CWDL

See what's possible.

HARTNELL COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2022 and 2021

858-565-2700
www.cwdl.com

HARTNELL COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2022

Independent Auditors' Report 1

Management's Discussion and Analysis 4

FINANCIAL SECTION

Basic Financial Statements
- Primary Government
  - Statements of Net Position 10
  - Statements of Revenues, Expenses, and Changes in Net Position 11
  - Statements of Cash Flows 12
- Fiduciary Funds
  - Statements of Fiduciary Net Position 14
  - Statements of Changes in Fiduciary Net Position 15
- Discretely Presented Component Unit - Hartnell College Foundation
  - Statements of Financial Position 16
  - Statements of Activities 17

Notes to Financial Statements 18

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net OPEB Liability and Related Ratios 57
Schedule of Contributions - OPEB 58
Schedule of Proportionate Share of the Net Pension Liability 59
Schedule of Contributions - Pensions 61
Note to Required Supplementary Information 63

SUPPLEMENTARY INFORMATION

District Organization 64
Schedule of Expenditures of Federal Awards 65
Schedule of Expenditures of State Awards 67
Schedule of Workload Measures for State General Apportionment 68
Reconciliation of Education Code Section 84362 (50 Percent Law) Calculation 69
Proposition 30 Education Protection Act (EPA) Expenditure Report 70
Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements 71
Reconciliation of Fund Equity to Net Position 72
Note to Supplementary Information 73

HARTNELL COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2022

OTHER INDEPENDENT AUDITORS' REPORTS

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* 75

Independent Auditors' Report on Compliance For Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance 77

Independent Auditors' Report on State Compliance 80

FINDINGS AND QUESTIONED COSTS SECTION

Schedule of Audit Findings and Questioned Costs 82
Financial Statement Findings and Recommendations 83
Federal Award Findings and Questioned Costs 84
State Award Findings and Questioned Costs 85
Summary Schedule of Prior Year Audit Findings 86

CWDL

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, 2022 and 2021, and the related notes to the 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, 2022 and 2021, 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.

Emphasis of Matter Regarding Change in Accounting Principle

During the year ended June 30, 2022, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 87, *Leases*. Our opinion was 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, 2022, 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, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 6,590 for 2021-22, compared to 7,305 FTES in 2020-21 and 7,572 FTES in 2019-20.

- During the 2021-22 fiscal year, the District provided $24.9 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.

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.

	2022	2021	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	$ 124,798,051	$ 136,186,725	$ (11,388,674)
Noncurrent assets	221,498,417	207,277,109	14,221,308
Deferred outflows of resources	20,884,139	22,415,739	(1,531,600)
Total Assets and Deferred Outflows of Resources	367,180,607	365,879,573	1,301,034
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	28,216,998	24,181,745	4,035,253
Noncurrent liabilities	350,411,888	379,007,907	(28,596,019)
Deferred inflows of resources	29,548,585	2,206,743	27,341,842
Total Liabilities and Deferred Inflows of Resources	408,177,471	405,396,395	2,781,076
NET POSITION			
Invested in capital assets, net of related debt	22,417,459	19,060,893	3,356,566
Restricted	22,406,504	23,107,448	(700,944)
Unrestricted	(85,820,827)	(81,685,163)	(4,135,664)
Total Net Position	$ (40,996,864)	$ (39,516,822)	$ (1,480,042)

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.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE, continued

	2022	2021	Change
OPERATING REVENUES			
Tuitition and fees	$ 2,659,865	$ 2,497,743	$ 162,122
Grants and contracts, non-capital	48,170,130	44,925,929	3,244,201
Auxiliary enterprises	359,123	25,809	333,314
Total Operating Revenues	51,189,118	47,449,481	3,739,637
OPERATING EXPENSES			
Salaries and benefits	56,914,486	65,623,598	(8,709,112)
Supplies, materials, and other operating expenses	13,787,138	10,913,165	2,873,973
Student financial aid	24,929,604	16,917,322	8,012,282
Depreciation	6,800,247	6,911,437	(111,190)
Total Operating Expenses	102,431,475	100,365,522	2,065,953
Operating Loss	(51,242,357)	(52,916,041)	1,673,684
NON-OPERATING REVENUES (EXPENSES)			
State apportionments, non-capital	24,678,167	21,446,153	3,232,014
Local property taxes	28,066,989	27,783,814	283,175
State taxes and other revenues	102,341	104,844	(2,503)
Pell Grants	8,380,808	10,004,888	(1,624,080)
Investment income, non-capital	(258,547)	717,853	(976,400)
Investment income, capital	299,169	1,037,263	(738,094)
Interest expense on capital asset-related debt	(14,553,000)	(13,220,554)	(1,332,446)
Other non-operating income	2,562,207	2,565,467	(3,260)
Total Non-Operating Revenues (Expenses)	49,278,134	50,439,728	(1,161,594)
Change in Net Position	(1,964,223)	(2,476,313)	512,090
NET POSITION, BEGINNING OF YEAR	(39,516,822)	(37,313,359)	(2,203,463)
PRIOR PERIOD ADJUSTMENT (SEE NOTE 15)	484,181	272,850	211,331
NET POSITION, END OF YEAR	$ (40,996,864)	$ (39,516,822)	$ (1,480,042)

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 $162.1 thousand in 2021-22. As noted in the Statements of Revenues, Expenses and Changes in Net Position on page 11, scholarship discounts and allowances decreased by $356.8 thousand resulting in a net increase in tuition and fees during 2021-22.

Non-operating Revenues had a net decrease in 2021-22 of approximately $1.2 million resulting from a combination of decreases in state apportionments and Pell grants.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE, continued

Operating expenses increased in 2021-22 by approximately $2.1 million resulting from increases in salaries and benefits. The mandated increases in state pension costs for STRS and PERS 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 $2,262,148.

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 the 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)	2022	2021	Change
Operating activities	$ (38,240,317)	$ (46,969,628)	$ 8,729,311
Noncapital financing activities	64,207,497	61,655,760	2,551,737
Capital financing activities	(33,479,265)	28,591,753	(62,071,018)
Investing activities	(258,547)	717,853	(976,400)
Net Increase (Decrease) in Cash	$ (7,770,632)	$ 43,995,738	$ (51,766,370)

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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had $221.3 million in a broad range of capital assets, including land, buildings, and furniture and equipment, net of depreciation. At June 30, 2021, net capital assets were $207.3 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.

	2022	2021	Change
Capital Assets not being depreciated	$ 48,770,440	$ 67,070,757	$ (18,300,317)
Capital Assets being depreciated	280,314,394	241,273,344	39,041,050
Accumulated depreciation	(107,798,592)	(101,066,992)	(6,731,600)
Total Capital Assets	$ 221,286,242	$ 207,277,109	$ 14,009,133

Long-Term Obligations

At the end of the 2021-22 fiscal year, the District had $318.3 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.

	2022	2021	Change
General Obligation bonds	$ 251,826,666	$ 259,591,666	$ (7,765,000)
Premiums on obligations	11,074,843	11,508,074	(433,231)
Accreted interest	55,397,737	47,939,778	7,457,959
Net pension liability	38,482,979	65,016,188	(26,533,209)
Net OPEB liability	1,108,700	1,466,521	(357,821)
Compensated absences	1,005,653	1,250,680	(245,027)
Total	358,896,578	386,772,907	(27,876,329)
Less: short-term portion	8,748,532	7,765,000	983,532
Total Long-term Liabilities	$ 350,148,046	$ 379,007,907	$ (28,859,861)

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.

ECONOMIC FACTORS AFFECTING THE FUTURE OF HARTNELL COMMUNITY COLLEGE DISTRICT

The economic position of the Hartnell Community College District (HCCD) is closely tied to the State of California. As identified in the 2021-22 adopted budget, State apportionment funding and property taxes allocated to the District represent approximately 94 percent of the total revenue received by the District for its Unrestricted General Fund.

The District started the 2021-22 fiscal year with an Unrestricted General Fund balance of $14.18 million. This amount represents 25% of the Unrestricted General Fund requirements in the 2021-22 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.

Although the 2021-22 fiscal year ended with a slight increase in the Unrestricted General Fund balance to $15.08 million, HCCD continues to be impacted by enrollment declines and the uncertainties of available state revenues. HCCD's Total Computational Revenue (TCR) according to the Student-Centered Funding Formula (SCFF) was $52 million for 2021-22, but was funded at $53.16 million due to cost-of-living adjustments, stability protections, and 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.

BASIC FINANCIAL STATEMENTS

HARTNELL COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and investments	$ 29,706,133	$ 16,857,727
Restricted cash and investments	82,512,676	103,131,714
Investments	2,368,027	2,731,878
Accounts receivable, net	5,018,672	13,331,453
Lease receivable	4,958,079	-
Inventory	22,339	18,170
Prepaid expenses	212,125	115,783
Total Current Assets	124,798,051	136,186,725
Noncurrent Assets:		
Intangible right of use assets	212,175	-
Capital assets, net	221,286,242	207,277,109
Total Noncurrent Assets	221,498,417	207,277,109
TOTAL ASSETS	346,296,468	343,463,834
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to bond refunding	5,171,292	6,430,985
Deferred outflows related to OPEB	2,468,424	559,977
Deferred outflows related to pensions	13,244,423	15,424,777
TOAL DEFERRED OUTFLOWS OF RESOURCES	20,884,139	22,415,739
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 367,180,607	$ 365,879,573
LIABILITIES		
Current Liabilities:		
Accounts payable	$ 7,710,315	$ 8,999,644
Unearned revenue	11,758,151	7,417,101
Long-term debt, current portion	8,748,532	7,765,000
Total Current Liabilities	28,216,998	24,181,745
Noncurrent Liabilities:		
Lease liability	263,842	-
Net OPEB liability	1,108,700	1,466,521
Net pension liability	38,482,979	65,016,188
Long-term debt, non-current portion	310,556,367	312,525,198
Total Noncurrent Liabilities	350,411,888	379,007,907
TOTAL LIABILITIES	378,628,886	403,189,652
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to OPEB	2,110,579	918,521
Deferred inflows related to leases	4,408,942	-
Deferred inflows related to pensions	23,029,064	1,288,222
TOTAL DEFERRED INFLOWS OF RESOURCES	29,548,585	2,206,743
NET POSITION		
Net investment in capital assets	22,417,459	19,060,893
Restricted for:		
Debt service	10,910,527	16,596,527
Capital projects	10,573,316	5,991,269
Other special purposes	922,661	519,652
Unrestricted	(85,820,827)	(81,685,163)
TOTAL NET POSITION	(40,996,864)	(39,516,822)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 367,180,607	$ 365,879,573

HARTNELL COMMUNITY COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
OPERATING REVENUES		
Tuition and fees	$ 6,690,696	$ 6,885,356
Less: Scholarship discounts and allowances	(4,030,831)	(4,387,613)
Net tuition and fees	2,659,865	2,497,743
Grants and contracts, non-capital		
Federal	19,472,505	12,951,925
State	28,697,625	31,974,004
Auxiliary enterprise sales and charges	359,123	25,809
TOTAL OPERATING REVENUES	51,189,118	47,449,481
OPERATING EXPENSES		
Salaries	41,100,893	40,492,830
Employee benefits	15,813,593	25,130,768
Supplies, materials, and other operating expenses and services	13,787,138	10,913,165
Student aid	24,929,604	16,917,322
Depreciation	6,800,247	6,911,437
TOTAL OPERATING EXPENSES	102,431,475	100,365,522
OPERATING (LOSS)	(51,242,357)	(52,916,041)
NON-OPERATING REVENUES (EXPENSES)		
State apportionments, non-capital	24,678,167	21,446,153
Local property taxes	28,066,989	27,783,814
State taxes and other revenues	102,341	104,844
Pell Grants	8,380,808	10,004,888
Investment income, non-capital	(258,547)	717,853
Investment income, capital	299,169	1,037,263
Interest expense on capital asset-related debt	(14,553,000)	(13,220,554)
Other non-operating income	2,562,207	2,565,467
TOTAL NON-OPERATING REVENUES (EXPENSES)	49,278,134	50,439,728
CHANGE IN NET POSITION	(1,964,223)	(2,476,313)
NET POSITION, BEGINNING OF YEAR	(39,516,822)	(37,313,359)
PRIOR YEAR ADJUSTMENT (SEE NOTE 15)	484,181	272,850
NET POSITION, END OF YEAR	$ (40,996,864)	$ (39,516,822)

HARTNELL COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 2,730,442	$ 2,260,686
Grants and contracts	57,067,704	44,897,986
Payments to students	(21,243,924)	(20,508,394)
Payments to vendors	(16,307,926)	(12,557,286)
Payments to employees	(60,845,736)	(61,088,429)
Auxiliary enterprise sales and charges	359,123	25,809
Net Cash Used by Operating Activities	(38,240,317)	(46,969,628)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State apportionments	24,678,167	21,446,153
Pell grants	8,380,808	10,004,888
Local property taxes	28,066,989	27,783,814
State taxes and other apportionments	102,341	104,844
Other receipts	2,979,192	2,316,061
Net Cash Provided by Non-capital Financing Activities	64,207,497	61,655,760
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(20,805,149)	(36,882,842)
Principal paid on capital debt	(7,835,654)	68,639,715
Interest received on capital debt	299,169	1,037,263
Interest paid on capital debt	(5,137,631)	(4,202,383)
Net Cash Provided (Used) by Capital Financing Activities	(33,479,265)	28,591,753
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	(258,547)	717,853
Net Cash Provided (Used) by Investing Activities	(258,547)	717,853
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(7,770,632)	43,995,738
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	119,989,441	75,993,703
CASH & CASH EQUIVALENTS, END OF YEAR	$ 112,218,809	$ 119,989,441

HARTNELL COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$ (51,242,357)	$ (52,916,041)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense	6,800,247	6,911,437
Changes in Assets and Liabilities:		
Accounts receivables, net	8,312,781	(2,827,647)
Inventory and prepaid expenses	(100,511)	145,389
Accounts payable and accrued liabilities	(2,420,277)	(1,789,510)
Unearned revenue	4,341,050	(1,028,425)
Compensated absences	(245,027)	260,495
Deferred outflows of resources	271,907	2,261,160
Net pension liability	(26,533,209)	3,229,282
Net OPEB liability	(357,821)	448,831
Deferred inflows of resources	22,932,900	(1,664,599)
Total Adjustments	13,002,040	5,946,413
Net Cash Used by Operating Activities	$ (38,240,317)	$ (46,969,628)
SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS		
Amortization of premiums on debt	$ 433,231	$ 432,888
Accretion of interest	$ 7,457,959	$ 7,060,418

HARTNELL COMMUNITY COLLEGE DISTRICT
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2022 AND 2021

June 30, 2022	Trust Funds	OPEB Trust
ASSETS		
Cash and cash equivalents	$ 435,397	$ 7,158,958
Accounts receivable, net	206	6
Total Assets	$ 435,603	$ 7,158,964
LIABILITIES		
Accounts payable	$ 1,572	
Total Liabilities	1,572	
NET POSITION		
Restricted	$ -	$ 7,158,964
Unreserved	434,031	-
Total Net Position	$ 435,603	$ 7,158,964

June 30, 2021	Trust Funds	OPEB Trust
Cash and cash equivalents	$ 293,792	$ 7,000,807
Accounts receivable, net	1,335	14
Total Assets	$ 295,127	$ 7,000,821
NET POSITION		
Restricted	$ -	$ 7,000,821
Unreserved	358,537	-
Total Net Position	$ 358,537	$ 7,000,821

HARTNELL COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022 AND 2021

For The Year Ended June 30, 2022	Trust Funds	OPEB Trust
OPERATING REVENUES:		
Student fees	$ 89,452	$ -
Interest and investment income	1,353	(934,361)
Transfer	-	1,108,700
Total Operating Revenues	90,805	174,339
OPERATING EXPENSES:		
Salaries	10,769	-
Employee benefits	1,016	-
Supplies and materials	5,368	-
Other operating expenses	21,239	5,919
Transfers	-	10,277
Total Operating Expenses	38,392	16,196
OTHER FINANCING SOURCES (USES)		
Operating transfers in	-	
Operating transfers out	-	
Total Other Financing Sources (Uses)	-	16,196
Net Change in Net Position	52,413	158,143
Net Position - Beginning of Year	381,618	7,000,821
Net Position - End of Year	$ 434,031	$ 7,158,964

For The Year Ended June 30, 2021	Trust Funds	OPEB Trust
OPERATING REVENUES:		
Student fees	$ 75,889	$ -
Interest and investment income	3,090	1,510,127
Total Operating Revenues	78,979	1,510,127
OPERATING EXPENSES:		
Salaries	1,470	-
Employee benefits	141	-
Other operating expenses	10,611	5,346
Total Operating Expenses	12,222	5,346
Net Change in Net Position	66,757	1,504,781
Net Position - Beginning of Year	291,780	5,496,040
Net Position - End of Year	$ 358,537	$ 7,000,821

See accompanying notes to the basic financial statements

HARTNELL COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
HARTNELL COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,893,593	$ 6,628,635
Grants/Pledges receivable, current	1,218,191	5,973,120
Accounts receivable	4,442,979	-
Prepaid expenses	18,811	12,126
Total current assets	11,573,574	12,613,881
Noncurrent assets:		
Pledges receivable, net of current portion	1,772,700	2,267,195
Investments	18,495,572	16,438,384
Land held for investment	20,500,000	20,500,000
Art and collections	256,581	256,581
Total Noncurrent assets	41,024,853	39,462,160
Total Assets	$ 52,598,427	$ 52,076,041
LIABILITIES		
Accounts payable and accrued liabilities	$ 863,927	$ 820,044
Scholarships payable	655,267	531,627
Deferred revenue	25,366	41,535
Pinnacle bank loan	-	84,845
Total Liabilities	1,544,560	1,478,051
NET ASSETS		
Net assets without donor restrictions	24,105,055	23,398,716
Net assets with donor restrictions	26,948,812	27,199,274
Total Net Assets	51,053,867	50,597,990
Total Liabilities and Net Assets	$ 52,598,427	$ 52,076,041

HARTNELL COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
HARTNELL COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022 AND 2021

For the Year Ended June 30, 2022	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
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)	-
Total Support and Revenue	9,792,685	(250,462)	9,542,223
EXPENSES			
Program	8,201,154	-	8,201,154
General and administrative	495,684	-	495,684
Fundraising	389,508	-	389,508
Total Expenses	9,086,346	-	9,086,346
Change in Net Assets	706,339	(250,462)	455,877
Net Assets - Beginning of Year	23,398,716	27,199,274	50,597,990
Net Assets - End of Year	$ 24,105,055	$ 26,948,812	$ 51,053,867

For the Year Ended June 30, 2021	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Donations	$ 415,842	$ 9,289,084	$ 9,704,926
Special events	299,090	101,806	400,896
In-kind donations	246,006	2,500	248,506
Net investment return	280,710	3,566,522	3,847,232
Rental income	-	370,982	370,982
Other revenue	208,859	-	208,859
Net assets released from restriction	3,757,488	(3,757,488)	-
Total Support and Revenue	5,207,995	9,573,406	14,781,401
EXPENSES			
Program	4,032,118	-	4,032,118
General and administrative	153,777	-	153,777
Fundraising	160,713	-	160,713
Total Expenses	4,346,608	-	4,346,608
Change in Net Assets	861,387	9,573,406	10,434,793
Net Assets - Beginning of Year	22,537,329	17,625,868	40,163,197
Net Assets - End of Year	$ 23,398,716	$ 27,199,274	$ 50,597,990

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 and Accounting

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.

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, 2022.

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.

Receivables
Receivables consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Receivables 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 estimated at $584,682 and $572,779 as of June 30, 2022 and 2021, 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, 2022, and 2021, 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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, 2022 and 2021, 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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.

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.

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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, 2022 and 2021, 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.

New Accounting Pronouncement

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

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement is effective for periods beginning after June 15, 2022. The District has implemented GASB Statement No. 87 for the year ending June 30, 2022. Changes adopted conform to the provisions of this Statement and are effective from July 1, 2021 forward. A restatement of the financial statements for all prior periods presented was not practicable and the cumulative effect of applying this Statement retroactively was not calculated to warrant a restatement of beginning net position.

GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard's primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement is effective for periods beginning after June 15, 2020. The District has implemented GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements for the year ended June 30, 2022.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncement, continued

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.

New Accounting Pronouncements - 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. ASU 2021-09 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. Although the full impact of ASU 2021-09 on the Foundation's financial statements has not yet been determined, the future adoption of this guidance will require the Foundation to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

Change in Accounting Principle - Foundation
ASU 2020-07 Presentation and Discussion by Not-for-Profit Entities for Contributed Nonfinancial Assets improves generally accepted accounting principles (GAAP) by increase the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in the update address public concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFP's as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

The Foundation has implemented the provisions of this ASU as of June 30, 2022, because management believes it improves the Foundation's financial reporting.

NOTE 2 - CASH AND INVESTMENTS

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, cash equivalents and investments at June 30, 2021, consisted of the following:

	District	Fiduciary
Pooled Funds:		
Cash in County Treasury	$ 118,220,008	$ 351,405
Deposits:		
Cash on hand and in banks	1,769,433	6,672
Total cash and cash equivalents	119,989,441	358,077
Less: restricted cash and cash equivalents		
Cash in County Treasury	103,131,715	-
Net cash and cash equivalents	$ 16,857,726	$ 358,077
Investments	$ 2,731,878	$ -

Foundation cash and cash equivalents at June 30, 2021, totaled $6,628,635.

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.

NOTE 2 - CASH AND INVESTMENTS, continued

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.

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, 2022 and 2021.

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, 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, 2021, the carrying amount of the District's accounts, including fiduciary accounts, were $1,776,105, and the bank balances were $1,960,166. The total uninsured bank balances at June 30, 2021 were $1,688,665.

At June 30, 2022 and 2021, the Foundation had deposits at financial institutions eligible for insurance coverage with carrying amounts of $5,893,593 and $6,628,635 and bank balances of $5,156,580 and $6,272,255, respectively. The total uninsured bank balances at June 30, 2022 and 2021 were $4,414,349 and $5,258,373, 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, 2022 and 2021, 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, 2022 and 2021, the District and Foundation had no concentration of credit risk.

District investments at June 30, 2022 and 2021 consisted of mutual funds in the amount of $2,368,027 and $2,731,878, respectively.

NOTE 2 - CASH AND INVESTMENTS, continued

Foundation Investments

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

	2022	2021
Fixed income	$ 7,379,732	$ 2,611,441
Equity securities	9,891,103	12,981,165
Mutual Funds	651,790	165,110
Investment Foundation Student Success Fund	233,071	270,314
Investment in Foundation for California Community Colleges Scholarship Endowment (FCCC/Osher)	339,876	410,354
Total	$ 18,495,572	$ 16,438,384

Foundation investment income consisted of the following:

	2022	2021
Interest and dividend income	$ 410,650	$ 312,904
Realized gain on investments	575,037	153,349
Unrealized gain (loss) on investments	(3,526,955)	2,339,910
Total	$ (2,541,268)	$ 2,806,163

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.

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, 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

	June 30, 2021				
	Fair Value	Level 1	Level 2	Level 3	Uncategorized
Investment securities;					
Fixed Income	$ 2,611,441	$ 2,611,441	$ -	$ -	$ -
Equity securities	12,981,165	12,981,165	-	-	-
Mutual funds	165,110	165,110	-	-	-
Investment Foundation Student Success Fund	270,314	270,314	-	-	-
Investment in FCCC/Osher	410,354	-	-	-	410,354
Total investment securities	$ 16,438,384	$ 16,028,030	$ -	$ -	$ 410,354

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, 2022 and 2021. 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 – RECEIVABLES

District receivables at June 30, 2022 and 2021 are summarized as follows:

	2022	2021
Federal	$ 1,797,004	$ 787,338
State	378,756	6,015,523
Local and other	3,427,594	7,101,371
Subtotal	5,603,354	13,904,232
Less: Allowance for doubtful accounts	(584,682)	(572,779)
Total	$ 5,018,672	$ 13,331,453

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, 2022 are as follows:

Fiscal year	Principal	Interest	Total
2023	$ 416,888	$ 178,276	$ 595,164
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
2028-2032	1,140,941	446,059	1,587,000
2033-2037	1,378,698	196,302	1,575,000
2038-2041	284,000	4,749	288,749
Total	$ 4,958,079	$ 1,389,506	$ 6,347,585

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.

NOTE 5 – LEASE RECEIVABLES AND ARRANGEMENTS, continued

During the year ended June 30, 2022, the District recognized revenues related to these lease agreements totaling $234,111. During the year ended June 30, 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
Equpiment	2	4.00%	5/1/2013 -5/1/2038	$ 30,600
Other	2	4.00%	6/1/2018 -6/30/2028	$ 275,961

NOTE 6 – RIGHT OF USE ASSETS

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

	Adjusted Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Intangible Right of Use Assets:				
Leased equipment	$ 330,743	$ -	$ -	$ 330,743
Total Intangible 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
Intangible Right of Use Assets, net	$ 287,060	$ (74,885)	$ -	$ 212,175

NOTE 7 – CAPITAL ASSETS

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

	Balance July 1, 2021	Additions	Deductions	Balance 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

Capital asset activity of the District consists of the following at June 30, 2021:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Capital Assets Not Being Depreciated				
Land	$ 1,449,045	$ -	$ -	$ 1,449,045
Construction in progress	31,197,558	35,939,498	1,515,344	65,621,712
Total Capital Assets Not Being Depreciated	32,646,603	35,939,498	1,515,344	67,070,757
Capital Assets Being Depreciated				
Buildings and improvements	215,976,778	1,526,594	-	217,503,372
Furniture and equipment	22,830,934	939,038	-	23,769,972
Total Capital Assets Being Depreciated	238,807,712	2,465,632	-	241,273,344
Total Capital Assets	271,454,315	38,405,130	1,515,344	308,344,101
Less Accumulated Depreciation				
Buildings and improvements	77,663,836	5,090,486	-	82,754,322
Furniture and equipment	16,484,775	1,827,895	-	18,312,670
Total Accumulated Depreciation	94,148,611	6,918,381	-	101,066,992
Net Capital Assets	$ 177,305,704	$ 31,486,749	$ 1,515,344	$ 207,277,109

NOTE 8 – UNEARNED REVENUES

Unearned revenue for the District at June 30, 2022 and 2021 consisted of the following:

	2022	2021
Unearned tuition and student fees	$ 1,117,084	$ 1,046,507
Unearned grant revenue and other	10,641,067	6,370,594
Total unearned revenue	$ 11,758,151	$ 7,417,101

NOTE 9 – LONG-TERM LIABILITIES

A schedule of 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	-
Lease Liability	-	263,842	-	263,842	73,532
Accreted interest	47,939,778	7,457,959	-	55,397,737	-
Total Bonds	319,039,518	7,721,801	8,198,231	318,563,088	8,748,532
Other Long-Term Liabilities					
Compensated absences	1,250,680	-	245,027	1,005,653	-
Total Other Long-Term Liabilities	1,250,680	-	-	1,005,653	-
Total Long-Term Obligations	$ 320,290,198	$ 7,721,801	$ 8,198,231	$ 319,568,741	$ 8,748,532

A schedule of the changes in long-term debt for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due Within One Year
Bonds and Notes Payable					
General obligation bonds	$ 196,796,666	$ 70,000,000	$ 7,205,000	$ 259,591,666	$ 7,765,000
Premiums, net	6,096,247	5,844,715	432,888	11,508,074	-
Accreted interest	40,879,360	7,060,418	-	47,939,778	-
Total Bonds	243,772,273	82,905,133	7,637,888	319,039,518	7,765,000
Other Long-Term Liabilities					
Compensated absences	990,185	260,495	-	1,250,680	-
Total Other Long-Term Liabilities	990,185	-	-	1,250,680	-
Total Long-Term Obligations	$ 244,762,458	$ 82,905,133	$ 7,637,888	$ 320,290,198	$ 7,765,000

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, 2022, are as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2023	$ -	$ -	$ -	$ -
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
2028-2032	6,342,683	5,342,837	9,027,317	20,712,837
2033-2034	4,406,353	355,710	5,328,647	10,090,710
Total	$ 12,597,888	$ 11,319,920	$ 17,662,112	$ 41,579,920

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, 2022, are as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2023	$ -	$ -	$ -	$ -
2024	-	-	-	-
2025	-	3,386,250	-	3,386,250
2026	-	2,257,500	-	2,257,500
2027	-	2,257,500	-	2,257,500
2028-2032	938,119	11,287,500	-	12,225,619
2033-2037	12,360,490	6,178,900	18,951,390	37,490,780
2038-2042	-	-	-	-
2043-2047	-	-	-	-
2048-2050	164,873	-	14,085,128	14,250,001
Total	$ 13,463,482	$ 25,367,650	$ 33,036,518	$ 71,867,650

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, 2022:

Fiscal Year	Principal	Interest	Total
2023	$ 2,195,000	$ 585,557	$ 2,780,557
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
2028-2031	3,840,000	351,780	4,191,780
Total	$ 17,395,000	$ 2,211,661	$ 19,606,661

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, 2022, are as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2023	$ 3,065,000	$ 601,075	$ -	$ 3,666,075
2024	-	524,450	-	524,450
2025	-	524,450	-	524,450
2026	-	524,450	-	524,450
2027	-	524,450	-	524,450
2028-2032	14,200,000	1,364,425	-	15,564,425
2033-2037	8,504,044	-	10,930,956	19,435,000
2038-2042	21,571,541	-	38,143,459	59,715,000
2043-2047	22,511,792	-	57,328,208	79,840,000
2048-2050	12,302,919	-	40,072,081	52,375,000
Total	$ 82,155,296	$ 4,063,300	$ 146,474,704	$ 232,693,300

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, 2022, are as follows:

Fiscal Year	Principal	Interest	Total
2023	$ -	$ 73,688	$ 73,688
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	$ 405,284	$ 2,370,284

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, 2022, are as follows:

Fiscal Year	Principal	Interest	Total
2023	$ -	$ 2,237,369	$ 2,237,369
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
2028-2032	4,915,000	10,464,845	15,379,845
2033-2037	9,070,000	9,198,395	18,268,395
2038-2042	14,515,000	7,184,319	21,699,319
2043-2047	22,005,000	3,767,326	25,772,326
2048	5,495,000	213,238	5,708,238
Total	$ 57,665,000	$ 41,936,368	$ 99,601,368

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, 2022, are as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 3,415,000	$ 2,148,600	$ 5,563,600
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
2028-2032	3,170,000	9,436,200	12,606,200
2033-2037	8,485,000	8,310,600	16,795,600
2038-2042	13,530,000	6,384,100	19,914,100
2043-2047	19,640,000	3,981,950	23,621,950
2048-2049	15,805,000	743,225	16,548,225
Total	$ 66,585,000	$ 38,747,875	$ 105,332,875

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%	11/1/2020 - 11/1/2025	$ 82,473

NOTE 9 - LONG-TERM LIABILITIES, continued

Leases, continued

Future minimum lease payments on noncancellable leases at June 30, 2022 are as follows:

Fiscal year	Principal	Interest	Total
2023	73,532	8,940	$ 82,472
2024	76,528	5,945	82,473
2025	79,646	2,987	82,633
2026	34,136	342	34,478
Total	$ 263,842	$ 18,214	$ 282,056

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, 2022, 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	$ 15,082,301	$ 5,559,454	$ 13,894,618	$ 575,415
CalPERS	23,400,678	7,684,969	9,134,446	4,211,776
Total	$ 38,482,979	$ 13,244,423	$ 23,029,064	$ 4,787,191

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.

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.

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Benefits Provided, continued

The STRP provisions and benefits in effect at June 30, 2022, are summarized as follows:

	STRP Defined Benefit Plan	
	On or before	On or after
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	16.92%	16.92%
Required state contribution rate	10.828%	10.828%

*The rate imposed on CalSTRS 2% at 62 members assuming no change in the normal cost of benefits.

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 year ended June 30, 2022, are presented above, and the District's total contributions were $2,943,820.

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

At June 30, 2022, 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	$	15,082,301
State's proportionate share of the net pension liability associated with the District		7,588,987
Total	$	22,671,288

The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, was 0.0331 percent and 0.0340 percent, respectively, resulting in a net decrease in the proportionate share of 0.0009 percent.

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

For the year ended June 30, 2022, the District recognized pension expense of $575,415. In addition, the District recognized pension expense and revenue of $2,262,148 for support provided by the State. At June 30, 2022, 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	$ -	$ 11,931,349
Differences between expected and actual experience	37,782	1,605,402
Changes in assumptions	2,136,293	-
Net changes in proportionate share of net pension liability	441,559	357,867
District contributions subsequent to the measurement date	2,943,820	-
Total	$ 5,559,454	$ 13,894,618

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
2023	$ (2,161,142)
2024	(2,070,990)
2025	(3,197,248)
2026	(3,533,713)
2027	(156,383)
Thereafter	(159,508)
	$ (11,278,984)

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
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.

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:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	100%	

*20-year geometric average

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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	$ 30,702,167	$ 15,082,301	$ 2,118,111

California Public Employees' Retirement System

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.

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System, continued

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, 2022, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
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	7.000%	7.000%
Required employer contribution rate	22.910%	22.910%

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 year ended June 30, 2022, are presented above, and the total District contributions were $4,455,384.

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System, continued

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $23,400,678. The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, was 0.1151 percent and 0.1044 percent, respectively, resulting in a net increase in the proportionate share of 0.0107 percent.

For the year ended June 30, 2022, the District recognized pension expense of $4,211,766. At June 30, 2022, 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	$ -	$ 8,980,483
Differences between expected and actual experience	698,570	55,164
Net changes in proportionate share of net pension liability	2,531,015	98,799
District contributions subsequent to the measurement date	4,455,384	-
Total	$ 7,684,969	$ 9,134,446

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
2023	$ (697,004)
2024	(1,126,346)
2025	(1,583,864)
2026	(2,497,647)
	$ (5,904,861)

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System, continued

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, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Investment rate of return	7.15%
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.

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.

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System, continued
Actuarial Methods and Assumptions, continued

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:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**	Real Return Years 11+***
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	100%		

*In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

**An expected inflation of 2.0% used for this period

***An expected inflation of 2.92% used for this period

Discount Rate

The discount rate used to measure the total pension liability was 7.15 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 (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	$ 39,456,829	$ 23,400,678	$ 10,070,628

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

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, 2022, 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	$ 1,108,700	$ 2,468,424	$ 2,110,579	$ 34,490

Plan Description
In addition to the pension benefits described in Note 9, 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.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS, continued

Employees Covered by Benefit Terms
The following is a table of plan participants at the June 30, 2021 measurement date:

	Number of Participants
Inactive Employees Receiving Benefits	12
Active Employees	307
	319

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 $388,843 to the Plan by the District for the year ended June 30, 2022. 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.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS, continued

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 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, 2021
Actuarial cost methods	Entry age actuarial cost method
Inflation rate	2.75%
Investment rate of return	6.75%
Discount rate	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 (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance July 1, 2020	$ 6,947,019	$ 5,480,498	$ 1,466,521
Changes for the year:			
Service cost	511,661	-	511,661
Interest on TOL/Return on FNP	504,199	1,507,574	(1,003,375)
Employer contributions	-	388,843	(388,843)
Assumption changes	(501,571)	-	(501,571)
Experience gains/losses	1,022,232	-	1,022,232
Administrative expense	-	(2,075)	2,075
Expected benefit payments	(388,843)	(388,843)	-
Net change	1,147,678	1,505,499	(357,821)
Balance June 30, 2021	$ 8,094,697	$ 6,985,997	$ 1,108,700

Fiduciary Net Position as a % of the Total OPEB Liability, as of the June 30, 2021 measurement date was 86.3%.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS, 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	$ 1,757,207	$ 1,108,700	$ 515,079

The following table presents the net OPEB liability calculated using the heath 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	$ 281,764	$ 1,108,700	$ 2,074,693

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

At the June 30, 2021 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	$ -	$ 814,089
Differences between expected and actual experience	1,359,724	-
Change in assumptions	-	1,296,490
District contributions subsequent to the measurement date	1,108,700	-
	$ 2,468,424	$ 2,110,579

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS, 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
2023	$ (211,040)
2024	(203,618)
2025	(194,878)
2026	(231,549)
2027	(6,749)
Thereafter	96,979
	$ (750,855)

For the year ended June 30, 2022, the District recognized OPEB expense of $34,490.

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, 2022 and 2021, outstanding commitments on construction contracts were $6,103,070 and $17,785,905, 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.

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

NOTE 14 – JOINT POWERS AGREEMENTS, continued

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

	MCSIG June 30, 2021	BACCD June 30, 2021
Total assets and deferred outflows of resources	$ 12,647,319	$ 7,824,391
Total liabilities and deferred inflows of resources	$ 15,619,581	$ 2,180,423
Net position	$ (2,972,262)	$ 5,643,968
Total revenues	$ 96,026,726	$ 4,070,699
Total expenses	$ 94,765,400	$ 3,711,517
Change in net position	$ 1,261,326	$ 359,182

	SWACC June 30, 2021	PIPS June 30, 2021
Total assets	$ 45,415,626	$ 191,377,661
Total liabilities	$ 28,139,663	$ 129,353,377
Net position	$ 17,275,963	$ 62,024,284
Total revenues	$ 29,732,213	$ 329,018,404
Total expenses	$ 26,895,140	$ 309,066,485
Change in net position	$ 2,837,073	$ 19,951,919

	SAFER June 30, 2021	SBRPSTC June 30, 2021
Total assets	$ 43,779,353	$ 6,941,281
Total liabilities	$ 41,873,705	$ 2,861,104
Net position	$ 1,905,648	$ 4,080,177
Total revenues	$ 101,923,130	$ 11,608,687
Total expenses	$ 101,673,081	$ 12,458,118
Change in net position	$ 250,049	$ (849,431)

NOTE 15 – PRIOR PERIOD ADJUSTMENTS

The beginning net position for FY 2021-22 increased by $484,181. This was due to the implementation of GASB Statement No. 87, *Leases*. Whereas the beginning net position for FY 2020-21 increased by $272,850. This was due primarily to the implementation of GASB Statement No. 84, Fiduciary Activities, during 2020-21 for $235,655. The remaining amount of $37,195 relates to District identified adjustments

REQUIRED SUPPLEMENTARY INFORMATION

HARTNELL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 511,661	$ 497,967	$ 552,176	$ 537,398	$ 523,015
Interest	504,199	448,425	321,549	308,724	237,167
Experience gains/losses	(501,571)	-	(753,125)	(366,854)	-
Assumption Changes	1,022,232	-	535,479	-	-
Benefit payments	(388,843)	(312,913)	(266,825)	(222,528)	(217,378)
Net change in total OPEB liability	1,147,678	633,479	389,254	256,740	542,804
Total OPEB liability, beginning of year	6,947,019	6,313,540	5,924,286	5,667,546	5,124,742
Total OPEB liability, end of year (a)	$ 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
Expected investment income	-	-	264,379	249,451	317,961
Investment gains/losses	-	-	43,727	37,095	-
Administrative expense	(2,075)	(2,589)	(1,070)	(8,716)	(2,318)
Expected benefit payments	(388,843)	(312,913)	(266,825)	(222,528)	(217,378)
Change in plan fiduciary net position	1,505,499	184,648	307,036	277,830	315,643
Fiduciary trust net position, beginning of year	5,480,498	5,295,850	4,988,814	4,710,984	4,395,341
Fiduciary trust net position, end of year (b)	$ 6,985,997	$ 5,480,498	$ 5,295,850	$ 4,988,814	$ 4,710,984
Net OPEB liability (asset), ending (a) - (b)	$ 1,108,700	$ 1,466,521	$ 1,017,690	$ 935,472	$ 956,562
Covered payroll	$ 42,206,488	$ 40,339,074	$ 40,651,854	$ 32,000,252	$ 30,467,000
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	86%	79%	84%	84%	83%
Net OPEB asset as a percentage of covered payroll	3%	4%	3%	3%	3%

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 CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 287,463	$ 392,807	$ 312,913	$ 222,528	$ 217,378
Contributions in relations to the actuarially determined contribution	-	-	-	-	217,378
Contribution deficiency (excess)	$ 287,463	$ 392,807	$ 312,913	$ 222,528	$ -
Covered-employee payroll	$ 42,206,488	$ 40,339,074	$ 40,651,854	$ 32,000,252	$ 30,467,000
Contribution as a percentage of covered-employee payroll	0.68%	0.97%	0.77%	0.70%	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, 2022

	Reporting Fiscal Year (Measurement Date)			
CalSTRS	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
District's proportion of the net pension liability	0.0331%	0.0340%	0.0344%	0.0341%
District's proportionate share of the net pension liability	$ 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	7,588,987	17,000,699	16,941,689	17,921,063
Total	$ 22,671,288	$ 49,980,007	$ 47,994,813	$ 49,220,169
District's covered - employee payroll	$ 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	75.30%	168.16%	157.95%	159.20%
Plan fiduciary net position as a percentage of the total pension liability	87.2%	71.8%	72.6%	71.0%

	Reporting Fiscal Year (Measurement Date)			
CalPERS	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
District's proportion of the net pension liability	0.1151%	0.1044%	0.1055%	0.1006%
District's proportionate share of the net pension liability	$ 23,400,678	$ 32,036,880	$ 30,733,782	$ 26,817,225
District's covered - employee payroll	$ 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	140.09%	205.71%	210.05%	183.28%
Plan fiduciary net position as a percentage of the total pension liability	81.0%	70.0%	70.0%	70.8%

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, 2022

	Reporting Fiscal Year (Measurement Date)			
CalSTRS	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
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)			
CalPERS	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
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, 2022

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

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

	Reporting Fiscal Year			
CalSTRS	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%

	Reporting Fiscal Year			
CalPERS	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.

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.

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

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.

SUPPLEMENTARY INFORMATION

HARTNELL COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATION
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022 were composed of the following members:

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Erica Padilla-Chavez	President	2022
Candi DePauw	Vice President	2022
Margaret D'Arrigo	Member	2024
Alejandra Gonzalez	Member	2024
Irma C. Lopez	Member	2024
Ray Montemayor	Member	2022
Aurelio Salazar	Member	2024
Laura Rivera	Student Trustee, Hartnell College	2022

DISTRICT ADMINISTRATION

Dr. Steven Crow
Interim Superintendent/President: Vice President for Administrative Services

Jackie Cruz
Vice President of Advancement and Development

Dr. Romero Jalomo
Vice President for Student Affairs

Dr. Chelsy Pham
Vice President of Information and Technology

Linda Beam
Interim Associate Vice President for Human Resources

Dr. Cathryn Wilkinson-Thompson
Vice President for Academic Affairs

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
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, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
U.S. DEPARTMENT OF EDUCATION		
Direct Programs:		
Student Financial Aid Programs:		
Federal Supplemental Educational Opportunity Grant (FSEOG) Program	84.007	$ 88,000
Federal Direct Loans	84.268	164,133
Federal Work Study (FWS)	84.033	210,388
Federal Pell Grants (PELL)	84.063	8,380,807
Subtotal Student Financial Aid Programs		8,843,328
TRIO Cluster:		
TRIO - Student Support Services Program	84.042A	296,091
TRIO - ESL Student Support Services Program	84.042A	296,083
TRIO - Talent Search	84-044A	60,756
Upward Bound - Serving Alisal and Alvarez High Schools	84.047A	237,292
Upward Bound - Serving North Salinas High School	84.047A	188,226
Basic Needs for Postsecondary Students	84.116N	40,162
Subtotal TRIO Cluster		1,118,610
High School Equivalency Program	84.141A	413,361
Title III - HSI STEM Guided Pathways	84.031C	497,944
Higher Education Emergency Relief Funds (HEERF)		
COVID-19 HEERF II ARP - Institutional	84.425F	4,279,831
COVID-19 HEERF III ARP - Institutional	84.425F	3,021,638
COVID-19 HEERF II CARES Act - Minority Serving Institutions	84.425L	199,201
COVID-19 HEERF III CARES Act - Minority Serving Institutions	84.425L	23,487
COVID-19 HEERF III CARES Act - Student Aid	84.425E	7,338,500
Subtotal Higher Education Emergency Relief Funds (HEERF)		14,862,657
Title V Programs:		
Title V - HSI Cultivators Project: high school dual enrollment	84.031S	371,247
Title V - The Making Accessible and Effective Systems for Teacher Readiness Outcomes (MAESTROS) Project	84.031S	104,764
Title V - GANAS Project	84.031S	237,278
Subtotal Title V Programs		713,289
Passed through the California Community Colleges Chancellor's Office:		
Perkins IV Programs:		
Carl D. Perkins Career and Technical Education (CTE) Act		
CTE - Title I, Part C (Perkins IV)	84.048A	294,899
Total U.S. Department of Education		23,698,963
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Foster Care Programs:		
Passed through the California Community Colleges Chancellor's Office:		
Foster and Kinship Care Education (FKCE) Program - Title IV-E	93.658	84,951
Passed through the County of Monterey, Department of Social and Employment Services:		
Foster Care - Title IV-E (DSES)	93.658	472,621
Subtotal Foster Care Programs		557,572

HARTNELL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through the University of California, Santa Cruz:		
National Institute of Health	93.859	2,051
Passed through the California Community Colleges Chancellor's Office:		
Temporary Assistance for Needy Families (TANF)	93.558	40,669
Passed through the Yosemite Community College District:		
Child Development Training Consortium	93.575	7,984
Total U.S. Department of Health and Human Services		608,276
DEPARTMENT OF NATIONAL AERONAUTICS AND AEROSPACE ACADEMY		
Direct Programs:		
Minority University Research and Education Project Aerospace Academy (NASA MAA)	43.008	63,626
U.S. NATIONAL SCIENCE FOUNDATION		
Passed through the University Corporation at CSU Monterey Bay:		
Integrated Teacher Recruitment, Preparation, and Induction Pathway Project	47.076	7,271
Replication of Cohort Based Computer Science Bachelor's Degree Model	47.076	83,309
A Collaborative Regional Alliance to Prepare STEM Secondary Teachers for Service	47.076	6,000
Building Capacity: Engaging STEM Transformative Experiences for Early Momentum	47.076	264,509
Total U.S. National Science Foundation		361,089
U.S. DEPARTMENT OF NATIONAL AND COMMUNITY SERVICE		
Direct Programs:		
National Service Award Scholarships	94.006	8,851
Total U.S. Department of National and Community Service		8,851
NATIONAL ENDOWMENT FOR THE HUMANITIES		
Direct Programs:		
NEH CARE: Cultural Originations	45.149	129,728
Total National Endowment for the Humanities		129,728
Total Federal Programs		$ 27,915,659

HARTNELL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

	Program Revenues				
	Cash Received	Accounts Receivable	Deferred Income	Total	Total Program Expenditures
A2P&EI - DSPS	$ 21,358	$ -	$ -	$ 21,358	$ 21,358
Basic Needs Center	238,671	-	237,171	1,500	1,500
Basic Skills Initiative	349,674	-	54,327	295,347	349,674
Block Grant - Funds Available	2,211,440	-	1,906,922	304,518	304,518
CA Ed Learning Lab- Math	-	49,552	-	49,552	49,552
CA Education Learning Lab	-	21,657	-	21,657	21,657
CAEP - Hartnell Adult Ed	282,409	-	44,166	238,243	238,243
CAEP - Shared Funds	491,975	-	29,702	462,273	462,274
CAEP- Member Pass Through	3,231,013	-	-	3,231,013	3,231,013
CAI Grant Early Childhood Educ	43,584	6,064	-	49,648	6,064
Cal Grant AB540	84,745	-	-	84,745	84,745
CAL Grants	1,594,603	-	-	1,594,603	1,594,603
CalFresh Outreach	35,229	-	5,686	29,543	29,543
CalWORKs	295,890	-	117,404	178,486	178,494
CARE Program	201,667	-	66,088	135,579	135,579
Campus Safety	18,547	-	18,547	-	-
CCAP Dual Enrollment	-	36,858	-	36,858	-
CDC - AB 82 - CRRSA Stipends	18,743	-	9,371	9,372	9,372
CDC Fund 33	96,019	-	-	96,019	96,019
CDC-MCOE-IEEEP	-	29,760	-	29,760	29,760
Class. Prof. Dev.	27,855	-	14,523	13,332	13,332
COVID-19 Response Block Grant	433,211	-	-	433,211	433,211
Culturally Competnt Faculty PD	50,435	-	10,915	39,520	39,520
DHH - DSPS	8,916	-	-	8,916	8,916
Digital Literacy - Castroville	-	20,765	-	20,765	20,765
Digital Literacy - King City	-	9,140	-	9,140	9,140
DSPS	916,772	-	289,788	626,984	577,303
Early Action Emergency Financial Aid	786,840	-	143,340	643,500	643,500
Econ Dev For Distressed Areas	448,184	-	-	448,184	448,184
EOPS - State	999,209	-	123,319	875,891	875,891
Equal Employment Opportunity	74,323	-	137	74,186	74,186
Financial Aid Technology	219,357	-	176,357	43,000	43,000
First 5 Monterey Co ECE Counselors	96,414	-	-	96,414	96,414
General Use - Nonprogram	359,017	-	-	359,017	359,017
Guided Pathways	225,421	-	209,427	15,994	15,994
Hunger Free Support	27,713	-	18,860	8,853	8,853
IEPI Grant	186,215	-	152,832	33,383	33,383
Incarcerated Students Reentry	23,814	-	-	23,814	23,814
Innovation Award	377,364	-	225,650	151,714	201,646
Lottery - Propoistion 20	-	-	-	-	275,445
LGBTQ+	76,073	-	-	76,073	-
Library Services Platform	8,127	-	-	8,127	-
Mental Health Support	221,713	-	-	221,713	221,713
MESA Grant	171,562	-	92,417	79,145	79,145
Nursing Education	261,821	-	-	261,821	261,822
Office of Statewide Health Planning & Dev (SongBrown)	62,182	42,592	-	104,773	104,773
Retention&Enrollment Outreach	681,303	-	541,170	140,133	139,383
Salinas Valley Promise	388,467	144,124	-	532,591	532,591
Student Success and Support Program (SSSP)	2,497,926	-	192,077	2,305,848	2,285,532
Student Equity Plan (SEP)	1,560,217	-	834,734	725,483	857,077
Student Financial Aid Administration*	401,283	-	-	401,283	401,238
Student Food and Housing Support	242,064	-	242,064	-	-
Student Success Completion	1,156,551	-	-	1,156,551	1,156,551
CTE Strong Workforce	4,994,563	-	2,088,287	2,906,276	2,906,276
Umoja	8,315	-	6,096	2,219	8,315
Undocumented Resource Liaisons	133,406	-	92,893	40,513	40,513
Veteran Resource Center	138,448	-	130,081	8,367	8,367
YESS - ILP	17,113	-	-	17,113	17,113
	$ 27,497,761	$ 360,512	$ 8,074,351	$ 19,783,921	$ 20,065,891

See accompanying note to supplementary information

HARTNELL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
FOR THE YEAR ENDED JUNE 30, 2022

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2021 only)			
1. Noncredit	5.67	-	5.67
2. Credit	662.24	-	662.24
B. Summer Intersession (Summer 2022 - Prior to July 1, 2022)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	1,428.96	-	1,428.96
(b) Daily Census Contact Hours	117.22	-	117.22
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	51.68	-	51.68
(b) Credit	313.77	-	313.77
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	3,587.55	-	3,587.55
(b) Daily Census Contact Hours	422.75	-	422.75
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	6,589.84	-	6,589.84
Supplemental Information (subset of above information)			
E. In-service Training Courses	145.64	-	145.64
F. Basic Skills Courses and Immigrant Education			
1. Credit	283.50	-	283.50
2. Noncredit	45.18	-	45.18
Total Basic Skills FTES	328.68	-	328.68

See accompanying note to supplementary information

HARTNELL COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2022

		Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/ TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 10,045,110	$ -	$ 10,045,110	$ 10,045,110	$ -	$ 10,045,110
Other	1300	5,262,397	-	5,262,397	5,262,397	-	5,262,397
Total Instructional Salaries		15,307,507	-	15,307,507	15,307,507	-	15,307,507
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	3,003,780	-	3,003,780
Other	1400	-	-	-	551,718	-	551,718
Total Non-Instructional Salaries		-	-	-	3,555,498	-	3,555,498
Total Academic Salaries		15,307,507	-	15,307,507	18,863,005	-	18,863,005
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	8,287,704	-	8,287,704
Other	2300	-	-	-	433,975	-	433,975
Total Non-Instructional Salaries		-	-	-	8,721,679	-	8,721,679
Instructional Aides							
Regular Status	2200	593,615	-	593,615	593,615	-	593,615
Other	2400	27,957	-	27,957	27,957	-	27,957
Total Instructional Aides		621,572	-	621,572	621,572	-	621,572
Total Classsified Salaries		621,572	-	621,572	9,343,251	-	9,343,251
Employee Benefits	3000	7,602,280	-	7,602,280	14,846,293	-	14,846,293
Supplies and Materials	4000	-	-	-	553,075	-	553,075
Other Operating Expenses	5000	332,800	-	332,800	6,596,039	-	6,596,039
Equipment Replacement	6420	-	-	-	234,951	-	234,951
Total Expenditures Prior to Exclusions		23,864,159	-	23,864,159	50,436,614	-	50,436,614
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	147,790	-	147,790	-	-	-
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	233,325	-	233,325
Object to Exclude							
Rents and Leases	5060	-	-	-	14,313	-	14,313
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	-	-	-	1,436,787	-	1,436,787
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	51,278	-	51,278
Equipment	6400						
Equipment - Additional	6410	-	-	-	183,673	-	183,673
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	183,673	-	183,673
Total Capital Outlay		-	-	-	234,951	-	234,951
Other Outgo	7000	-	-	-	1,364,971	-	1,364,971
Total Exclusions		$ 147,790	$ -	$ 147,790	$ 3,284,347	$ -	$ 3,284,347
Total for ECS 84362, 50% Law		$ 23,716,369	$ -	$ 23,716,369	$ 47,152,267	$ -	$ 47,152,267
Percent of CEE (Instructional Salary Cost/Total CEE)		50.30%	0.00%	50.30%	100.00%	0.00%	100.00%
50% of Current Expense of Education		$ -	$ -	$ -	$ 23,576,134	$ -	$ 23,576,134

HARTNELL COMMUNITY COLLEGE DISTRICT
PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2022

EPA Revenue	$ 14,663,857

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	$ 14,663,857	$ -	$ -	$ 14,663,857
Total		$ 14,663,857	$ -	$ -	$ 14,663,857

HARTNELL COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Internal Service Funds
Annual Financial and Budget Report (CCFS-311)	
Fund Balance	$ 9,526,991
Adjustments and reclassifications increasing (decreasing) the fund balance:	
Adjustment for OPEB Trust Fund	(7,158,964)
Audited Financial Statements Fund Balance	$ 2,368,027

HARTNELL COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF FUND EQUITY TO NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

Total Fund Equity - District Funds Included in the Reporting Entity			
General fund	$ 15,788,860		
Debt service fund	10,910,527		
Special revenue funds	845,574		
Capital project funds	69,823,397		
Enterprise funds	1,314,179		
Internal service funds	2,804,630		
Student funds	319,927	$	101,807,094
Assets recorded within the statements of net position not included in the fund financial statements:			
Capital assets	$ 328,875,668		
Accumulated depreciation	(107,603,207)		
Accumulated ammortizaton	(118,568)		
Intangible right of use assets	330,743		
Lease receivable	4,958,079		226,442,715
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			2,468,424
Deferred outflows related to pensions			13,244,423
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:			
General obligation bonds	$ 251,826,666		
Bond premiums	11,074,843		
Accreted Interest	55,397,737		
Lease liability	263,842		
Net OPEB liability	1,108,700		
Net pension liability	38,482,979		(358,154,767)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:			
Deferred inflows related to leases			(4,408,942)
Deferred inflows related to OPEB			(2,110,579)
Deferred inflows related to pensions			(23,029,064)
Net Assets Reported Within the Statements of Net Position		$	(40,996,864)

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 and 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.

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.

OTHER INDEPENDENT AUDITORS' REPORTS

CWDL

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, 2022, 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, 2022.

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, 2022

CWDL

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, 2022. 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, 2022.

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, 2022

CWDL

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 2021-22*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2022. 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, 2022.

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) 2021-22*, 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 of State laws and regulations, and the terms and conditions identified in the California Community Colleges Chancellor's Office *District Audit Manual* 2021-22.

Auditors' Responsibilities for the Audit of Compliance

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 standards and procedures identified in the *California Community Colleges Chancellor's Office Contracted District Audit Manual 2021-22*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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 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) 2021-22*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 20, 2022

FINDINGS AND RECOMMENDATIONS

HARTNELL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

Section I – Schedule of Audit Findings and Questioned Costs

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
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	No
Identification of major programs:	

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

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

STATE AWARDS

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

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 2021-22.

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 2021-22.

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 2021-22.

HARTNELL COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2022

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 2020-21.