for the year ended June 30, 2023 and 2022, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hartnell Community College District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Adoption of New Accounting Standard***

As discussed in Note 1 to financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statements No., 99, *Omnibus 2022*, for the year ended June 30, 2023. Our opinions are not modified with respect to this matter.

#### ***Responsibilities of Management 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information section, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis section and unaudited supplementary information section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report

### **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 tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*CWDL, Certified Public Accountants*

San Diego, California  
December 20, 2023

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**HARTNELL COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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**USING THIS ANNUAL REPORT**

In accordance with generally accepted accounting principles, the annual report consists of three basic financial statements that provide information on Hartnell Community College District's (the "District") activities as a whole: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows.

The focus of the Statement of Net Position is designed to show the financial position of the District. This statement combines and consolidates current financial resources (net short-term spendable resources) with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Change in Net Position focuses on the costs of the District's operational activities, which are supported mainly by property taxes and State revenues. This approach is intended to summarize and simplify the user's analysis of the costs of various District services to students and the public. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

Responsibility for the completeness and accuracy of this information rests with the District management.

**FINANCIAL HIGHLIGHTS**

- The District's primary funding source is based upon apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). The District's Reported FTES was 6,655 for 2022-23, compared to 6,590 FTES in 2021-22 and 7,305 FTES in 2020-21.
- During the 2022-23 fiscal year, the District provided \$22.4 million in financial aid to students. This aid was provided in the form of grants, scholarships, and tuition discounts funded through the Federal government, State Chancellor's Office, and local funding.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

This schedule has been prepared from the District's Statement of Net Position in the audited financial statements, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Cash and short-term investments consist primarily of funds held in the Monterey County Treasury. The changes in the cash position are explained in the Statement of Cash Flows.

Unrestricted net position is composed of reserves for self-insurance, retiree health benefits, bookstore and cafeteria reserves, and general reserves for the ongoing financial health of the District.

	<b>2023</b>	<b>2022</b>	<b>Change</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Current assets	\$ 149,556,772	\$ 124,798,051	\$ 24,758,721
Noncurrent assets	225,859,033	221,498,417	4,360,616
Deferred outflows of resources	23,593,187	20,884,139	2,709,048
<b>Total Assets and Deferred Outflows of Resources</b>	<b>399,008,992</b>	<b>367,180,607</b>	<b>31,828,385</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Current liabilities	55,424,390	28,216,998	27,207,392
Noncurrent liabilities	371,354,190	350,411,888	20,942,302
Deferred inflows of resources	10,872,140	29,548,585	(18,676,445)
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>437,650,720</b>	<b>408,177,471</b>	<b>29,473,249</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	28,507,759	22,417,459	6,090,300
Restricted	26,774,232	22,406,504	4,367,728
Unrestricted	(93,923,719)	(85,820,827)	(8,102,892)
<b>Total Net Position</b>	<b>\$ (38,641,728)</b>	<b>\$ (40,996,864)</b>	<b>\$ 2,355,136</b>

**HARTNELL COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE, continued**

This schedule has been prepared from the Statements of Revenues, Expenses, and Changes in Net Position presented in the audited financial statements. Sales and charges consist of cafeteria revenues. The operations are self-supporting.

	2023	2022	Change
<b>OPERATING REVENUES</b>			
Tuition and fees	\$ 2,839,708	\$ 2,659,865	\$ 179,843
Grants and contracts, non-capital	51,792,463	48,170,130	3,622,333
Auxiliary enterprises	589,794	359,123	230,671
<b>Total Operating Revenues</b>	<b>55,221,965</b>	<b>51,189,118</b>	<b>4,032,847</b>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	66,970,165	56,914,486	10,055,679
Supplies, materials, and other operating expenses	16,827,505	13,787,138	3,040,367
Student financial aid	22,445,582	24,929,604	(2,484,022)
Depreciation	7,479,788	6,800,247	679,541
<b>Total Operating Expenses</b>	<b>113,723,040</b>	<b>102,431,475</b>	<b>11,291,565</b>
<b>Operating Loss</b>	<b>(58,501,075)</b>	<b>(51,242,357)</b>	<b>(7,258,718)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
State apportionments, non-capital	28,906,358	24,678,167	4,228,191
Local property taxes	30,885,689	28,066,989	2,818,700
State taxes and other revenues	101,331	102,341	(1,010)
Pell Grants	11,091,713	8,380,808	2,710,905
Investment income, non-capital	1,006,991	(258,547)	1,265,538
Investment income, capital	1,220,063	299,169	920,894
Interest expense on capital asset-related debt	(15,699,294)	(14,553,000)	(1,146,294)
Other non-operating income	3,327,267	2,562,207	765,060
<b>Total Non-Operating Revenues</b>	<b>60,840,118</b>	<b>49,278,134</b>	<b>11,561,984</b>
<b>Change in Net Position</b>	<b>2,339,043</b>	<b>(1,964,223)</b>	<b>4,303,266</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>(40,996,864)</b>	<b>(39,516,822)</b>	<b>(1,480,042)</b>
<b>PRIOR PERIOD ADJUSTMENT (SEE NOTE 15)</b>	<b>16,093</b>	<b>484,181</b>	<b>(468,088)</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ (38,641,728)</b>	<b>\$ (40,996,864)</b>	<b>\$ 2,355,136</b>

Grant and contract revenues relate to student financial aid, as well as specific Federal and State grants received for programs serving the students of the District. These grant and program revenues are restricted as to the allowable expenses related to the programs.

Net tuition and fees had an increase of \$179.8 thousand in 2022-23. As noted in the Statements of Revenues, Expenses and Changes in Net Position on page 11, although scholarship discounts and allowances increased by \$154.1 thousand, gross tuition and fees increased by \$333.9 thousand resulting in a net increase in tuition and fees during 2022-23.

Non-operating Revenues had a net increase in 2022-23 of approximately \$11.6 million resulting mainly from a combination of increases in state apportionments, local property taxes and pell grants.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE, continued**

Operating expenses increased in 2022-23 by approximately \$11.3 million resulting primarily from increases in salaries and employee benefits. The mandated increases in state pension costs for State Teachers’ Retirement System and Public Employees’ Retirement System along with standard step and column increases in salaries and salary increases represent the changes. In addition, with the passage of Senate Bill 90, Public Employee’s Retirement, the State contributed funds to the STRS pension system. The District’s share of these contributions was \$2,261,452

Non-operating interest expense relates directly to debt service requirements of the general obligation bonds.

The District is recording the depreciation expense related to capital assets. The detail of the changes in capital assets for the year is included in the notes to financial statements as Note 7.

The Statement of Cash Flows provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing.

Cash Provided by (Used in)	<b>2023</b>	<b>2022</b>	<b>Change</b>
Operating activities	\$ (30,097,704)	\$ (38,240,317)	\$ 8,142,613
Noncapital financing activities	74,094,585	64,207,497	9,887,088
Capital financing activities	(26,002,491)	(33,479,265)	7,476,774
Investing activities	1,006,991	(258,547)	1,265,538
Net Increase (Decrease) in Cash	<u>\$ 19,001,381</u>	<u>\$ (7,770,632)</u>	<u>\$ 26,772,013</u>

The primary operating receipts are student tuition and fees and Federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to faculty and staff.

While State apportionment, Education Protection Act funding and property taxes are the primary sources of noncapital related revenue, GASB accounting standards require that this source of revenue is shown as non-operating revenue because it comes from the general resources of the State and not from the primary users of the District’s programs and services. The District depends upon this funding as the primary source of funds to continue the current level of operations.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2023, the District had \$225.7 million in a broad range of capital assets, including land, buildings and improvements, and furniture and equipment, net of depreciation. At June 30, 2022, net capital assets were \$221.3 million. The increase in capital assets resulted from the increase in construction in progress related to Measure T and completion of projects during the year.

The majority of our West campus property was purchased in 1936 and 1954 from the U.S. Government. The Alisal campus property was purchased for \$1 from the U.S. Government in 1948. The King City Center was purchased in 2001 for \$1.2 million. Capital assets reported within these financial statements reflect the cost at the time of purchase. Current market values of our property are not reflected in the financial statements.

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Capital Assets not being depreciated	\$ 32,617,140	\$ 48,770,440	\$ (16,153,300)
Capital Assets being depreciated	308,312,200	280,314,394	27,997,806
Accumulated depreciation	(115,251,280)	(107,798,592)	(7,452,688)
<b>Total Capital Assets</b>	<u>\$ 225,678,060</u>	<u>\$ 221,286,242</u>	<u>\$ 4,391,818</u>

**Long-Term Obligations**

At the end of the 2022-23 fiscal year, the District had \$317.6 million in bonds outstanding from the voter approved general obligation bonds and other long-term obligations. These bonds will be repaid annually through property taxes on assessed property within the Hartnell Community College District boundaries.

	<u>2023</u>	<u>2022</u>	<u>Change</u>
General Obligation bonds	\$ 244,061,666	\$ 251,826,666	\$ (7,765,000)
Premiums on obligations	10,641,612	11,074,843	(433,231)
Accreted interest	62,855,696	55,397,737	7,457,959
Net pension liability	60,411,079	38,482,979	21,928,100
Net OPEB liability	1,617,960	1,108,700	509,260
Compensated absences	760,626	1,005,653	(245,027)
<b>Total</b>	<u>380,348,639</u>	<u>358,896,578</u>	<u>21,452,061</u>
Less: short-term portion	9,184,759	8,748,532	436,227
<b>Total Long-term Liabilities</b>	<u>\$ 371,163,880</u>	<u>\$ 350,148,046</u>	<u>\$ 21,015,834</u>

District bond ratings have improved as a result of the District's cash balances and increases to property values in recent years. Standard and Poor's Rating Services raised their rating from AA- to AA with a stable outlook.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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**ECONOMIC FACTORS AFFECTING THE FUTURE OF HARTNELL COMMUNITY COLLEGE DISTRICT**

The economic position of the Hartnell Community College District (the "District") is closely tied to the State of California. As identified in the 2022-23 adopted budget, State apportionment funding and property taxes allocated to the District represent approximately 91 percent of the total revenue received by the District for Unrestricted General Fund.

The District started the 2022-23 fiscal year with an Unrestricted General Fund balance of \$15.08 million. This amount represents 23% of the Unrestricted General Fund requirements in the 2022-23 adopted budget. These funds (or reserves) would serve for one-time expenditures in the event of an emergency, unexpected events, or economic downturns, and are not intended for recurring operating expenses. As the District looks to the future, the use of reserves may be required for cash flow purposes, to balance the budget in future years, or to help sustain critical delivery of student instruction and support services.

The 2022-23 fiscal year ended with an increase in the Unrestricted General Fund balance to \$16.08 million. The District continues to be impacted by enrollment declines and the uncertainties of available state revenues. The District's Total Computational Revenue (TCR) according to the Student-Centered Funding Formula (SCFF) was \$60.15 million for 2022-23, but available state revenues were \$59.57 million as of September 2023. General Fund revenue for 2022-23 continued to be protected under the Emergency Conditions Allowances provided by the state in response to COVID-19.

***CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT***

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions may be directed to the Vice President of Administrative Services, Hartnell Community College District, 411 Central Avenue, Salinas, CA 93901.

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## **FINANCIAL SECTION**

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**HARTNELL COMMUNITY COLLEGE DISTRICT**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 50,151,423	\$ 29,706,133
Restricted cash and cash equivalents	81,068,767	82,512,676
Investments	2,559,931	2,368,027
Accounts receivable, net	10,901,980	5,018,672
Lease receivable	4,541,191	4,958,079
Inventory	31,139	22,339
Prepaid expenses	302,341	212,125
Total Current Assets	<u>149,556,772</u>	<u>124,798,051</u>
Noncurrent Assets:		
Right of use assets	180,973	212,175
Capital assets, net	225,678,060	221,286,242
Total Noncurrent Assets	<u>225,859,033</u>	<u>221,498,417</u>
<b>TOTAL ASSETS</b>	<u>375,415,805</u>	<u>346,296,468</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to bond refunding	5,171,292	5,171,292
Deferred outflows related to OPEB	1,789,943	2,468,424
Deferred outflows related to pensions	16,631,952	13,244,423
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>23,593,187</u>	<u>20,884,139</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 399,008,992</u>	<u>\$ 367,180,607</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 12,765,164	\$ 7,710,315
Unearned revenue	33,474,467	11,758,151
Long-term debt, current portion	9,184,759	8,748,532
Total Current Liabilities	<u>55,424,390</u>	<u>28,216,998</u>
Noncurrent Liabilities:		
Lease liability	190,310	263,842
Compensated absences	760,626	1,005,653
Net OPEB liability	1,617,960	1,108,700
Net pension liability	60,411,079	38,482,979
Long-term debt, non-current portion	308,374,215	309,550,714
Total Noncurrent Liabilities	<u>371,354,190</u>	<u>350,411,888</u>
<b>TOTAL LIABILITIES</b>	<u>426,778,580</u>	<u>378,628,886</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to OPEB	1,172,888	2,110,579
Deferred inflows related to leases	3,950,092	4,408,942
Deferred inflows related to pensions	5,749,160	23,029,064
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>10,872,140</u>	<u>29,548,585</u>
<b>NET POSITION</b>		
Net investment in capital assets	28,507,759	22,417,459
Restricted for:		
Debt service	10,411,928	10,910,527
Capital projects	14,965,925	10,573,316
Other special purposes	1,396,379	922,661
Unrestricted	<u>(93,923,719)</u>	<u>(85,820,827)</u>
<b>TOTAL NET POSITION</b>	<u>(38,641,728)</u>	<u>(40,996,864)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 399,008,992</u>	<u>\$ 367,180,607</u>

**HARTNELL COMMUNITY COLLEGE DISTRICT  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Tuition and fees	\$ 7,024,617	\$ 6,690,696
Less: Scholarship discounts and allowances	(4,184,909)	(4,030,831)
Net tuition and fees	<u>2,839,708</u>	<u>2,659,865</u>
Grants and contracts, non-capital		
Federal	11,859,166	19,472,505
State	39,933,297	28,697,625
Auxiliary enterprise sales and charges	<u>589,794</u>	<u>359,123</u>
<b>TOTAL OPERATING REVENUES</b>	<u>55,221,965</u>	<u>51,189,118</u>
<b>OPERATING EXPENSES</b>		
Salaries	44,070,158	41,100,893
Employee benefits	22,900,007	15,813,593
Supplies, materials, and other operating expenses and services	16,827,505	13,787,138
Student aid	22,445,582	24,929,604
Depreciation	<u>7,479,788</u>	<u>6,800,247</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>113,723,040</u>	<u>102,431,475</u>
<b>OPERATING LOSS</b>	<u>(58,501,075)</u>	<u>(51,242,357)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State apportionments, non-capital	28,906,358	24,678,167
Local property taxes	30,885,689	28,066,989
State taxes and other revenues	101,331	102,341
Pell Grants	11,091,713	8,380,808
Investment income, non-capital	1,006,991	(258,547)
Investment income, capital	1,220,063	299,169
Interest expense on capital asset-related debt	(15,699,294)	(14,553,000)
Other non-operating income	<u>3,327,267</u>	<u>2,562,207</u>
<b>TOTAL NON-OPERATING REVENUES</b>	<u>60,840,118</u>	<u>49,278,134</u>
<b>CHANGE IN NET POSITION</b>	2,339,043	(1,964,223)
<b>NET POSITION, BEGINNING OF YEAR</b>	(40,996,864)	(39,516,822)
<b>PRIOR YEAR ADJUSTMENT (SEE NOTE 15)</b>	16,093	484,181
<b>NET POSITION, END OF YEAR</b>	<u>\$ (38,641,728)</u>	<u>\$ (40,996,864)</u>

**HARTNELL COMMUNITY COLLEGE DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 2,775,383	\$ 2,730,442
Grants and contracts	68,085,020	57,067,704
Payments to students	(22,840,806)	(21,243,924)
Payments to vendors	(13,002,620)	(16,307,926)
Payments to employees	(65,704,475)	(60,845,736)
Auxiliary enterprise sales and charges	589,794	359,123
Net Cash Used In Operating Activities	<u>(30,097,704)</u>	<u>(38,240,317)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
State apportionments	28,906,358	24,678,167
Pell grants	11,091,713	8,380,808
Local property taxes	30,885,689	28,066,989
State taxes and other apportionments	101,331	102,341
Other receipts	3,109,494	2,979,192
Net Cash Provided by Non-capital Financing Activities	<u>74,094,585</u>	<u>64,207,497</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Purchase of capital assets	(11,840,404)	(20,805,149)
Principal paid on capital debt	(7,838,532)	(7,835,654)
Interest received on capital debt	1,220,063	299,169
Interest paid on capital debt	<u>(7,543,618)</u>	<u>(5,137,631)</u>
Net Cash Used In Capital Financing Activities	<u>(26,002,491)</u>	<u>(33,479,265)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received (incurred) from investments	<u>1,006,991</u>	<u>(258,547)</u>
Net Cash Provided by (Used In) Investing Activities	<u>1,006,991</u>	<u>(258,547)</u>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<u>19,001,381</u>	<u>(7,770,632)</u>
<b>CASH &amp; CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>112,218,809</u>	<u>119,989,441</u>
<b>CASH &amp; CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 131,220,190</u>	<u>\$ 112,218,809</u>

**HARTNELL COMMUNITY COLLEGE DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (58,501,075)	\$ (51,242,357)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:		
Depreciation expense	7,479,788	6,800,247
Changes in Assets and Liabilities:		
Accounts receivables, net	(5,883,308)	8,312,781
Inventory and prepaid expenses	(99,016)	(100,511)
Accounts payable and accrued liabilities	3,923,901	(2,420,277)
Unearned revenue	21,716,316	4,341,050
Compensated absences	(245,027)	(245,027)
Deferred outflows of resources	(2,709,048)	271,907
Net pension liability	21,928,100	(26,533,209)
Net OPEB liability	509,260	(357,821)
Deferred inflows of resources	(18,217,595)	22,932,900
Total Adjustments	<u>28,403,371</u>	<u>13,002,040</u>
<b>Net Cash Used by Operating Activities</b>	<u>\$ (30,097,704)</u>	<u>\$ (38,240,317)</u>
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS</b>		
Amortization of premiums on debt	\$ 433,231	\$ 433,231
Accretion of interest	\$ 7,457,959	\$ 7,457,959

**HARTNELL COMMUNITY COLLEGE DISTRICT  
STATEMENTS OF FIDUCIARY NET POSITION  
JUNE 30, 2023 AND 2022**

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June 30, 2023	<b>Trust Funds</b>	<b>OPEB Trust</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 429,216	\$ 7,615,212
Accounts receivable, net	1,399	-
<b>Total Assets</b>	<b>\$ 430,615</b>	<b>\$ 7,615,212</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 8,561	\$ -
<b>Total Liabilities</b>	<b>8,561</b>	<b>-</b>
<b>NET POSITION</b>		
Restricted	\$ -	\$ 7,615,212
Unreserved	422,054	-
<b>Total Liabilities and Net Position</b>	<b>\$ 430,615</b>	<b>\$ 7,615,212</b>
June 30, 2022	<b>Trust Funds</b>	<b>OPEB Trust</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 435,397	\$ 7,158,958
Accounts receivable, net	206	6
<b>Total Assets</b>	<b>\$ 435,603</b>	<b>\$ 7,158,964</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 1,572	\$ -
<b>Total Liabilities</b>	<b>1,572</b>	<b>-</b>
<b>NET POSITION</b>		
Restricted	\$ -	\$ 7,158,964
Unreserved	434,031	-
<b>Total Net Position</b>	<b>\$ 434,031</b>	<b>\$ 7,158,964</b>

**HARTNELL COMMUNITY COLLEGE DISTRICT  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

For The Year Ended June 30, 2023	<b>Trust Funds</b>	<b>OPEB Trust</b>
<b>OPERATING REVENUES:</b>		
Student fees	\$ 80,981	\$ -
Interest and investment income	6,577	462,437
<b>Total Operating Revenues</b>	<b>87,558</b>	<b>462,437</b>
<b>OPERATING EXPENSES:</b>		
Salaries	7,149	-
Employee benefits	612	-
Supplies and materials	7,959	-
Other operating expenses	82,165	6,189
<b>Total Operating Expenses</b>	<b>97,885</b>	<b>6,189</b>
<b>Net Change in Net Position</b>	<b>(10,327)</b>	<b>456,248</b>
<b>Net Position - Beginning of Year</b>	<b>432,381</b>	<b>7,158,964</b>
<b>Net Position - End of Year</b>	<b>\$ 422,054</b>	<b>\$ 7,615,212</b>
<b>For The Year Ended June 30, 2022</b>		
<b>OPERATING REVENUES:</b>		
Student fees	\$ 89,452	\$ -
Interest and investment income	1,353	(934,361)
Transfers	-	1,108,700
<b>Total Operating Revenues</b>	<b>90,805</b>	<b>174,339</b>
<b>OPERATING EXPENSES:</b>		
Salaries	10,769	-
Employee benefits	1,016	-
Supplies and materials	5,368	-
Other operating expenses	21,239	5,919
Transfers	-	10,277
<b>Total Operating Expenses</b>	<b>38,392</b>	<b>16,196</b>
<b>Net Change in Net Position</b>	<b>52,413</b>	<b>158,143</b>
<b>Net Position - Beginning of Year</b>	<b>381,618</b>	<b>7,000,821</b>
<b>Net Position - End of Year</b>	<b>\$ 434,031</b>	<b>\$ 7,158,964</b>

**HARTNELL COMMUNITY COLLEGE DISTRICT  
DISCRETELY PRESENTED COMPONENT UNIT - HARTNELL COLLEGE FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 7,823,315	\$ 5,893,593
Pledges receivable, current	1,378,964	1,218,191
Investments, current	4,906,617	-
Accounts receivable	1,966,177	4,442,979
Prepaid expenses	23,015	18,811
<b>Total current assets</b>	<u>16,098,088</u>	<u>11,573,574</u>
Noncurrent assets:		
Pledges receivable, noncurrent	688,000	1,772,700
Investments, non current	15,114,579	18,495,572
Land held for investment	20,500,000	20,500,000
Art and collections	256,581	256,581
<b>Total noncurrent assets</b>	<u>36,559,160</u>	<u>41,024,853</u>
<b>Total assets</b>	<u>\$ 52,657,248</u>	<u>\$ 52,598,427</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 624,794	\$ 863,927
Scholarships payable	551,482	655,267
Deferred revenue	20,956	25,366
<b>Total liabilities</b>	<u>1,197,232</u>	<u>1,544,560</u>
<b>NET ASSETS</b>		
Net assets without donor restrictions	24,482,591	24,105,055
Net assets with donor restrictions	26,977,425	26,948,812
<b>Total net assets</b>	<u>51,460,016</u>	<u>51,053,867</u>
<b>Total liabilities and net assets</b>	<u>\$ 52,657,248</u>	<u>\$ 52,598,427</u>

**HARTNELL COMMUNITY COLLEGE DISTRICT  
DISCRETELY PRESENTED COMPONENT UNIT - HARTNELL COLLEGE FOUNDATION  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

For the Year Ended June 30, 2023	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Donations	\$ 207,511	\$ 4,115,797	\$ 4,323,308
Special events	295,150	219,502	514,652
Contract revenue	125,117	1,106,641	1,231,758
In-kind donations	203,932	15,000	218,932
Net investment return	414,170	1,116,493	1,530,663
Rental income	278,265	-	278,265
Other revenue	291,088	-	291,088
Net assets released from restriction	6,544,820	(6,544,820)	-
<b>Total Support and Revenue</b>	<b>8,360,053</b>	<b>28,613</b>	<b>8,388,666</b>
<b>EXPENSES</b>			
Program	6,879,189	-	6,879,189
General and administrative	612,584	-	612,584
Fundraising	490,744	-	490,744
<b>Total Expenses</b>	<b>7,982,517</b>	<b>-</b>	<b>7,982,517</b>
<b>Change in Net Assets</b>	<b>377,536</b>	<b>28,613</b>	<b>406,149</b>
<b>Net Assets - Beginning of Year</b>	<b>24,105,055</b>	<b>26,948,812</b>	<b>51,053,867</b>
<b>Net Assets - End of Year</b>	<b>\$ 24,482,591</b>	<b>\$ 26,977,425</b>	<b>\$ 51,460,016</b>

For the Year Ended June 30, 2022	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Donations	\$ 538,547	\$ 10,611,718	\$ 11,150,265
Special events	309,325	142,472	451,797
In-kind donations	249,882	20,871	270,753
Net investment return	(257,134)	(2,660,259)	(2,917,393)
Rental income	-	361,793	361,793
Other revenue	225,008	-	225,008
Net assets released from restriction	8,727,057	(8,727,057)	-
<b>Total Support and Revenue</b>	<b>9,792,685</b>	<b>(250,462)</b>	<b>9,542,223</b>
<b>EXPENSES</b>			
Program	8,201,154	-	8,201,154
General and administrative	495,684	-	495,684
Fundraising	389,508	-	389,508
<b>Total Expenses</b>	<b>9,086,346</b>	<b>-</b>	<b>9,086,346</b>
<b>Change in Net Assets</b>	<b>706,339</b>	<b>(250,462)</b>	<b>455,877</b>
<b>Net Assets - Beginning of Year</b>	<b>23,398,716</b>	<b>27,199,274</b>	<b>50,597,990</b>
<b>Net Assets - End of Year</b>	<b>\$ 24,105,055</b>	<b>\$ 26,948,812</b>	<b>\$ 51,053,867</b>

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Hartnell Community College District (the "District") is a political subdivision of the State of California and provides educational services to the local residents of the surrounding area. While the District is a political subdivision of the State, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Codification Section (Cod. Sec.) 2100.101. The District is classified as a state instrumentality under Internal Revenue Code Section 115.

The decision to include potential component units in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and GASB Cod. Sec. 2100. The three criteria for requiring a legally separate, tax-exempt organization to be presented as a component unit are the "direct benefit" criterion, the "entitlement/ability to access" criterion, and the "significance" criterion. The District identified the Hartnell College Foundation (the "Foundation") as its potential component unit.

The Foundation is a nonprofit, tax-exempt organization dedicated to providing financial benefits generated from fundraising efforts and investment earnings to the District. The funds contributed by the Foundation to the benefit of the District are significant to the District's financial statements. The District applied the criteria for identifying component units in accordance with GASB Cod. Sec. 2100 and therefore, the District has classified the Foundation as a component unit that will be discretely presented in the District's financial statements. Copies of the Foundation's annual financial report may be obtained from the District Office, 411 Central Avenue, Salinas, California 93901.

**Basis of Presentation**

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. Under this model, the District's financial statements provide a comprehensive entity-wide perspective of the District's financial position and activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when the obligation has been incurred. All significant intra-agency transactions have been eliminated.

Fiduciary funds for which the District acts only as an agent are not included in the business-type activities of the District. These funds are reported in the Statements of Fiduciary Net Position and the Statements of Change in Fiduciary Net Position at the fund financial statement level.

The Foundation's financial statements are prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred in accordance with accounting principles generally accepted in the United States of America. Classification of contributions is dependent upon whether the contribution is restricted or unrestricted. Net assets are classified on the Statements of Financial Position as unrestricted, temporarily restricted or permanently restricted net position based on the absence or existence of donor-imposed restrictions.

**Basis of Accounting**

The District records revenues when earned and expenses when a liability is incurred regardless of the timing of the related cash flow. The budgetary and financial accounts of the District are recorded and maintained in accordance with the Chancellor's Office's Budget and Accounting Manual.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Risks and Uncertainties**

The COVID-19 Pandemic has recently affected global markets, supply chains, employees of companies and our communities. Management is taking appropriate actions to mitigate the impact. However, the economic impact of COVID-19 is unknown and cannot be reasonably estimated as of June 30, 2023.

**Cash and Cash Equivalents**

For the purposes of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less. Funds invested in the County Treasury are considered cash equivalents and are stated at fair value.

**Restricted Cash and Cash Equivalents**

Cash that is externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, is classified as noncurrent assets in the Statements of Net Position.

**Fair Value of Investments - Foundation**

The Foundation's investments are valued at fair value based upon quoted market prices, when available, or estimates of fair value in the Statements of Financial Position and unrealized and realized gains and losses are included in the Statements of Activities.

**Accounts Receivable**

Accounts Receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts Receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. The allowance is based upon management's estimates and analysis. The allowance was \$621,110 and \$584,682 as of June 30, 2023 and 2022, respectively.

**Pledges Receivable - Foundation**

Pledges receivable consist of unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. An allowance for uncollectible pledges receivable is established based upon estimated losses related to specific amounts and is recorded through a provision for bad debt which is charged to expense. Management has determined that an allowance for uncollectible pledges is not necessary. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using rates commensurate with risks applicable in the years in which those promises are received. As of June 30, 2023, and 2022, the Foundation has not applied a present value discount as the amount was not significant and all pledges are receivable in one to five years.

**Inventory**

Inventory consists of cafeteria food and educational supplies. Inventories are stated at the lower of cost (first-in, first-out method) or market.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Prepaid Expenses**

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30.

**Right of Use Assets**

The District has recorded right of use assets as a result of implementing GASB 87 and 96. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition or, if donated, at acquisition value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 – 50 years depending on asset type.

The District capitalizes interest paid on obligations related to the acquisition, construction or rehabilitation of District capital assets. With the adoption of GASB Statement No. 89, these costs are no longer capitalized.

**Compensated Absences**

Compensated absence costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year end as liabilities of the District.

**Accumulated Sick Leave**

Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for certain STRS and PERS employees, when the employee retires.

**Unearned Revenue**

Revenues from Federal, State and local special projects and programs is recognized when qualified expenditures have been incurred. Tuition, fees and other support received but not earned are recorded as unearned revenue until earned.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the pension liability and OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability reported which is in the Statement of Net Position.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value.

**On-Behalf Payments**

GASB Statement No. 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance, requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the STRS and PERS on behalf of all Community Colleges in California. This amount has been reflected in the basic financial statements as a component of other state revenue and employee benefit expense.

**Other Postemployment Benefits (OPEB)**

For purpose of measuring the net OPEB liability, information about the fiduciary net position of the Other Postemployment Benefit Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and interest-earning investment contracts that are reported at cost. The Plan is included in the District's financial report and separately presented as a fiduciary fund. Separate financial statements are also prepared for the Plan and may be obtained by contacting the Hartnell Community College District.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Net Position**

The District's net position is classified as follows:

*Net investment in capital assets:* This represents the District's total investment in capital assets, net of associated outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

*Restricted net position:* Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. Nonspendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to the principal. At June 30, 2023 and 2022, there is no balance of nonexpendable restricted net position.

*Unrestricted net position:* Unrestricted net position represents resources derived from student tuition and fees, State apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District typically applies the expense toward restricted resources, then to unrestricted resources.

**Net Assets - Foundation**

The Foundation's net assets are classified as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both

The Foundation's endowment assets consist of individual funds established for the purpose to provide financial support to the Foundation in perpetuity. The endowment assets include donor-restricted endowment funds. Net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Net Assets – Foundation, continued**

The Board of Directors of the Foundation has interpreted Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard prudence prescribed by UPMIFA.

The Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes investment grade mutual bond funds and equity securities, that is intended to result in a consistent inflation-protected rate of return. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The Foundation uses a method based upon the total return on assets to determine the amounts appropriated for expenditures for endowments under which the organization is the income beneficiary in conformity with UPMIFA. To satisfy its long-term rate-of-return objectives, the Foundation seeks investment returns through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that includes equity and debt investments to achieve its long-term return objectives within prudent risk constraints.

**Classification of Revenue and Expenses**

The District has classified its revenues and expenses as either operating or nonoperating revenues and expenses. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Cod. Sec. Co5.101 including State appropriations, local property taxes, and investment income. Nearly all the District's expenses are from exchange transactions. Revenues and expenses are classified according to the following criteria:

*Operating revenues and expenses:* Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, and (3) most Federal, State and local grants and contracts and Federal appropriations. All expenses are considered operating expenses except for interest expense on capital related debt.

*Nonoperating revenues and expenses:* Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as Pell grants, gifts and contributions, and other revenue sources described in GASB Cod. Sec. Co5.101, such as State appropriations and investment income.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**State Apportionments**

Certain current year apportionments from the state are based on various financial and statistical information of the previous year. Any prior year corrections due to a recalculation will be recorded in the year completed by the state. When known and measurable, these recalculations and corrections are accrued in the year in which FTES are generated.

**Contributions**

All contributions received by the Foundation are considered to be available without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net position classes. Unconditional promises to give that are silent as to the due date are presumed to be time restricted by the donor until received and are reported as temporarily restricted net assets.

**Scholarship Discounts and Allowances**

Student tuition and fee revenue are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses and Change in Net Position. Scholarship discounts and allowances represent the difference between stated charges for goods and services provided by the District and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants are recorded as operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

**Estimates**

The preparation 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. Accordingly, actual results may differ from those estimates.

**Tax Status - Foundation**

The Foundation is a nonprofit public benefit corporation exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Foundation has been classified as an organization that is not a private foundation and has been designated as a "publicly supported" organization. Contributions to the Foundation are deductible under Section 170(c)(2). The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. Interest and penalties on tax assessments are classified as an expense when incurred. For the years ended June 30, 2023 and 2022, the Foundation did not incur any interest or penalties.

Income tax returns for the Foundation are filed in U.S. federal and state of California jurisdictions. Tax returns remain subject to examination by the U.S. federal jurisdiction for three years after the return is filed and for four years by the California jurisdiction. There are currently no tax years under examination.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**New Accounting Pronouncement**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations.

*GASB Statement No. 91* – In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

*GASB Statement No. 96* – Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for fiscal year 2022-23. The District has not yet determined the impact on the financial statements.

*GASB Statement No. 99* – In April 2022, GASB issued Statement No. 99, Omnibus 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**New Accounting Pronouncement, continued**

*GASB Statement No. 100* – In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

*GASB Statement No. 101* – In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements

Early implementation is encouraged. The District is in the process of determining the effect on the financial Reporting.

**New Accounting Pronouncement - Foundation**

In November, FASB issued ASU 2021-09, *Leases* (ASU 2021-09). ASU 2021-09 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months.

The Foundation has implemented the provisions of this ASU as of June 30, 2023, because management believes it improves the Foundation's financial reporting.

**HARTNELL COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash, cash equivalents and investments at June 30, 2023, consisted of the following:

	District	Fiduciary
Pooled Funds:		
Cash in County Treasury	\$ 127,390,441	\$ 355,173
Deposits:		
Cash on hand and in banks	3,829,749	74,043
Total cash and cash equivalents	131,220,190	429,216
Less: restricted cash and cash equivalents		
Cash in County Treasury	81,068,767	-
Net cash and cash equivalents	\$ 50,151,423	\$ 429,216
Investments	\$ 2,559,931	\$ -

Foundation cash and cash equivalents at June 30, 2023, totaled \$7,823,315.

Cash, cash equivalents and investments at June 30, 2022, consisted of the following:

	District	Fiduciary
Pooled Funds:		
Cash in County Treasury	\$ 111,249,806	\$ 370,178
Deposits:		
Cash on hand and in banks	969,003	65,219
Total cash and cash equivalents	112,218,809	435,397
Less: restricted cash and cash equivalents		
Cash in County Treasury	82,512,676	-
Net cash and cash equivalents	\$ 29,706,133	\$ 435,397
Investments	\$ 2,368,027	\$ -

Foundation cash and cash equivalents at June 30, 2022, totaled \$5,893,593.

**Cash in County Treasury**

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. Those pooled funds are carried at fair value, which approximates cost.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial risk classifications is required.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS, continued**

**Cash in County Treasury, continued**

The District's deposits in the fund are considered to be highly liquid. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County Treasurer has indicated that there are no derivatives in the pool as of June 30, 2023 and 2022.

**Custodial Credit Risk**

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the District. All cash held by financial institutions is entirely insured or collateralized.

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2023, the carrying amount of the District's accounts, including fiduciary accounts, were \$3,903,792, and the bank balances were \$3,829,749. The total uninsured bank balances at June 30, 2023 were \$3,653,792. At June 30, 2022, the carrying amount of the District's accounts, including fiduciary accounts, were \$1,034,222, and the bank balances were \$969,003. The total uninsured bank balances at June 30, 2022 were \$784,222.

At June 30, 2023 and 2022, the Foundation had deposits at financial institutions eligible for insurance coverage with carrying amounts of \$7,823,315 and \$5,893,593 and bank balances of \$2,825,981 and \$5,156,580, respectively. The total uninsured bank balances at June 30, 2023 and 2022 were \$6,589,916 and \$4,414,349, respectively.

**Interest Rate Risk**

The District and Foundation's investment policies do not limit cash and investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates. At June 30, 2023 and 2022, the District and Foundation had no significant interest rate risk related to cash and investments held.

**Concentration of Credit Risk**

The District and Foundation do not place limits on the amount they may invest in any one issuer. At June 30, 2023 and 2022, the District and Foundation had no concentration of credit risk.

District investments at June 30, 2023 and 2022 consisted of mutual funds in the amount of \$2,559,931 and \$2,368,027, respectively.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS, continued**

**Foundation Investments**

Foundation investments at June 30, 2023 and 2022 consisted of the following:

	2023	2022
Fixed income	\$ 6,704,806	\$ 7,379,732
Equity securities	11,867,068	9,891,103
Mutual Funds	843,938	651,790
Investment Foundation Student Success Fund	251,263	233,071
Investment in Foundation for California Community Colleges Scholarship Endowment (FCCC/Osher)	354,121	339,876
Total	\$ 20,021,196	\$ 18,495,572

Foundation investment income or loss consisted of the following:

	2023	2022
Interest and dividend income	\$ 611,154	\$ 410,650
Realized gain on investments	387,134	575,037
Unrealized gain (loss) on investments	875,399	(3,526,955)
Total	\$ 1,873,687	\$ (2,541,268)

**NOTE 3 - FAIR VALUE MEASUREMENTS**

**Fair Value Hierarchy**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

*Level 1:* Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

*Level 2:* Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

*Level 3:* Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The District's investments consist of mutual funds classified as Level 1 of the fair value hierarchy because they are valued at closing prices from securities exchanges.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 3 - FAIR VALUE MEASUREMENTS, continued**

The Foundation is required or permitted to record the following assets at fair value on a recurring basis:

	June 30, 2023				
	Fair Value	Level 1	Level 2	Level 3	Uncategorized
Investment securities:					
Fixed Income	\$ 6,704,806	\$ 6,704,806	\$ -	\$ -	\$ -
Equity securities	11,867,068	11,867,068	-	-	-
Mutual funds	843,938	843,938	-	-	-
Investment Foundation Student Success Fund	251,263	251,263	-	-	-
Investment in FCCC/Osher	354,121	-	-	-	354,121
Total investment securities	\$ 20,021,196	\$ 19,667,075	\$ -	\$ -	\$ 354,121

  

	June 30, 2022				
	Fair Value	Level 1	Level 2	Level 3	Uncategorized
Investment securities:					
Fixed Income	\$ 7,379,732	\$ 7,379,732	\$ -	\$ -	\$ -
Equity securities	9,891,103	9,891,103	-	-	-
Mutual funds	651,790	651,790	-	-	-
Investment Foundation Student Success Fund	233,071	233,071	-	-	-
Investment in FCCC/Osher	339,876	-	-	-	339,876
Total investment securities	\$ 18,495,572	\$ 18,155,696	\$ -	\$ -	\$ 339,876

The Foundation used the following methods and significant assumptions to estimate fair value:

The fair value of the investments held by FCCC was based upon the net asset values (“NAVs”) of the assets at June 30, 2023 and 2022. The fair value of the funds held by FCCC is based upon the Foundation’s proportionate share of the FCCC/Osher pooled investment portfolio. Foundation management reviews the valuations and returns in comparison to industry benchmarks and other information provided by FCCC, but there is currently no visibility provided by FCCC to the specific listing of underlying investment holdings.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**NOTE 4 – ACCOUNTS RECEIVABLE**

District’s accounts receivable at June 30, 2023 and 2022 are summarized as follows:

	2023	2022
Federal	2,655,332	1,797,004
State	5,008,512	378,756
Local and other	3,859,246	3,427,594
Subtotal	11,523,090	5,603,354
Less: Allowance for doubtful accounts	(621,110)	(584,682)
Total accounts receivable	10,901,980	5,018,672

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 5 – LEASE RECEIVABLES AND ARRANGEMENTS**

The District’s lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee’s revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Future deferred inflows on noncancellable leases at June 30, 2023 are as follows:

Fiscal year	Principal	Interest	Total
2024	\$ 430,373	\$ 163,746	\$ 594,119
2025	442,185	148,776	590,961
2026	457,649	133,477	591,126
2027	407,345	118,121	525,466
2028	219,948	107,052	327,000
2029-2033	1,175,162	399,838	1,575,000
2034-2039	1,408,529	140,219	1,548,750
Total	\$ 4,541,191	\$ 1,211,229	\$ 5,752,422

The District leases space on its campuses to cellular companies, in addition to, office space to external parties. In accordance with GASB 87, the District records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective lease. The expected receipts are discounted using the District’s incremental borrowing rate. Any variable payments are excluded unless fixed in substance.

During the years ended June 30, 2023 and 2022, the District recognized revenues related to these lease agreements totaling \$104,222 and \$234,111, respectively. During the years ended June 30, 2023 and 2022, the District does not have any lease revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

The general terms of the lease agreements are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Rental Income
Other	4	4.00%	5/1/2013 - 5/1/2039	\$ 104,222

**HARTNELL COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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**NOTE 6 – RIGHT OF USE ASSETS**

The amount of right of use assets by major class of underlying lease assets as of June 30, 2023, was as follows:

	Adjusted Balance			Balance
	July 1, 2022	Additions	Deductions	June 30, 2023
Right of Use Assets:				
Leased equipment	\$ 330,743	\$ -	\$ -	\$ 330,743
Total Right of Use Assets	330,743	-	-	330,743
Less Accumulated Amortization				
Leased equipment	118,568	31,202	-	149,770
Total Accumulated Amortization	118,568	31,202	-	149,770
Right of Use Assets, net	\$ 212,175	\$ (31,202)	\$ -	\$ 180,973

The amount of right of use assets by major class of underlying lease assets as of June 30, 2022, was as follows:

	Adjusted Balance			Balance
	July 1, 2021	Additions	Deductions	June 30, 2022
Right of Use Assets:				
Leased equipment	\$ 330,743	\$ -	\$ -	\$ 330,743
Total Right of Use Assets	330,743	-	-	330,743
Less Accumulated Amortization				
Leased equipment	43,683	74,885	-	118,568
Total Accumulated Amortization	43,683	74,885	-	118,568
Right of Use Assets, net	\$ 287,060	\$ (74,885)	\$ -	\$ 212,175

**HARTNELL COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity of the District consists of the following at June 30, 2023:

	Balance			Balance
	July 1, 2022	Additions	Deductions	June 30, 2023
Capital Assets not being Depreciated				
Land	\$ 1,449,045	\$ -	\$ -	\$ 1,449,045
Construction in progress	47,321,395	10,213,294	26,366,594	31,168,095
Total Capital Assets Not Being Depreciated	48,770,440	10,213,294	26,366,594	32,617,140
Capital Assets Being Depreciated				
Buildings and improvements	221,751,336	24,730,700	-	246,482,036
Furniture and equipment	58,563,058	3,267,106	-	61,830,164
Total Capital Assets Being Depreciated	280,314,394	27,997,806	-	308,312,200
Total Capital Assets	329,084,834	38,211,100	26,366,594	340,929,340
Less Accumulated Depreciation				
Buildings and improvements	87,923,330	5,454,946	-	93,378,276
Furniture and equipment	19,875,262	1,997,742	-	21,873,004
Total Accumulated Depreciation	107,798,592	7,452,688	-	115,251,280
Net Capital Assets	\$ 221,286,242	\$ 30,758,412	\$ 26,366,594	\$ 225,678,060

Capital asset activity of the District consists of the following at June 30, 2022:

	Balance			Balance
	July 1, 2021	Additions	Deductions	June 30, 2022
Capital Assets Not Being Depreciated				
Land	\$ 1,449,045	\$ -	\$ -	\$ 1,449,045
Construction in progress	65,621,712	17,897,650	36,197,967	47,321,395
Total Capital Assets Not Being Depreciated	67,070,757	17,897,650	36,197,967	48,770,440
Capital Assets Being Depreciated				
Buildings and improvements	217,503,372	4,247,964	-	221,751,336
Furniture and equipment	23,769,972	34,793,086	-	58,563,058
Total Capital Assets Being Depreciated	241,273,344	39,041,050	-	280,314,394
Total Capital Assets	308,344,101	56,938,700	36,197,967	329,084,834
Less Accumulated Depreciation				
Buildings and improvements	82,754,322	5,169,008	-	87,923,330
Furniture and equipment	18,312,670	1,562,592	-	19,875,262
Total Accumulated Depreciation	101,066,992	6,731,600	-	107,798,592
Net Capital Assets	\$ 207,277,109	\$ 50,207,100	\$ 36,197,967	\$ 221,286,242

**HARTNELL COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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**NOTE 8 – UNEARNED REVENUES**

Unearned revenue for the District at June 30, 2023 and 2022 consisted of the following:

	2023	2022
Unearned tuition and student fees	\$ 1,052,759	\$ 1,117,084
Unearned grant revenue and other	32,421,708	10,641,067
Total unearned revenue	<u>\$ 33,474,467</u>	<u>\$ 11,758,151</u>

**NOTE 9 – LONG-TERM LIABILITIES**

A schedule of changes in long-term debt for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
Bonds and Notes Payable					
General obligation bonds	\$ 251,826,666	\$ -	\$ 7,765,000	\$ 244,061,666	\$ 8,675,000
Premiums, net	11,074,843	-	433,231	10,641,612	433,231
Accreted interest	55,397,737	7,457,959	-	62,855,696	-
Total Bonds	<u>318,299,246</u>	<u>7,457,959</u>	<u>8,198,231</u>	<u>317,558,974</u>	<u>9,108,231</u>
Other Long-Term Liabilities					
Lease liability	263,842	-	73,532	190,310	76,528
Compensated absences	1,005,653	-	245,027	760,626	-
Total Other Long-Term Liabilities	<u>1,269,495</u>	<u>-</u>	<u>318,559</u>	<u>950,936</u>	<u>76,528</u>
Total Long-Term Obligations	<u>\$ 319,568,741</u>	<u>\$ 7,457,959</u>	<u>\$ 8,516,790</u>	<u>\$ 318,509,910</u>	<u>\$ 9,184,759</u>

A schedule of the changes in long-term debt for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
Bonds and Notes Payable					
General obligation bonds	\$ 259,591,666	\$ -	\$ 7,765,000	\$ 251,826,666	\$ 8,675,000
Premiums, net	11,508,074	-	433,231	11,074,843	-
Accreted interest	47,939,778	7,457,959	-	55,397,737	-
Total Bonds	<u>319,039,518</u>	<u>7,457,959</u>	<u>8,198,231</u>	<u>318,299,246</u>	<u>8,675,000</u>
Other Long-Term Liabilities					
Lease liability	-	263,842	-	263,842	73,532
Compensated absences	1,250,680	-	245,027	1,005,653	-
Total Other Long-Term Liabilities	<u>1,250,680</u>	<u>263,842</u>	<u>245,027</u>	<u>1,269,495</u>	<u>73,532</u>
Total Long-Term Obligations	<u>\$ 320,290,198</u>	<u>\$ 7,721,801</u>	<u>\$ 8,443,258</u>	<u>\$ 319,568,741</u>	<u>\$ 8,748,532</u>

**HARTNELL COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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**NOTE 9 – LONG-TERM LIABILITIES, continued**

**General Obligation Bonds**

*2002 General Obligation Bonds, Series C*

During June 2009, the District issued the 2002 General Obligation Bonds, Series C in the amount of \$12,597,888 of capital appreciation bonds. The bonds mature beginning on August 1, 2023 through August 1, 2033, with interest yields ranging from 6.13 to 11.50 percent. Interest is compounded semiannually each year and is payable only at maturity.

The annual payments required to amortize the Capital Appreciation 2002 General Obligation Bonds, Series C outstanding as of June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2024	\$ 153,306	\$ 1,873,791	\$ 591,694	\$ 2,618,791
2025	469,258	1,249,194	670,742	2,389,194
2026	573,167	1,249,194	891,833	2,714,194
2027	653,121	1,249,194	1,151,879	3,054,194
2028	726,661	1,249,194	1,438,339	3,414,194
2029-2033	9,596,903	4,420,565	12,403,097	26,420,565
2034	425,472	28,788	514,528	968,788
<b>Total</b>	<b>\$ 12,597,888</b>	<b>\$ 11,319,920</b>	<b>\$ 17,662,112</b>	<b>\$ 41,579,920</b>

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 9 - LONG-TERM LIABILITIES, continued**

**General Obligation Bonds, continued**

*2002 General Obligation Bonds, Series D*

During September 2009, the District issued the 2002 General Obligation Bonds, Series D in the amount of \$35,106,469 of capital appreciation bonds and \$13,298,609 of convertible capital appreciation bonds. The capital appreciation bonds were partially refunded in 2014 and in 2016 and the remaining bonds mature August 1, 2049, with an interest accretion rate of 11.50 percent. Interest is compounded semiannually and payable only at maturity. The convertible capital appreciation bonds mature through August 1, 2034 and convert to current interest bonds on August 1, 2022. Prior to the date of conversion, the convertible capital appreciation bonds accrete interest, compounded semiannually. Upon conversion, interest is payable semiannually and based upon the conversion value at an interest rate of 7.00 percent.

The annual payments required to amortize the 2002 General Obligation Bonds, Series D outstanding as of June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2024	\$ -	\$ -	\$ -	\$ -
2025	-	3,386,250	-	-
2026	-	2,257,500	-	3,386,250
2027	-	2,257,500	-	2,257,500
2028	-	2,257,500	-	2,257,500
2029-2033	2,084,480	11,207,875	1,336,881	12,225,619
2034-2038	11,214,129	4,001,025	17,614,509	37,490,780
2039-2043	-	-	-	-
2044-2048	-	-	-	-
2049-2050	164,873	-	14,085,128	14,250,001
<b>Total</b>	<b>\$ 13,463,482</b>	<b>\$ 25,367,650</b>	<b>\$ 33,036,518</b>	<b>\$ 71,867,650</b>

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 9 - LONG-TERM LIABILITIES, continued**

**General Obligation Bonds, continued**

*2014 General Obligation Bonds, Series A*

During January 2014, the District issued \$24,265,000 of federally tax-exempt 2014 General Obligation Refunding Bonds, Series A, with an effective interest rate of 3.45%. Proceeds were used to advance refund a portion of the outstanding 2005 General Obligation Refunding Bonds and portions of the 2002 General Obligation Bonds Series B and Series D and to pay the costs of issuing the 2014 General Obligation Refunding Bonds, Series A. The bonds mature August 1, 2014 through August 1, 2030. At June 30, 2022, \$4,579,500 of bonds outstanding are considered defeased.

The following is a schedule of the future payments for the 2014 General Obligation Refunding Bonds, Series A as of June 30, 2023:

Fiscal Year	Principal	Interest	Total
2024	\$ 2,880,000	\$ 499,788	\$ 3,379,788
2025	3,140,000	398,675	3,538,675
2026	3,480,000	287,563	3,767,563
2027	1,860,000	88,298	1,948,298
2028	510,000	128,094	638,094
2029-2033	3,330,000	223,686	3,553,686
Total	\$ 15,200,000	\$ 1,626,104	\$ 16,826,104

**HARTNELL COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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**NOTE 9 - LONG-TERM LIABILITIES, continued**

**General Obligation Bonds, continued**

*2015 General Obligation Bonds, Series A*

During December 2015, the District issued federally tax-exempt 2015 General Obligation Refunding Bonds, Series A, in the amount of \$22,675,000 in current interest bonds and \$64,890,295 in capital appreciation bonds. Proceeds were used to currently refund all of the outstanding 2005 General Obligation Refunding Bonds and advance refund portions of the 2002 General Obligation Bonds Series B and Series D and to pay the costs of issuing the 2015 General Obligation Refunding Bonds, Series A. The current interest bonds mature from August 1, 2020 through August 1, 2031 with interest rates ranging from 3.00 to 5.00 percent. The capital appreciation bonds mature from August 1, 2035 through August 1, 2049 with interest accretion rates ranging from 4.12 to 4.52 percent. Interest on capital appreciation bonds is compounded semiannually each year and is payable only at maturity.

The annual payments required to repay the 2015 General Obligation Refunding Bonds, Series A as of June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2024	\$ -	\$ 524,450	\$ -	\$ 524,450
2025	-	524,450	-	524,450
2026	-	524,450	-	524,450
2027	-	524,450	-	524,450
2028	1,010,000	499,200	-	1,509,200
2029-2033	13,190,000	865,225	-	14,055,225
2034-2038	12,767,152	-	17,267,848	30,035,000
2039-2043	21,712,894	-	41,572,106	63,285,000
2044-2048	22,747,063	-	61,862,937	84,610,000
2049-2050	7,663,187	-	25,771,813	33,435,000
<b>Total</b>	<b>\$ 79,090,296</b>	<b>\$ 3,462,225</b>	<b>\$ 146,474,704</b>	<b>\$ 229,027,225</b>

**HARTNELL COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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**NOTE 9 - LONG-TERM LIABILITIES, continued**

**General Obligation Bonds, continued**

*2015 General Obligation Bonds, Series B*

During December 2015, the District issued taxable 2015 General Obligation Refunding Bonds, Series B, in the amount of \$2,680,000 in current interest bonds. Proceeds were used to advance refund portions of the 2002 General Obligation Bonds Series B and to pay the costs of issuing the 2015 General Obligation Refunding Bonds, Series B. The bonds mature from August 1, 2017 through August 1, 2027 with interest rates ranging from 1.35 to 3.75 percent.

The annual payments required to repay the 2015 General Obligation Refunding Bonds, Series B as of June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ -	\$ 73,688	\$ 73,688
2025	-	73,688	73,688
2026	-	73,688	73,688
2027	-	73,688	73,688
2028	1,965,000	36,844	2,001,844
Total	\$ 1,965,000	\$ 331,596	\$ 2,296,596

*2016 General Obligation Bonds, Series A*

During September 2017, the District issued taxable 2016 General Obligation Refunding Bonds, Series A, in the amount of \$70,000,000 in current interest bonds. The bonds mature from August 1, 2018 through August 1, 2047 with interest rates ranging from 2.0 to 5.0 percent.

The annual payments required to repay the 2016 General Obligation Bonds, Series A as of June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 260,000	\$ 2,237,369	\$ 2,497,369
2025	360,000	2,226,969	2,586,969
2026	465,000	2,212,569	2,677,569
2027	580,000	2,193,969	2,773,969
2028	700,000	2,170,769	2,870,769
2029-2033	5,665,000	10,251,995	15,916,995
2034-2038	10,035,000	8,872,195	18,907,195
2039-2043	15,835,000	6,624,850	22,459,850
2047-2048	23,765,000	2,908,314	26,673,314
Total	\$ 57,665,000	\$ 39,698,999	\$ 97,363,999

**HARTNELL COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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**NOTE 9 - LONG-TERM LIABILITIES, continued**

**General Obligation Bonds, continued**

2016 General Obligation Bonds, Series B

During July 2020, the District issued the 2016 General Obligation Bonds, Series B in the amount of \$70,000,000 of current interest bonds. The current interest bonds mature from August 1, 2021 through August 1, 2049 with interest rates ranging from 3.00 to 5.00 percent.

The annual payments required to amortize the 2016 General Obligation Bonds, Series B outstanding as of June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 2,540,000	\$ 2,012,000	\$ 4,552,000
2025	-	1,910,400	1,910,400
2026	-	1,910,400	1,910,400
2027	-	1,910,400	1,910,400
2028	-	1,910,400	1,910,400
2029-2033	4,520,000	9,309,400	13,829,400
2034-2038	9,405,000	7,971,200	17,376,200
2039-2043	14,650,000	5,955,500	20,605,500
2044-2048	21,040,000	3,404,125	24,444,125
2049	11,015,000	305,450	11,320,450
<b>Total</b>	<b>\$ 63,170,000</b>	<b>\$ 36,599,275</b>	<b>\$ 99,769,275</b>

**Leases**

The District has entered into agreements to lease certain equipment and buildings. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The general terms are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Lease Payment
Equipment	1	4.00%	3/1/2022 - 3/1/2026	\$ 73,532

Future minimum lease payments on noncancellable leases at June 30, 2023 are as follows:

Fiscal year	Principal	Interest	Total
2024	\$ 76,528	\$ 5,945	\$ 82,473
2025	79,646	2,987	82,633
2026	34,136	342	34,478
<b>Total</b>	<b>\$ 190,310</b>	<b>\$ 9,274</b>	<b>\$ 199,584</b>

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 10 - PROPERTY TAXES**

All property taxes are levied and collected by the Tax Assessors of the Counties of Monterey and San Benito and paid upon collection to the various taxing entities including the District. Secured taxes are levied on July 1 and are due in two installments on November 1 and February 1, and become delinquent on December 10 and April 10, respectively. The lien date for secured and unsecured property taxes is March 1 of the preceding fiscal year.

**NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2023, the District reported its proportionate share of the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 24,172,646	\$ 3,833,079	\$ 3,233,580	\$ 2,417,134
CalPERS	36,238,433	12,798,873	2,515,580	5,336,584
Total	\$ 60,411,079	\$ 16,631,952	\$ 5,749,160	\$ 7,753,718

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California State Teachers' Retirement System (CalSTRS), continued**

**Benefits Provided**

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2023, are summarized as follows:

	STRP Defined Benefit Plan	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

**Contributions**

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the years ended June 30, 2023 and 2022, are presented above, and the District's total contributions were \$2,261,452 and \$2,943,820, respectively.

**On-Behalf Payments**

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for community college education. These payments consist of state general fund contributions of approximately \$1,941,984 for FY 2022-23.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California State Teachers' Retirement System (CalSTRS), continued**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 24,172,646
State's proportionate share of the net pension liability associated with the District	<u>12,105,731</u>
Total	<u>\$ 36,278,377</u>

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.0348 percent and 0.0331 percent, respectively, resulting in a net increase in the proportionate share of 0.0017 percent.

For the years ended June 30, 2023 and 2022, the District recognized pension expense of \$2,417,134 and \$575,415. In addition, the District recognized pension expense and revenue of \$2,261,452 and \$2,262,148 for support provided by the State for the years ended June 30, 2023 and 2022, respectively. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	\$ 1,182,855
Differences between expected and actual experience	19,829	1,812,147
Changes in assumptions	1,197,893	-
Net changes in proportionate share of net pension liability	353,905	238,578
District contributions subsequent to the measurement date	2,261,452	-
Total	<u>\$ 3,833,079</u>	<u>\$ 3,233,580</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California State Teachers' Retirement System (CalSTRS), continued**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued**

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (135,754)
2025	(1,313,352)
2026	(1,671,935)
2027	1,792,803
2028	(250,572)
Thereafter	(83,143)
	<u>\$ (1,661,953)</u>

**Actuarial Methods and Assumptions**

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary investment practice, a best estimate range was determined assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentile for the long-term distribution of annualized returns.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California State Teachers' Retirement System (CalSTRS), continued**

**Actuarial Methods and Assumptions, continued**

The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Public Equity	42%	4.8%
Real Estate	15%	3.6%
Private Equity	13%	6.3%
Fixed Income	12%	1.3%
Risk Mitigating Strategies	10%	1.8%
Inflation Sensitive	6%	3.3%
Cash/Liquidity	2%	-0.4%
	100%	

\*20-year average

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 41,054,118	\$ 24,172,646	\$ 10,155,948

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California Public Employees' Retirement System (CalPERS)**

**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) and the Safety Risk Pool under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These report(s) and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013) and has at least five years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2023, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	25.37%	25.37%

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California Public Employees' Retirement System (CalPERS), continued**

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the years ended June 30, 2023 and 2022 are presented above, and the total District contributions were \$4,231,599 and \$4,455,384, respectively.

**On-Behalf Payments**

The District was the recipient of on-behalf payments made by the State of California to CalPERS for community college education. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

As of June 30, 2023 and 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liabilities totaling \$36,238,433 and \$23,400,678, respectively. The net pension liabilities were measured as of June 30, 2023 and 2022, respectively. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.1053 percent and 0.1151 percent, respectively, resulting in a net decrease in the proportionate share of 0.0098 percent.

For the years ended June 30, 2023 and 2022, the District recognized pension expense of \$5,336,584 and \$4,211,766, respectively. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 4,278,772	\$ -
Differences between expected and actual experience	163,776	901,658
Changes in assumptions	2,680,713	-
Net changes in proportionate share of net pension liability	1,444,013	1,613,922
District contributions subsequent to the measurement date	4,231,599	-
Total	\$ 12,798,873	\$ 2,515,580

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California Public Employees' Retirement System (CalPERS), continued**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued**

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 1,883,921
2025	1,446,908
2026	498,834
2027	2,222,031
	\$ 6,051,694

**Actuarial Methods and Assumptions**

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California Public Employees' Retirement System (CalPERS), continued**

**Actuarial Methods and Assumptions, continued**

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns.

The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class*</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 - 10**</b>
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
	100%	

\*An expected inflation of 2.30% used for this period.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 52,348,251	\$ 36,238,433	\$ 22,924,260

**HARTNELL COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2023 AND 2022**

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**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

For the fiscal year ended June 30, 2023, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 1,617,960	\$ 1,789,943	\$ 1,172,888	\$ (9,892,436)

**Plan Description**

In addition to the pension benefits described in Note 11, the District established an Other Postemployment Benefits Plan which is a single-employer defined benefit healthcare plan. The plan does not issue separate financial statements.

The District established an irrevocable trust under the California Employer’s Retiree Benefit Trust Program (CERBT) to prefund the costs of other postemployment benefits. The funds in the CERBT are held in trust and will be administered by the California Public Employees’ Retirement System (CalPERS) as an agent multiple-employer plan. Benefit provisions are established and may be amended by District labor agreements which are approved by the Board of Education. The District’s contributions to the irrevocable trust is included in the CERBT, which is included in the CalPERS CAFR. Copies of the CalPERS’ CAFR may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

The Plan provides medical, dental, and vision insurance coverage, as prescribed in the various employee union contracts, to retirees meeting plan eligibility requirements through a single-employer, pay-as-you-go plan, which does not issue separate financial statements. Eligible employees retiring from the District may become eligible for these benefits when the requirements are met. The eligibility requirements for employees who are members of the California School Employees Association or International Union of Operating Engineers Stationary Local Number 39 are a minimum age of 60 and have a minimum of ten years of continuous service with the District. These employees receive one year of benefits for each two years with the District not to exceed five years. Additional age and service criteria may be required.

The eligibility requirement for members of the Hartnell College Faculty Association is a minimum age of 58 with ten years of full-time service. These employees receive one year of benefits for each two years with the District not to exceed seven years. Additional age and service criteria may be required.

The eligibility requirements for managers, supervisors, and confidential employees are: to be of eligible age to retire from STRS or PERS, whichever is appropriate and have five years of full-time employment with the District. Benefits will be granted for a maximum of ten years. The District paid health benefits for all retirees, except medical coverage for members of the Hartnell College Faculty Association terminates at age 65. Retiree members of the Hartnell College Faculty Association receive lifetime District paid medical coverage for themselves and their dependents.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued**

**Employees Covered by Benefit Terms**

The following is a table of plan participants at the June 30, 2022 measurement date:

	Number of Participants
Inactive Employees Receiving Benefits	12
Active Employees	307
	<u>319</u>

**Contributions**

California Government Code specifies that the District’s contribution requirements for covered employees are established and may be amended by the Governing Board.

There were contributions of \$287,463 and \$388,843 to the Plan by the District for the years ended June 30, 2023 and 2022, respectively. Employees are not required to contribute to the OPEB plan.

**OPEB Plan Investments**

The plan discount rate of 6.75% was determined using the following asset allocation and assumed rate of return:

Asset Class	Percentage of Portfolio	Rate of Return
All Equities	59%	7.55%
All Fixed Income	25%	4.25%
Real Estate Investment Trusts	8%	7.25%
All Commodities	3%	7.55%
Treasury Inflation Protected Securities (TIPS)	5%	3.00%

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Historical 19-year real rates of return for each class along with assumed long-term inflation assumption was used to calculate the discount rate. The expected investment return was offset by investment expenses of 25 basis points.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS, continued**

**Actuarial Assumptions**

The total OPEB liability of \$8,773,708 was measured as of June 30, 2022. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost methods	Entry age actuarial cost method
Inflation rate	2.50%
Investment rate of return	6.75%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2017 CalPERS active mortality for miscellaneous and school employees were used.

**Changes in the Net OPEB Liability**

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance July 1, 2022	\$ 8,094,697	\$ 6,985,997	\$ 1,108,700
Changes for the year:			
Service cost	415,752	-	415,752
Interest	550,722	-	550,722
Employer contributions to Trust	-	1,108,700	(1,108,700)
Employer contributions as benefit	-	287,463	(287,463)
Investment income	-	508,913	(508,913)
Investment gains/losses	-	(1,446,080)	1,446,080
Administrative expense	-	(1,782)	1,782
Expected benefit payments	(287,463)	(287,463)	-
Net change	679,011	169,751	509,260
Balance June 30, 2023	\$ 8,773,708	\$ 7,155,748	\$ 1,617,960

Fiduciary Net Position as a % of the Total OPEB Liability, as of the June 30, 2022 measurement date was 81.6%.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued**

**Sensitivity of the net pension liability to assumptions**

The following presents the net OPEB liability calculated using the discount rate of 6.75 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (5.75 percent) and 1 percent higher (7.75 percent):

	Discount Rate 1% Lower (5.75%)	Discount Rate (6.75%)	Discount Rate 1% Higher (7.75%)
Net OPEB liability	\$ 2,297,596	\$ 1,617,960	\$ 995,473

The following table presents the net OPEB liability calculated using the health care cost trend rate of 4.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (3.0 percent) and 1 percent higher (5.0 percent):

	Health Care Trend Rate 1% Lower (3.0%)	Health Care Trend Rate (4.0%)	Health Care Trend Rate 1% Higher (5.0%)
Net OPEB liability	\$ 681,197	\$ 1,617,960	\$ 2,714,429

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At the June 30, 2022 measurement date, the District's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ 547,072	\$ -
Differences between expected and actual experience	1,242,871	-
Change in assumptions	-	1,172,888
	<u>\$ 1,789,943</u>	<u>\$ 1,172,888</u>

**HARTNELL COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2023 AND 2022**

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**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued**

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued**

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 85,600
2025	94,340
2026	57,669
2027	282,467
2028	(6,749)
Thereafter	103,728
	<u>\$ 617,055</u>

For the years ended June 30, 2023 and 2022, the District recognized OPEB (benefit) expense of (\$9,892,436) and \$34,490, respectively.

**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

**Contingent Liabilities**

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

The District has received Federal and State funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect.

**Construction Commitments**

As of June 30, 2023 and 2022, outstanding commitments on construction contracts were \$4,108,854 and \$6,103,070, respectively.

**NOTE 14 – JOINT POWERS AGREEMENTS**

Hartnell Community College District participates in public entity risk pool joint power agreements (JPAs), with Monterey County Schools Insurance Group (MCSIG), Bay Area Community College Districts (BACCD), School Association for Excess Risk (SAFER), the Statewide Association of Community Colleges (SWACC), Protected Insurance Program for Schools (PIPS), and the South Bay Regional Public Safety Training Consortium (SBRPSTC). Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There have been no significant reductions in insurance coverage from coverage in the prior year. The relationship between Hartnell Community College District and the JPAs is such that the JPAs are not component units of Hartnell Community College District for financial reporting purposes.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 14 – JOINT POWERS AGREEMENTS, continued**

The JPAs are governed by boards consisting of a representative from each member district. The boards control the operations of the JPAs, including the selection of management and approval of operating budgets, independent of any influence by the member district beyond their representation on the governing board. MCSIG provides employee medical, dental and vision benefits, BACCD provides property and liability insurance, SAFER provides excess property and liability insurance, SWACC provides property and liability insurance, PIPS provides workers' compensation insurance and SBRPSTC provides education and training to public safety students. Hartnell Community College District pays a premium commensurate with the level of coverage requested.

Member districts share surpluses and deficits proportionate to their participation in the JPAs. The JPAs are independently accountable for their fiscal matters and maintain their own accounting records. Budgets are not subject to any approval other than that of the governing board.

Condensed financial information of the JPAs for the most recent year available is as follows:

	MCSIG June 30, 2022	BACCD June 30, 2023
Total assets and deferred outflows of resources	\$ 13,540,526	\$ 7,255,534
Total liabilities and deferred inflows of resources	\$ 16,077,125	\$ 3,336,114
Net position	\$ (2,536,599)	\$ 3,919,420
Total revenues	\$ 96,827,231	\$ 4,973,536
Total expenses	\$ 96,391,568	\$ 5,084,378
Change in net position	\$ 435,663	\$ (110,842)

	SWACC June 30, 2023	PIPS June 30, 2022
Total assets	\$ 53,832,864	\$ 229,417,397
Total liabilities	\$ 38,735,435	\$ 169,617,184
Net position	\$ 15,097,429	\$ 59,800,213
Total revenues	\$ 36,482,648	\$ 312,161,655
Total expenses	\$ 37,416,841	\$ 314,385,725
Change in net position	\$ (934,193)	\$ (2,224,070)

	SAFER June 30, 2022	SBRPSTC June 30, 2022
Total assets	\$ 34,471,514	\$ 5,891,705
Total liabilities	\$ 35,199,355	\$ 2,902,169
Net position	\$ (727,841)	\$ 2,989,536
Total revenues	\$ 111,801,310	\$ 14,339,264
Total expenses	\$ 114,434,799	\$ 14,115,093
Change in net position	\$ (2,633,489)	\$ 224,171

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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**NOTE 15 – PRIOR PERIOD ADJUSTMENTS**

The beginning net position for FY 2022-23 increased by \$16,093. This was due to A minor beginning balance adjustment. Whereas the beginning net position for FY 2021-22 increased by \$484,181. This was due to the implementation of GASB Statement No. 87, *Leases*.

**NOTE 16 – SUBSEQUENT EVENTS**

The District evaluated subsequent events from June 30, 2023 through December 20, 2023, the date the financial statements were issued. There were no significant events noted that requires disclosure.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**HARTNELL COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 415,752	\$ 511,661	\$ 497,967	\$ 552,176	\$ 537,398	\$ 523,015
Interest	550,722	504,199	448,425	321,549	308,724	237,167
Assumption changes	-	(501,571)	-	(753,125)	(366,854)	-
Experience gains/losses	-	1,022,232	-	535,479	-	-
Benefit payments	(287,463)	(388,843)	(312,913)	(266,825)	(222,528)	(217,378)
Net change in total OPEB liability	679,011	1,147,678	633,479	389,254	256,740	542,804
Total OPEB liability, beginning of year	8,094,697	6,947,019	6,313,540	5,924,286	5,667,546	5,124,742
Total OPEB liability, end of year (a)	\$ 8,773,708	\$ 8,094,697	\$ 6,947,019	\$ 6,313,540	\$ 5,924,286	\$ 5,667,546
Plan fiduciary net position						
Return on FNP	\$ -	\$ 1,507,574	\$ 187,237	\$ -	\$ -	\$ -
Employer contributions	-	388,843	312,913	266,825	222,528	217,378
Employer contributions to Trust	1,108,700	-	-	-	-	-
Employer contributions as benefit payments	287,463	-	-	-	-	-
Expected investment income	508,913	-	-	264,379	249,451	317,961
Investment gains/losses	(1,446,080)	-	-	43,727	37,095	-
Administrative expense	(1,782)	(2,075)	(2,589)	(1,070)	(8,716)	(2,318)
Expected benefit payments	(287,463)	(388,843)	(312,913)	(266,825)	(222,528)	(217,378)
Change in plan fiduciary net position	169,751	1,505,499	184,648	307,036	277,830	315,643
Fiduciary trust net position, beginning of year	6,985,997	5,480,498	5,295,850	4,988,814	4,710,984	4,395,341
Fiduciary trust net position, end of year (b)	\$ 7,155,748	\$ 6,985,997	\$ 5,480,498	\$ 5,295,850	\$ 4,988,814	\$ 4,710,984
Net OPEB liability (asset), ending (a) - (b)	\$ 1,617,960	\$ 1,108,700	\$ 1,466,521	\$ 1,017,690	\$ 935,472	\$ 956,562
Covered payroll	\$ 61,592,199	\$ 42,206,488	\$ 40,339,074	\$ 40,651,854	\$ 30,467,000	\$ 30,467,000
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	82%	86%	79%	84%	84%	83%
Net OPEB asset as a percentage of covered payroll	3%	3%	4%	3%	3%	3%

*Note: In the future, as data becomes available, ten years of information will be presented.*

**HARTNELL COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CONTRIBUTIONS – OPEB  
FOR THE YEAR ENDED JUNE 30, 2023**

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	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 1,396,163	\$ 287,463	\$ 392,807	\$ 312,913	\$ 222,528	\$ 217,378
Contributions in relations to the actuarially determined contribution	-	-	-	-	-	217,378
Contribution deficiency (excess)	\$ 1,396,163	\$ 287,463	\$ 392,807	\$ 312,913	\$ 222,528	\$ -
Covered-employee payroll	\$ 61,592,199	\$ 42,206,488	\$ 40,339,074	\$ 40,651,854	\$ 30,467,000	\$ 30,467,000
Contribution as a percentage of covered-employee payroll	2.27%	0.68%	0.97%	0.77%	0.73%	0.71%

*Note: In the future, as data becomes available, ten years of information will be presented.*

**HARTNELL COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year (Measurement Date)				
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
<b>CalSTRS</b>					
District's proportion of the net pension liability	0.0348%	0.0331%	0.0340%	0.0344%	0.0341%
District's proportionate share of the net pension liability	\$ 24,172,646	\$ 15,082,301	\$ 32,979,308	\$ 31,053,124	\$ 31,299,106
State's proportionate share of the net pension liability associated with the District	12,105,731	7,588,987	17,000,699	16,941,689	17,921,063
Total	\$ 36,278,377	\$ 22,671,288	\$ 49,980,007	\$ 47,994,813	\$ 49,220,169
District's covered - employee payroll	\$ 17,398,463	\$ 20,028,297	\$ 19,612,140	\$ 19,660,375	\$ 19,660,375
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	139%	75%	168%	158%	159%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
	Reporting Fiscal Year (Measurement Date)				
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
<b>CalPERS</b>					
District's proportion of the net pension liability	0.1053%	0.1151%	0.1044%	0.1055%	0.1006%
District's proportionate share of the net pension liability	\$ 36,238,433	\$ 23,400,678	\$ 32,036,880	\$ 30,733,782	\$ 26,817,225
District's covered - employee payroll	\$ 19,447,333	\$ 16,703,826	\$ 15,573,911	\$ 14,631,746	\$ 14,631,746
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	186%	140%	206%	210%	183%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%

*Note: In the future, as data becomes available, ten years of information will be presented.*

See accompanying note to required supplementary information.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
<b>CaSTRS</b>				
District's proportion of the net pension liability	0.033%	0.034%	0.034%	0.031%
District's proportionate share of the net pension liability	\$ 30,372,000	\$ 27,739,000	\$ 22,875,000	\$ 18,385,000
State's proportionate share of the net pension liability associated with the District	17,968,000	15,793,000	12,098,000	11,102,000
Total	\$ 48,340,000	\$ 43,532,000	\$ 34,973,000	\$ 29,487,000
District's covered - employee payroll	\$ 19,307,103	\$ 17,403,676	\$ 17,092,032	\$ 15,913,818
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	156%	167%	144%	137%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
<b>CaPERS</b>				
District's proportion of the net pension liability	0.090%	0.092%	0.090%	0.089%
District's proportionate share of the net pension liability	\$ 22,402,000	\$ 18,261,000	\$ 13,258,000	\$ 10,148,000
District's covered - employee payroll	\$ 13,306,433	\$ 12,081,999	\$ 11,093,748	\$ 9,958,377
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

*Note: In the future, as data becomes available, ten years of information will be presented.*

**HARTNELL COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CONTRIBUTIONS – PENSIONS  
FOR THE YEAR ENDED JUNE 30, 2023**

CalSTRS	Reporting Fiscal Year				
	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 2,261,452	\$ 2,943,820	\$ 3,234,570	\$ 3,555,681	\$ 3,200,709
District's contributions in relation to the statutorily required contribution	2,261,452	2,943,820	3,234,570	3,555,681	3,200,709
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 13,365,556	\$ 17,398,463	\$ 20,028,297	\$ 19,612,140	\$ 19,660,375
District's contributions as a percentage of covered-employee payroll	16.92%	16.92%	16.15%	18.13%	16.28%

  

CalPERS	Reporting Fiscal Year				
	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 4,231,599	\$ 4,455,384	\$ 3,457,692	\$ 3,071,331	\$ 2,642,786
District's contributions in relation to the statutorily required contribution	4,231,599	4,455,384	3,457,692	3,071,331	2,642,786
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 18,470,533	\$ 19,447,333	\$ 16,703,826	\$ 15,573,911	\$ 14,631,746
District's contributions as a percentage of covered-employee payroll	22.91%	22.91%	20.70%	19.72%	18.06%

*Note: In the future, as data becomes available, ten years of information will be presented.*

**HARTNELL COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CONTRIBUTIONS – PENSIONS  
FOR THE YEAR ENDED JUNE 30, 2023**

CaISTRS	Reporting Fiscal Year			
	2018	2017	2016	2015
Statutorily required contribution	\$ 2,786,015	\$ 2,220,709	\$ 1,833,975	\$ 1,400,416
District's contributions in relation to the statutorily required contribution	2,786,015	2,220,709	1,833,975	1,400,416
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 19,307,103	\$ 17,403,676	\$ 17,092,032	\$ 15,913,818
District's contributions as a percentage of covered-employee payroll	14.43%	12.76%	10.73%	8.88%
CaLPERS	Reporting Fiscal Year			
	2018	2017	2016	2015
Statutorily required contribution	\$ 2,066,489	\$ 1,677,948	\$ 1,314,115	\$ 1,172,101
District's contributions in relation to the statutorily required contribution	2,066,489	1,677,948	1,314,115	1,172,101
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 13,306,433	\$ 12,081,999	\$ 11,093,748	\$ 9,958,377
District's contributions as a percentage of covered-employee payroll	15.53%	13.89%	11.85%	11.77%

*Note: In the future, as data becomes available, ten years of information will be presented.*

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 - PURPOSE OF SCHEDULES**

**Schedule of Changes in the Net OPEB Liability and Related Ratios**

The Schedule of Changes in Net OPEB Liability is presented to illustrate the elements of the District's Net OPEB Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**Changes of Benefit Terms** - There were no changes in benefit terms since the previous valuations.

**Changes of Assumptions** - There were no changes in assumptions since the previous valuations.

**Schedule of Contributions – OPEB**

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

**Schedule of Proportionate Share of the Net Pension Liability**

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**Changes of Benefit Terms** - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

**Changes of Assumptions** - The discount rate decreased from 7.15% to 6.90% since the previous valuation for CalPERS. There were no changes since the previous valuation for CalSTRS.

**Schedule of Contributions – Pensions**

The Schedule of District Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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## **SUPPLEMENTARY INFORMATION**

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**HARTNELL COMMUNITY COLLEGE DISTRICT  
DISTRICT ORGANIZATION  
FOR THE YEAR ENDED JUNE 30, 2023**

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Hartnell Community College District was established in 1949 and serves communities both in Monterey and San Benito counties. The District currently operates one college.

The Governing Board and District Administration for the fiscal year ended June 30, 2023 were composed of the following members:

**GOVERNING BOARD**

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<b>MEMBER</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
Aurelio Salazar	President	2024
Alejandra Gonzalez	Vice President	2024
Margaret D 'Arrigo	Member	2024
Irma C. Lopez	Member	2024
Ray Montemayor	Member	2026
Erica Padilla-Chavez	Member	2023
Candi DePauw	Member	2026
Laura Rivera	Student Trustee, Hartnell College	2023

**DISTRICT ADMINISTRATION**

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Michael Gutierrez  
*Superintendent/President*

Dr. Chelsy Pham  
*Vice President of Information and Technology  
Resources*

Graciano Mendoza  
*Vice President for Administrative Services*

Dr. Romero Jalomo  
*Vice President for Student Affairs*

Jackie Cruz  
*Vice President of Advancement and Development*

Dianna Rose  
*Vice President for Human Resources/EEO*

Dr. Cathryn Wilkinson-Thompson  
*Vice President for Academic Affairs*

**AUXILIARY ORGANIZATIONS IN GOOD STANDING**

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<b>AUXILIARY NAME</b>	<b>DIRECTOR'S NAME</b>	<b>ESTABLISHMENT AND MASTER AGREEMENT DATE</b>
Hartnell College Foundation	Jacqueline Cruz, Vice President of Institutional Advancement	Established in 1979. The Foundation does not have a master agreement.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>		
<i>Direct Programs:</i>		
Student Financial Aid Programs:		
Federal Supplemental Educational Opportunity Grant (FSEOG) Program	84.007	\$ 149,000
Federal Direct Loans	84.268	181,777
Federal Work Study (FWS)	84.033	150,000
Federal Pell Grants (PELL)	84.063	11,091,713
Subtotal Student Financial Aid Programs		<u>11,572,490</u>
TRIO Cluster:		
TRIO - Student Support Services Program	84.042A	300,966
TRIO - ESL Student Support Services Program	84.042A	298,858
TRIO - Talent Search	84-044A	264,751
Upward Bound - Serving Alisal and Alvarez High Schools	84.047A	335,480
Upward Bound - Serving North Salinas High School	84.047A	242,584
Basic Needs for Postsecondary Students	84.116N	117,955
Subtotal TRIO Cluster		<u>1,560,594</u>
High School Equivalency Program	84.141A	453,815
Title III - HSI STEM Guided Pathways	84.031C	144,362
Higher Education Emergency Relief Funds (HEERF)		
COVID-19 HEERF III ARP - Institutional	84.425F	5,376,551
COVID-19 HEERF III CARES Act - Minority Serving Institutions	84.425L	141,635
COVID-19 HEERF III CARES Act - Student Aid	84.425E	560,000
Subtotal Higher Education Emergency Relief Funds (HEERF)		<u>6,078,186</u>
Title V Programs:		
Title V - HSI Cultivators Project: high school dual enrollment	84.031S	414,958
Title V - The Making Accessible and Effective Systems for Teacher Readiness Outcomes (MAESTROS) Project	84.031S	171,425
Title V - GANAS Project	84.031S	700,467
Title V - Project Animo	84.031S	142,080
Subtotal Title V Programs		<u>1,428,930</u>
<i>Passed through the California Community Colleges Chancellor's Office:</i>		
Perkins IV Programs:		
Carl D. Perkins Career and Technical Education (CTE) Act CTE - Title I, Part C (Perkins IV)	84.048A	367,200
Total U.S. Department of Education		<u>21,605,577</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Foster Care Programs:		
<i>Passed through the California Community Colleges Chancellor's Office:</i>		
Foster and Kinship Care Education (FKCE) Program - Title IV-E	93.658	94,701
<i>Passed through the County of Monterey, Department of Social and Employment Services:</i>		
Foster Care - Title IV-E (DSES)	93.658	606,082
Subtotal Foster Care Programs		<u>700,783</u>

**HARTNELL COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
<i>Passed through the University of California, San Francisco:</i>		
FirstGenRN-Rural Eldercare Advancement Program (REAP)	10.868	122,040
<i>Passed through the California Community Colleges Chancellor's Office:</i>		
Temporary Assistance for Needy Families (TANF)	93.558	41,532
<i>Passed through the Yosemite Community College District:</i>		
Child Development Training Consortium	93.575	9,347
Total U.S. Department of Health and Human Services		873,702
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
<i>Direct programs:</i>		
Learning to Leading: Cultivating the NEXTGEN of Div Food and Ag Professionals	10.217	5,846
<i>Passed through the University Corporation at CSU Monterey Bay:</i>		
Capacity Building for Ag Sustainability (USDA-CSUMB)	10.326	13,048
Total U.S. Department of Agriculture		18,894
<u>U.S. NATIONAL SCIENCE FOUNDATION</u>		
<i>Passed through the University Corporation at CSU Monterey Bay:</i>		
Integrated Teacher Recruitment, Preparation, and Induction Pathway Project	47.076	684
Replication of Cohort Based Computer Science Bachelor's Degree Model	47.076	124,080
A Collaborative Regional Alliance to Prepare STEM Secondary Teachers for Service	47.076	277,043
Building Capacity: Engaging STEM Transformative Experiences for Early Momentum	47.076	17,369
Total U.S. National Science Foundation		419,176
<u>U.S. DEPARTMENT OF NATIONAL AND COMMUNITY SERVICE</u>		
<i>Direct Programs:</i>		
National Service Award Scholarships	94.006	5,169
Total U.S. Department of National and Community Service		5,169
<b>Total Federal Programs</b>		<b>\$ 22,922,518</b>

**HARTNELL COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Revenues			Total	Total Program Expenditures
	Cash Received	Accounts Receivable	Deferred Income		
Basic Needs Center	\$ 520,566	\$ -	\$ 357,169	\$ 163,397	\$ 163,397
Block Grant	10,696,788	-	6,339,483	4,357,305	4,357,305
CA Education Learning Lab	-	23,106	-	23,106	23,106
CA Education Learning Lab - Innovation	-	33,451	-	33,451	33,451
CAEP - Hartnell Adult Ed	337,606	-	889	336,717	336,717
CAEP - Shared Funds	480,568	-	26,655	453,912	453,912
CAEP - Member Pass Through	3,423,876	-	-	3,423,876	3,423,876
CAI Grant Early Childhood Educ	-	67,267	-	67,267	67,267
Cal Grants	1,945,654	-	3,520	1,942,134	1,942,134
CalFresh Outreach	5,686	-	57	5,629	5,629
California College Promise (Salinas Valley Promise)	368,720	62,902	-	431,622	431,622
CaKIDS	49,108	-	6,091	43,017	43,017
CalWORKs	351,309	-	104,420	246,888	246,888
Campus Safety	18,547	-	18,547	-	-
C.A.R.E.	362,902	-	226,509	136,393	136,393
CCAP Dual Enrollment	36,658	-	19,818	16,840	16,840
Child Development Center-State Preschool	729,674	70,287	-	799,961	799,961
Child Development Center-Quality Matters	1,353	-	-	1,353	1,353
Child Development Center-MCOE-IEEEP	23,780	21,045	-	44,825	44,825
Class. Prof. Dev.	14,523	-	2,863	11,660	11,660
COVID-19 Response Block Grant	4,618,110	-	4,618,110	-	-
Culturally Competent Faculty Professional Development	10,915	-	6,608	4,307	4,307
Culturally Responsive Ped	149,654	-	149,654	-	-
Digital Literacy Castroville	-	4,598	-	4,598	4,598
Digital Literacy KC	-	25,016	-	25,016	25,016
Disabled Student Program & Services	1,157,289	-	439,161	718,129	718,129
Disaster Relief Emergency Student Financial Aid (20-21)	33,202	-	33,202	-	-
Early Action Emergency Financial Aid	143,340	-	83,040	60,300	60,300
EOPS	1,437,019	-	586,431	850,588	850,588
Equal Employment Opportunity	139,025	-	121,973	17,053	17,053
Equal Employment Opportunity Innovative Best Practice	208,333	-	208,333	-	-
Expanding Equity and Access in Math (SFSU subaward)	-	11,863	-	11,863	11,863

**HARTNELL COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Revenues			Total	Total Program Expenditures
	Cash Received	Accounts Receivable	Deferred Income		
Financial Aid Technology	227,455	-	209,538	17,917	17,917
First 5 ECE Counselors	46,122	54,009	-	100,131	100,131
Foster Care Education	195,715	-	-	195,715	195,715
Guided Pathways	551,278	-	381,913	169,365	169,365
Hunger Free Support	18,860	-	15,133	3,726	3,726
IEPI Innovation and Effectiveness Grant	152,832	-	-	152,832	152,832
Incarcerated Students Reentry	160,000	21,190	-	181,190	181,190
Innovation Award	225,650	-	91,913	133,737	133,737
Learning-Aligned Employment Program	2,015,921	-	2,014,622	1,299	1,299
LGBTQ+	76,073	-	76,073	-	-
Library Services Platform	8,127	-	8,127	-	-
Local and Systemwide Technology and Data Security	453,000	-	453,000	-	-
Mental Health Support	197,746	3,049	-	200,795	200,795
MESA Grant	517,366	-	364,073	153,293	153,293
NextUp	189,635	-	168,502	21,133	21,133
Nursing Education	187,162	-	-	187,162	187,162
OSHPD - Song Brown	157,500	-	9,933	147,567	147,567
Retention and Enrollment Outreach	1,247,810	-	1,124,872	122,938	122,938
Rising Scholars Program	-	103,785	-	103,785	103,785
Strong Workforce Program	3,151,471	1,024	1,567,847	1,584,648	1,584,648
Student Equity and Achievement Program	5,477,711	-	1,976,655	3,501,056	3,501,056
Student Financial Aid Administration*	420,151	-	21,079	399,072	399,072
Student Food and Housing Support	470,135	-	470,135	-	-
Student Housing (Planning)	325,000	-	325,000	-	-
Student Success Completion	5,022,301	-	2,708,908	2,313,393	2,313,393
Systemwide Technology and Data Security	50,000	-	50,000	-	-
Umoja	6,096	-	4,665	1,431	1,431
Undocumented Resource Liaisons	181,573	-	90,948	90,624	90,624
Veteran Resource Center	190,673	-	115,631	75,042	75,042
YESS - ILP	7,816	4,523	-	12,338	12,338
Zero Textbook Cost Program	200,000	-	172,024	27,976	27,976
	<u>\$ 49,395,384</u>	<u>\$ 507,115</u>	<u>\$ 25,773,124</u>	<u>\$ 24,129,372</u>	<u>\$ 24,129,372</u>

See accompanying note to supplementary information

**HARTNELL COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT  
FOR THE YEAR ENDED JUNE 30, 2023**

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<b>CATEGORIES</b>	Reported Data	Audit Adjustments	Audited Data
<b>A. Summer Intersession (Summer 2022 only)</b>			
1. Noncredit	5.96	-	5.96
2. Credit	633.74	-	633.74
<b>B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)</b>			
1. Noncredit	-	-	-
2. Credit	-	-	-
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,186.44	-	2,186.44
(b) Daily Census Contact Hours	188.83	-	188.83
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	58.46	-	58.46
(b) Credit	338.10	-	338.10
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	2,823.43	-	2,823.43
(b) Daily Census Contact Hours	420.36	-	420.36
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>D. Total FTES</b>	<b>6,655.32</b>	<b>-</b>	<b>6,655.32</b>
<b>Supplemental Information (subset of above information)</b>			
<b>E. In-service Training Courses</b>	130.28	-	130.28
<b>F. Basic Skills Courses and Immigrant Education</b>			
1. Credit	47.96	-	47.96
2. Noncredit	46.87	-	46.87
Total Basic Skills FTES	94.83	-	94.83

**HARTNELL COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2023**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 11,346,330	\$ -	\$ 11,346,330	\$ 11,346,330	\$ -	\$ 11,346,330
Other	1300	5,711,781	-	5,711,781	5,747,467	-	5,747,467
Total Instructional Salaries		17,058,111	-	17,058,111	17,093,797	-	17,093,797
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	3,266,699	-	3,266,699
Other	1400	-	-	-	639,173	-	639,173
Total Non-Instructional Salaries		-	-	-	3,905,872	-	3,905,872
Total Academic Salaries		17,058,111	-	17,058,111	20,999,669	-	20,999,669
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	9,169,631	-	9,169,631
Other	2300	-	-	-	771,872	-	771,872
Total Non-Instructional Salaries		-	-	-	9,941,503	-	9,941,503
Instructional Aides							
Regular Status	2200	637,566	-	637,566	637,566	-	637,566
Other	2400	43,714	-	43,714	43,714	-	43,714
Total Instructional Aides		681,280	-	681,280	681,280	-	681,280
Total Classified Salaries		681,280	-	681,280	10,622,783	-	10,622,783
Employee Benefits	3000	8,177,808	-	8,177,808	16,234,248	-	16,234,248
Supplies and Materials	4000	-	-	-	758,716	-	758,716
Other Operating Expenses	5000	281,616	-	281,616	7,340,720	-	7,340,720
Equipment Replacement	6420	-	-	-	170,293	-	170,293
Total Expenditures Prior to Exclusions		26,198,815	-	26,198,815	56,126,429	-	56,126,429
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	108,183	-	108,183	-	-	-
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	240,624	-	240,624
Object to Exclude							
Rents and Leases	5060	-	-	-	11,229	-	11,229
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	1,681,961	-	1,681,961
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	52,724	-	52,724
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	117,569	-	117,569
Total Equipment		-	-	-	117,569	-	117,569
Total Capital Outlay		-	-	-	170,293	-	170,293
Other Outgo	7000	-	-	-	1,907,938	-	1,907,938
Total Exclusions		\$ 108,183	\$ -	\$ 108,183	\$ 4,012,045	\$ -	\$ 4,012,045
Total for ECS 84362, 50% Law		\$ 26,090,632	\$ -	\$ 26,090,632	\$ 52,114,384	\$ -	\$ 52,114,384
Percent of CEE (Instructional Salary Cost/Total CEE)		50.06%	0.00%	50.06%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 26,057,192	\$ -	\$ 26,057,192

**HARTNELL COMMUNITY COLLEGE DISTRICT  
 PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT  
 FOR THE YEAR ENDED JUNE 30, 2023**

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EPA Revenue	\$ 3,649,739
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 3,649,739	\$ -	\$ -	\$ 3,649,739
Total		\$ 3,649,739	\$ -	\$ -	\$ 3,649,739

**HARTNELL COMMUNITY COLLEGE DISTRICT  
 RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED  
 FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2023**

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	Internal Service Funds
<b>Annual Financial and Budget Report (CCFS-311)</b>	
<b>Fund Balance</b>	<u>\$ 10,175,143</u>
Adjustments and reclassifications increasing (decreasing) the fund balance:	
Adjustment for OPEB Trust Fund	<u>(7,615,212)</u>
<b>Audited Financial Statements Fund Balance</b>	<u>\$ 2,559,931</u>

**HARTNELL COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF FUND EQUITY TO NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2023**

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**Total Fund Equity - District Funds Included in the Reporting Entity**

General fund	\$	17,097,483	
Debt service fund		10,411,928	
Special revenue funds		1,048,980	
Capital project funds		67,459,868	
Enterprise funds		1,163,113	
Internal service funds		2,942,365	
Student funds		328,726	\$ 100,452,463

Assets recorded within the statements of net position not included in the fund financial statements:

Capital assets	\$	340,720,174	
Accumulated depreciation		(115,051,793)	
Accumulated amortization		(149,770)	
Intangible right of use assets		330,743	225,849,354

Lease receivable			4,541,191
Unmatured Interest			(2,427,460)

Deferred outflows recorded within the statement of net position not included in the District fund financial statements:

Deferred outflows related to bond refundings			5,171,292
Deferred outflows related to OPEB			1,789,943
Deferred outflows related to pensions			16,631,952

Liabilities recorded within the statements of net position not recorded in the District fund financial statements:

General obligation bonds	\$	244,061,666	
Bond premiums		10,641,612	
Accreted Interest		62,855,696	
Lease liability		190,310	
Net OPEB liability		1,617,960	
Net pension liability		60,411,079	(379,778,323)

Deferred inflows recorded within the statement of net position not included in the District fund financial statements:

Deferred inflows related to leases			(3,950,092)
Deferred inflows related to OPEB			(1,172,888)
Deferred inflows related to pensions			(5,749,160)

**Net Assets Reported Within the Statements of Net Position** \$ (38,641,728)

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 - PURPOSE OF SCHEDULES**

**District Organization**

This schedule provides information about the District's governing board members and administration members.

**Schedule of Expenditures of Federal Awards**

The Schedule of Expenditure of Federal Awards includes the federal award activity of Hartnell Community College District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, Cost Principles for Educational Institutions or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Schedule of Expenditures of State Awards**

The accompanying Schedule of State Financial Awards includes State grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented to comply with reporting requirements of the California Community College State Chancellor's Office.

**Schedule of Workload Measures for State General Apportionment**

Full-time equivalent students is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

**Reconciliation of Education Code Section 84362 (50 Percent Law) Calculation**

ECS 84362 requires the District to expend a minimum of 50 percent of the unrestricted General fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

**Proposition 30 Education Protection Act (EPA) Expenditure Report**

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 - PURPOSE OF SCHEDULES, continued**

**Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's audited financial statements.

**Reconciliation of Fund Equity to Net Position**

The schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements prepared on a modified accrual basis, to the entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35. business-type activities reporting model.

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**OTHER INDEPENDENT AUDITORS' REPORTS**

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**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 GOVERNMENT AUDITING STANDARDS**

The Board of Trustees  
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 business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Hartnell Community College District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2023.

**Adoption of New Accounting Standard**

As discussed in Note 1 to financial statements, the District has adopted the provisions that were effective upon issuance of Government Accounting Standards Board (GASB) Statement No. 99, Omnibus 2022, for the year ended June 30, 2023. Our opinion was not modified with respect to this matter.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's 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 District'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 *Government Auditing Standards*.

**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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



San Diego, California  
December 20, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Trustees  
Hartnell Community College District  
Salinas, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Hartnell Community College District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2023. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hartnell Community College District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Hartnell Community College District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Hartnell Community College District's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Hartnell Community College District's compliance based on our audit

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about Hartnell Community College District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Hartnell Community College District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Hartnell Community College District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Hartnell Community College District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*CWDL, Certified Public Accountants*

San Diego, California  
December 20, 2023



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

The Board of Trustees  
Hartnell Community College District  
Salinas, California

### **Report on State Compliance**

#### ***Opinion on State Compliance***

We have audited Hartnell Community College District's (the "District") compliance with the types of compliance requirements as identified in the *California Community Colleges Contracted District Audit Manual 2022-23*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2023. The applicable state compliance requirements are identified in the table below.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2023.

#### ***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2022-23*, issued by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the compliance requirements are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hartnell Community College District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for program. Our audit does not provide a legal determination of Hartnell Community College District's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements listed in the table below.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

## **Procedures Performed**

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

Section 411 – SCFF Data Management Control Environment  
Section 412 – SCFF Supplemental Allocation Metrics  
Section 413 – SCFF Success Allocation Metrics  
Section 421 – Salaries of Classroom Instructors (50 Percent Law)  
Section 423 – Apportionment for Activities Funded From Other Sources  
Section 424 – Student Centered Funding Formula Base Allocation: FTES  
Section 425 – Residency Determination for Credit Courses  
Section 426 – Students Actively Enrolled  
Section 427 – Dual Enrollment (CCAP)  
Section 430 – Scheduled Maintenance Program  
Section 431 – Gann Limit Calculation  
Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds  
Section 475 – Disabled Student Programs and Services (DSPS)  
Section 490 – Propositions 1D and 51 State Bond Funded Projects  
Section 491 – Education Protection Account Funds  
Section 492 – Student Representation Fee  
Section 494 – State Fiscal Recovery Fund  
Section 499 – COVID-19 Response Block Grant Expenditures

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2022-23*. Accordingly, this report is not suitable for any other purpose.

*CWDL, Certified Public Accountants*

San Diego, California  
December 20, 2023

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## **FINDINGS AND QUESTIONED COSTS SECTION**

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**HARTNELL COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 JUNE 30, 2023**

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**Section I – Schedule of Audit Findings and Questioned Costs**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Is a going concern emphasis-of-matter paragraph included in the auditor's report?	<u>No</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards	<u>No</u>

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.007, 84.033, 84.063, 84.268</u>	<u>Student Financial Aid Cluster</u>
<u>84.425F, 84.425L, 84.425E</u>	<u>Higher Education Emergency Relief Funds (HEERF)</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Noted</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

**HARTNELL COMMUNITY COLLEGE DISTRICT  
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS  
JUNE 30, 2023**

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**Section II – Financial Statement Findings**

This section identifies the 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.

**There were no financial statement findings or questioned costs identified during 2022-23.**

**HARTNELL COMMUNITY COLLEGE DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023**

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**Section III – Federal Award Findings and Questioned Costs**

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

**There were no federal award findings or questioned costs identified during 2022-23.**

**HARTNELL COMMUNITY COLLEGE DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023**

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**Section IV – State Award Findings and Questioned Costs**

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

**There were no state award findings or questioned costs identified during 2022-23.**

**HARTNELL COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2023**

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**Section V – Prior Year Audit Findings Summary**

This section identifies the audit findings and questioned related to the basic financial statements, federal awards or state awards for prior year.

**There were no findings or questioned costs identified during 2021-22.**