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HARTNELL COMMUNITY COLLEGE DISTRICT

AUDIT REPORT

JUNE 30, 2024 AND 2023

HARTNELL COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2024

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	19

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios	60
Schedule of Contributions - OPEB	62
Schedule of Proportionate Share of the Net Pension Liability	63
Schedule of Contributions - Pensions	65
Note to Required Supplementary Information	66

SUPPLEMENTARY INFORMATION

District Organization	67
Schedule of Expenditures of Federal Awards	68
Schedule of Expenditures of State Awards	70
Schedule of Workload Measures for State General Apportionment - Annual Attendance	72
Reconciliation of Education Code Section 84362 (50 Percent Law) Calculation	73
Proposition 30 Education Protection Account (EPA) Expenditure Report	74
Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements	75
Reconciliation of Governmental Funds to the Statement of Net Position	76
Note to Supplementary Information	77

HARTNELL COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2024

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 <i>Government Auditing Standards</i>	79
Independent Auditors' Report on Compliance for Each Major Federal Program; and Report on Internal Control over Compliance Required by the Uniform Guidance	81
Independent Auditors' Report on State Compliance and on Internal Control over Compliance for State Programs	84

FINDINGS AND QUESTIONED COSTS SECTION

Summary of Auditors' Results	88
Financial Statement Findings and Recommendations	89
Federal Award Findings and Questioned Costs	90
State Award Findings and Questioned Costs	91
Schedule of Prior Year Audit Findings	92



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 fiduciary 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 years ended June 30, 2024 and 2023, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the fiduciary activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years 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 (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 1 to financial statements, the District has adopted the provisions that were effective upon issuance of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2024. 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 GAAS 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 GAAS 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.

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 is the responsibility of management and, 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 Supplementary Information section, as 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024, 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.



San Diego, California
December 20, 2024

**HARTNELL COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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 Statements 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 Statements 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 Statements 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 7,695 for fiscal year 2023-24, compared to 6,655 FTES in fiscal year 2022-23.
- During the 2023-24 fiscal year, the District provided \$24.2 million in financial aid to students. This aid was provided in the form of grants, scholarships, and tuition discounts funded through the Federal government, State Chancellor's Office, and local funding.

**HARTNELL COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

This schedule has been prepared from the District's Statements 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 Statements of Cash Flows.

Unrestricted net position/(deficit) 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.

	2024	2023	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	\$ 62,477,502	\$ 149,556,772	\$ (87,079,270)
Non-current assets	308,012,780	225,859,033	82,153,747
Deferred outflows of resources	24,532,091	23,593,187	938,904
Total Assets and Deferred Outflows of Resources	395,022,373	399,008,992	(3,986,619)
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	46,049,400	55,424,390	(9,374,990)
Non-current liabilities	367,716,396	371,354,190	(3,637,794)
Deferred inflows of resources	14,369,620	10,872,140	3,497,480
Total Liabilities and Deferred Inflows of Resources	428,135,416	437,650,720	(9,515,304)
NET POSITION			
Net investment in capital assets	34,621,749	28,507,759	6,113,990
Restricted	24,152,641	26,774,232	(2,621,591)
Unrestricted (deficit)	(91,887,433)	(93,923,719)	2,036,286
Total Net Position	\$ (33,113,043)	\$ (38,641,728)	\$ 5,528,685

**HARTNELL COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE, continued

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

	2024	2023	Change
OPERATING REVENUES			
Tuition and fees, net	\$ 2,858,960	\$ 2,839,708	\$ 19,252
Grants and contracts, non-capital	49,748,996	51,792,463	(2,043,467)
Auxiliary enterprise sales and charges	917,392	589,794	327,598
Total Operating Revenues	53,525,348	55,221,965	(1,696,617)
OPERATING EXPENSES			
Salaries and employee benefits	73,390,284	66,970,165	6,420,119
Supplies, materials, and other operating expenses and services	18,670,467	16,827,505	1,842,962
Student aid	24,231,020	22,445,582	1,785,438
Depreciation and amortization	8,021,608	7,479,788	541,820
Total Operating Expenses	124,313,379	113,723,040	10,590,339
Operating Loss	(70,788,031)	(58,501,075)	(12,286,956)
NON-OPERATING REVENUES/(EXPENSES)			
State apportionments, non-capital	34,710,172	28,906,358	5,803,814
Local property taxes	32,052,250	30,885,689	1,166,561
State taxes and other revenues	99,858	101,331	(1,473)
Pell grants	14,185,553	11,091,713	3,093,840
Investment income, non-capital	1,464,057	1,006,991	457,066
Investment income, capital	1,535,378	1,220,063	315,315
Interest expense on capital asset-related debt	(9,495,567)	(15,699,294)	6,203,727
Other non-operating income	1,702,885	3,327,267	(1,624,382)
Total Non-Operating Revenues/(Expenses)	76,254,586	60,840,118	15,414,468
Changes in Net Position	5,466,555	2,339,043	3,127,512
NET POSITION, BEGINNING OF YEAR	(38,641,728)	(40,996,864)	2,355,136
PRIOR PERIOD ADJUSTMENT (SEE NOTE 15)	62,130	16,093	46,037
NET POSITION, END OF YEAR	\$ (33,113,043)	\$ (38,641,728)	\$ 5,528,685

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 \$19.3 thousand in fiscal year 2023-24. As noted in the Statements of Revenues, Expenses and Changes in Net Position on page 11, although scholarship discounts and allowances increased by \$1.8 million, gross tuition and fees increased by \$1.9 million resulting in a net increase in tuition and fees during fiscal year 2023-24.

Non-operating revenues had a net increase in fiscal year 2023-24 of approximately \$9.2 million resulting mainly from a combination of increases in State apportionments, local property taxes and Pell grants.

**HARTNELL COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE, continued

Operating expenses increased in the fiscal year 2023-24 by approximately \$10.6 million resulting primarily from increases in salaries and employee benefits. The mandated increases in State pension costs for State Teachers' Retirement System and Public Employees' Retirement System along with standard step and column increases in salaries and salary increases represent the changes. In addition, with the passage of Senate Bill 90, *Public Employee's Retirement*, the State contributed funds to the STRS pension system. The District's share of these contributions was \$3,018,160.

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 notes to financial statements as Note 7.

The Statements 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.

	2024	2023	Change
Cash Provided by/(Used in)			
Operating activities	\$ (70,756,820)	\$ (30,097,704)	\$ (40,659,116)
Non-capital financing activities	82,503,053	74,094,585	8,408,468
Capital financing activities	(30,440,262)	(26,002,491)	(4,437,771)
Investing activities	1,464,057	1,006,991	457,066
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ (17,229,972)	\$ 19,001,381	\$ (36,231,353)

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 employee benefits to faculty and staff.

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

HARTNELL COMMUNITY COLLEGE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024, the District had \$235.1 million in a broad range of capital assets, net of accumulated depreciation, including land, construction in progress, buildings and improvements, and furniture and equipment. At June 30, 2023, net capital assets were \$225.7 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.

	2024	2023	Change
Capital Assets not being depreciated	\$ 25,302,523	\$ 32,617,140	\$ (7,314,617)
Capital Assets being depreciated	332,753,838	308,312,200	24,441,638
Less: Accumulated depreciation	(122,940,724)	(115,251,280)	(7,689,444)
Capital Assets, Net	\$ 235,115,637	\$ 225,678,060	\$ 9,437,577

Long-Term Debt

At the end of the 2023-24 fiscal year, the District had \$311.4 million in bonds outstanding from the voter approved general obligation bonds and other long-term debt. These bonds will be repaid annually through property taxes on assessed property within the District boundaries.

	2024	2023	Change
General obligation bonds	\$ 237,318,360	\$ 244,061,666	\$ (6,743,306)
Premiums on obligations	10,208,381	10,641,612	(433,231)
Accreted interest	63,871,581	62,855,696	1,015,885
Lease liability	113,782	190,310	(76,528)
Subscription liability	906,600	-	906,600
Compensated absences	1,360,140	760,626	599,514
Net pension liability	56,168,971	60,411,079	(4,242,108)
Net OPEB liability	2,507,568	1,617,960	889,608
Total Long-Term Debt	372,455,383	380,538,949	(8,083,566)
Less: Current portion	4,738,987	9,184,759	(4,445,772)
Total Long-Term Debt, Non-Current Portion	\$ 367,716,396	\$ 371,354,190	\$ (3,637,794)

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

**HARTNELL COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

ECONOMIC FACTORS AFFECTING THE FUTURE OF HARTNELL COMMUNITY COLLEGE DISTRICT

The economic position of the District is closely tied to the State of California. As identified in the 2023-24 adopted budget, State apportionment funding and property taxes allocated to the District represent approximately 91 percent of the total revenue received by the District for Unrestricted General Fund.

The District started the 2023-24 fiscal year with an Unrestricted General Fund balance of \$16.1 million. This amount represents 23% of the Unrestricted General Fund requirements in the 2023-24 adopted budget. These funds (or reserves) would serve for one-time expenditures in the event of an emergency, unexpected events, or economic downturns, and are not intended for recurring operating expenses. As the District looks to the future, the use of reserves may be required for cash flow purposes, to balance the budget in future years, or to help sustain critical delivery of student instruction and support services.

The 2023-24 fiscal year ended with an increase in the Unrestricted General Fund balance to \$16.3 million. The District continues to be impacted by enrollment restoration and the uncertainties of available state revenues. The District's Total Computational Revenue (TCR) according to the Student-Centered Funding Formula (SCFF) was \$67.1 million for 2023-24.

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.

FINANCIAL SECTION

HARTNELL COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 45,743,630	\$ 50,151,423
Investments	2,862,533	2,559,931
Accounts receivable, net	12,940,002	10,901,980
Lease receivable, current portion	442,185	430,373
Inventory	23,927	31,139
Prepaid expenses	465,225	302,341
Total Current Assets	62,477,502	64,377,187
Non-current Assets:		
Restricted cash and cash equivalents	68,246,588	81,068,767
Lease receivable, non-current portion	3,648,326	4,110,818
Right-of-use assets, net	1,002,229	180,973
Capital assets, net	235,115,637	225,678,060
Total Non-current Assets	308,012,780	311,038,618
TOTAL ASSETS	370,490,282	375,415,805
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	5,171,292	5,171,292
Deferred outflows related to OPEB	2,390,583	1,789,943
Deferred outflows related to pensions	16,970,216	16,631,952
TOAL DEFERRED OUTFLOWS OF RESOURCES	24,532,091	23,593,187
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 395,022,373	\$ 399,008,992
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 14,084,410	\$ 12,765,164
Unearned revenue	27,226,003	33,474,467
Long-term debt, current portion	4,738,987	9,184,759
Total Current Liabilities	46,049,400	55,424,390
Non-current Liabilities:		
Compensated absences	1,360,140	760,626
Net OPEB liability	2,507,568	1,617,960
Net pension liability	56,168,971	60,411,079
Long-term debt, non-current portion	307,679,717	308,564,525
Total Non-current Liabilities	367,716,396	371,354,190
TOTAL LIABILITIES	413,765,796	426,778,580
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to OPEB	1,164,575	1,172,888
Deferred inflows related to leases	3,492,219	3,950,092
Deferred inflows related to pensions	9,712,826	5,749,160
TOTAL DEFERRED INFLOWS OF RESOURCES	14,369,620	10,872,140
NET POSITION		
Net investment in capital assets	34,621,749	28,507,759
Restricted for:		
Debt service	8,377,650	10,411,928
Capital projects	13,685,324	14,965,925
Other special purposes	2,089,667	1,396,379
Unrestricted (deficit)	(91,887,433)	(93,923,719)
TOTAL NET POSITION	(33,113,043)	(38,641,728)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 395,022,373	\$ 399,008,992

See accompanying notes to financial statements.

HARTNELL COMMUNITY COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Tuition and fees	\$ 8,876,848	\$ 7,024,617
Less: Scholarship discounts and allowances	(6,017,888)	(4,184,909)
Tuition and fees, net	2,858,960	2,839,708
Grants and contracts, non-capital		
Federal	8,817,469	11,859,166
State	40,931,527	39,933,297
Auxiliary enterprise sales and charges	917,392	589,794
TOTAL OPERATING REVENUES	53,525,348	55,221,965
OPERATING EXPENSES		
Salaries	49,561,720	44,070,158
Employee benefits	23,828,564	22,900,007
Supplies, materials, and other operating expenses and services	18,670,467	16,827,505
Student aid	24,231,020	22,445,582
Depreciation and amortization	8,021,608	7,479,788
TOTAL OPERATING EXPENSES	124,313,379	113,723,040
OPERATING LOSS	(70,788,031)	(58,501,075)
NON-OPERATING REVENUES/(EXPENSES)		
State apportionments, non-capital	34,710,172	28,906,358
Local property taxes	32,052,250	30,885,689
State taxes and other revenues	99,858	101,331
Pell grants	14,185,553	11,091,713
Investment income, non-capital	1,464,057	1,006,991
Investment income, capital	1,535,378	1,220,063
Interest expense on capital asset-related debt	(9,495,567)	(15,699,294)
Other non-operating income	1,702,885	3,327,267
TOTAL NON-OPERATING REVENUES/(EXPENSES)	76,254,586	60,840,118
CHANGES IN NET POSITION	5,466,555	2,339,043
NET POSITION, BEGINNING OF YEAR	(38,641,728)	(40,996,864)
PRIOR YEAR ADJUSTMENT (SEE NOTE 15)	62,130	16,093
NET POSITION, END OF YEAR	\$ (33,113,043)	\$ (38,641,728)

HARTNELL COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 3,255,781	\$ 2,775,383
Grants and contracts	42,764,874	68,085,020
Payments to students	(25,930,205)	(22,840,806)
Payments to vendors	(18,637,841)	(13,002,620)
Payments to employees	(73,126,821)	(65,704,475)
Auxiliary enterprise sales and charges	917,392	589,794
Net Cash Provided by/(Used in) Operating Activities	<u>(70,756,820)</u>	<u>(30,097,704)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State apportionments, non-capital	34,710,172	28,906,358
Pell grants	14,185,553	11,091,713
Local property taxes	32,052,250	30,885,689
State taxes and other revenues	99,858	101,331
Other non-operating income and other receipts	1,455,220	3,109,494
Net Cash Provided by/(Used in) Non-Capital Financing Activities	<u>82,503,053</u>	<u>74,094,585</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(17,122,974)	(11,840,404)
Principal paid on capital debt	(10,512,902)	(7,838,532)
Interest received on capital debt	1,535,378	1,220,063
Interest paid on capital debt	<u>(4,339,764)</u>	<u>(7,543,618)</u>
Net Cash Provided by/(Used in) Capital Financing Activities	<u>(30,440,262)</u>	<u>(26,002,491)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income, non-capital	<u>1,464,057</u>	<u>1,006,991</u>
Net Cash Provided by/(Used in) Investing Activities	<u>1,464,057</u>	<u>1,006,991</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(17,229,972)</u>	<u>19,001,381</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>131,220,190</u>	<u>112,218,809</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 113,990,218</u>	<u>\$ 131,220,190</u>

HARTNELL COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		
Operating Loss	\$ (70,788,031)	\$ (58,501,075)
Adjustments to Reconcile Operating Loss to Net Cash Provided by/ (Used in) Operating Activities:		
Depreciation amd amortization	8,021,608	7,479,788
Changes in Assets and Liabilities:		
Accounts receivables, net	(2,038,022)	(5,883,308)
Inventory and prepaid expenses	(155,672)	(99,016)
Accounts payable and accrued liabilities	188,298	3,923,901
Unearned revenue	(6,248,464)	21,716,316
Compensated absences	599,514	(245,027)
Deferred outflows related to OPEB and pensions	(938,904)	(2,709,048)
Net pension liability	(4,242,108)	21,928,100
Net OPEB liability	889,608	509,260
Deferred inflows of related to OPEB and pensions	3,955,353	(18,217,595)
Total Adjustments	31,211	28,403,371
Net Cash Used in Operating Activities	\$ (70,756,820)	\$ (30,097,704)
SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS		
Amortization of premiums on debt	\$ 433,231	\$ 433,231
Accretion of interest	\$ 4,458,086	\$ 7,457,959

**HARTNELL COMMUNITY COLLEGE DISTRICT
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2024 AND 2023**

June 30, 2024	Trust Funds	OPEB Trust
ASSETS		
Cash and cash equivalents	\$ 396,968	\$ 8,447,518
Accounts receivable, net	1,774	1,673,454
Total Assets	\$ 398,742	\$ 10,120,972
LIABILITIES		
Accounts payable and accrued liabilities	\$ 26,250	\$ -
Total Liabilities	26,250	-
NET POSITION		
Restricted	-	10,120,972
Unreserved	372,492	-
Total Liabilities and Net Position	\$ 398,742	\$ 10,120,972
June 30, 2023	Trust Funds	OPEB Trust
ASSETS		
Cash and cash equivalents	\$ 429,216	\$ 7,615,212
Accounts receivable, net	1,399	-
Total Assets	\$ 430,615	\$ 7,615,212
LIABILITIES		
Accounts payable and accrued liabilities	\$ 8,561	\$ -
Total Liabilities	8,561	-
NET POSITION		
Restricted	-	7,615,212
Unreserved	422,054	-
Total Liabilities and Net Position	\$ 422,054	\$ 7,615,212

HARTNELL COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

For The Year Ended June 30, 2024	Trust Funds	OPEB Trust
OPERATING REVENUES:		
Student fees	\$ 113,505	\$ -
Interest and investment income	8,534	839,005
Total Operating Revenues	122,039	2,512,459
OPERATING EXPENSES:		
Salaries	7,224	-
Employee benefits	585	-
Supplies and materials	2,720	-
Other operating expenses	160,247	6,699
Total Operating Expenses	170,776	6,699
Net Changes in Net Position	(48,737)	2,505,760
Net Position - Beginning of Year	421,229	7,615,212
Net Position - End of Year	\$ 372,492	\$ 10,120,972
For The Year Ended June 30, 2023	Trust Funds	OPEB Trust
OPERATING REVENUES:		
Student fees	\$ 80,981	\$ -
Interest and investment income	6,577	462,437
Total Operating Revenues	87,558	462,437
OPERATING EXPENSES:		
Salaries	7,149	-
Employee benefits	612	-
Supplies and materials	7,959	-
Other operating expenses	82,165	6,189
Total Operating Expenses	97,885	6,189
Net Changes in Net Position	(10,327)	456,248
Net Position - Beginning of Year	432,381	7,158,964
Net Position - End of Year	\$ 422,054	\$ 7,615,212

HARTNELL COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT - HARTNELL COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 7,570,940	\$ 7,823,315
Pledges receivable, current portion	866,168	1,378,964
Investments, current portion	10,659,666	4,906,617
Accounts receivable, net	1,420,236	1,966,177
Prepaid expenses	31,334	23,015
Total Current Assets	<u>20,548,344</u>	<u>16,098,088</u>
Non-current Assets:		
Pledges receivable, non-current portion	155,000	688,000
Investments, non-current portion	11,988,745	15,114,579
Land held for investment	20,500,000	20,500,000
Art and collections	256,581	256,581
Total Non-current Assets	<u>32,900,326</u>	<u>36,559,160</u>
TOTAL ASSETS	<u>\$ 53,448,670</u>	<u>\$ 52,657,248</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 935,373	\$ 624,794
Scholarships payable	563,993	551,482
Deferred revenue	45,460	20,956
Total Current Liabilities	<u>1,544,826</u>	<u>1,197,232</u>
TOTAL LIABILITIES	<u>1,544,826</u>	<u>1,197,232</u>
NET ASSETS		
Net assets without donor restrictions	24,603,278	24,482,591
Net assets with donor restrictions	27,300,566	26,977,425
TOTAL NET ASSETS	<u>51,903,844</u>	<u>51,460,016</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 53,448,670</u>	<u>\$ 52,657,248</u>

HARTNELL COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT - HARTNELL COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

For The Year Ended June 30, 2024	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Donations	\$ 158,930	\$ 2,868,875	\$ 3,027,805
Special events	288,400	174,661	463,061
Contract revenue	214,731	1,731,163	1,945,894
In-kind donations	361,505	22,500	384,005
Net investment return	779,321	1,014,413	1,793,734
Rental income	284,638	-	284,638
Other revenue	282,011	-	282,011
Net assets released from restriction	5,488,471	(5,488,471)	-
Total Support and Revenue	7,858,007	323,141	8,181,148
EXPENSES			
Program	6,137,732	-	6,137,732
General and administrative	823,086	-	823,086
Fundraising	776,502	-	776,502
Total Expenses	7,737,320	-	7,737,320
Changes in Net Assets	120,687	323,141	443,828
Net Assets - Beginning of Year	24,482,591	26,977,425	51,460,016
Net Assets - End of Year	\$ 24,603,278	\$ 27,300,566	\$ 51,903,844

HARTNELL COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT - HARTNELL COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Basis of Presentation

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

Fiduciary funds for which the District acts only as an agent are not included in the business-type activities of the District. These funds are reported in the Statements of Fiduciary Net Position and the Statements of Changes 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 net assets without donor restrictions or net assets with donor restrictions based on the absence or existence of donor-imposed restrictions.

Basis of Accounting

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

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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, 2024.

Cash and Cash Equivalents

For the purposes of the financial statements, cash and cash equivalents are considered to be cash on hand, cash in bank and short-term investments with original maturity of three months or less from date of acquisition. Cash equivalents also include funds invested in the county treasury. Fair values of cash in county treasury are determined by the program sponsor.

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 non-current assets, is classified as non-current assets in the Statements of Net Position.

Investments

Investments are valued at fair value based upon quoted market prices, when available, or estimates of fair value in the Statements of Net Position/Financial Position and unrealized and realized gains and losses are included in the Statements of Activities.

Accounts Receivable

Accounts Receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts Receivable also include amounts due from the Federal government, State and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. The allowance is based upon management's estimates and analysis. The allowance was \$727,881 and \$621,110 as of June 30, 2024 and 2023, 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, 2024, and 2023, 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.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Inventory

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

Prepaid Expenses

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

Lease Receivable

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

Right-of-Use Assets

The District recognizes right-of-use assets as a result of implementing GASB Statement No. 87 and right-of-use subscription-based IT arrangements (SBITA) under GASB Statement No. 96.

The right-of-use leased assets (leased equipment) are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. The right-of-use SBITA (subscription assets) are measured at the amount of the initial measurement of the related subscription liability, plus any payments made to the SBITA vendor at the commencement of the subscription term and any capitalizable initial implementation costs.

These right-of-use assets are amortized on a straight-line basis over the life of the related lease or subscription. Subsequently, the right-of-use assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The District recognizes lease liability and subscription liability at the commencement of a lease or subscription and initially measures them at the present value of payments expected to be made during the lease term or subscription term. These liabilities are reduced by the principal portion of lease or subscription payments made. The District estimates its incremental borrowing rate as the discount rate for expected lease or subscription payments and the non-cancelable period for its leases or subscriptions. Additionally, the District monitors changes in circumstances that would require a remeasurement of its leases or subscriptions and will remeasure the lease liability and subscription liability if certain changes occur that are expected to significantly affect these liabilities.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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.

Land Held for Investments – Foundation

Land held for investments is carried at the lower of cost or fair value. Declines in the value of the investment is recognized if the aggregate fair value is less than the carrying amount, recoveries of aggregate fair value in subsequent periods is recorded in those periods subject only to the limitation that the carrying amount shall not exceed the original cost.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities represent amounts due to vendors, suppliers or service providers for goods and services received. In general, accounts payable and accrued liabilities are amounts owed that have not yet been paid for as of June 30. Accounts payable and accrued liabilities are recorded on the balance sheet under current liabilities.

Compensated Absences

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

Accumulated Sick Leave

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

Unearned Revenue

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

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Long-Term Debt

Long-term debt consists of bonds payable (general obligation bonds and related premiums and accreted interest), compensated absences, lease liability and subscription liability. The portion of the long-term debt that is due within a year is reported as current liabilities, while portion of long-term debt that is scheduled to mature or is payable beyond one year is reported as non-current liabilities.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position include 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 bond refunding reported in the Statements of Net Position. A deferred loss on bond 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 outflows of resources related to the recognition of the pension liability and OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the Statements of Net Position report 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 for leases, pension related items and OPEB related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Certain investments are reported at fair value. Payments for the aggregate net pension obligation are made by the fund for which the employee worked.

On-Behalf Payments

GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all Community Colleges in California. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. This amount has been reflected in the basic financial statements as a component of other state revenue and employee benefit expense.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Other Postemployment Benefits (OPEB)

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

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, 2024 and 2023, there is no balance of nonexpendable restricted net position.

Unrestricted net position/(deficit): Unrestricted net position/(deficit) 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.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Classification of Revenue and Expenses

The District has classified its revenues and expenses as either operating or non-operating revenues and expenses. Certain significant revenue streams relied upon for operations are recorded as non-operating 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. Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, student aid, depreciation and amortization, supplies, material, other operating expenses and services.

Non-operating revenues and expenses: Non-operating 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. Non-operating expenses include interest expense on capital asset-related debt and other expenses not directly related to the services of the District.

State Apportionments

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

Contributions – Foundation

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.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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, 2024 and 2023, 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.

Adoption of New Accounting Standards

The following Governmental Accounting Standards Board (GASB) Pronouncements were adopted by the District during the year ended June 30, 2024:

GASB Statement No. 96 – In May 2020, GASB issued 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-of-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 the fiscal year 2022-23.

The District has adopted and implemented the requirements of this standard which impacts the financial statements for the fiscal year ended June 30, 2024.

GASB Statement No. 100 – In June 2022, GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections*, which focuses on accounting changes and error corrections, providing clarity and guidance on how these should be handled in financial statements. It aims to improve the consistency and transparency of reporting such changes. This statement is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Management has determined that the adoption of the new accounting standard did not have any material impact on the financial statements of the District.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Upcoming GASB Pronouncements

The GASB has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the District.

GASB Statement No. 101 – In June 2022, GASB issued GASB Statement No. 101, *Compensated Absences*, which addresses compensated absences, revising the recognition and measurement of liabilities related to employee leave benefits. It aims to standardize how these liabilities are reported across different governmental entities. This statement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102 – In December 2023, GASB issued GASB Statement No. 102, *Certain Risk Disclosures*, which pertains to the disclosure of non-current liabilities, including guidance on how these liabilities should be presented in financial statements to enhance the relevance and comparability of the information. This statement is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103 – In April 2024, GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*, which introduces changes to the presentation model for business-type activities (BTAs). It revises the required sections and subtotals in financial statements, particularly affecting the presentation of operating and nonoperating activities. One significant change is the separate identification of noncapital subsidies within nonoperating activities. This statement is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments at June 30, 2024, consisted of the following:

	District	Fiduciary
Pooled Funds:		
Cash in County Treasury	\$ 103,986,826	\$ 313,630
Deposits:		
Cash on hand and in banks	1,555,423	83,338
Total cash and cash equivalents	105,542,249	396,968
Less: restricted cash and cash equivalents		
Cash in County Treasury	68,246,588	-
Cash and cash equivalents - unrestricted	\$ 37,295,661	\$ 396,968
Investments	\$ 11,310,502	\$ -

Foundation cash and cash equivalents at June 30, 2024, totaled \$7,570,940.

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

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

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

Cash in County Treasury

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. Those pooled funds are carried at fair value, which approximates cost. Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial risk classifications is required.

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, 2024 and 2023.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS, continued

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, 2024, the carrying amount of the District's accounts, including fiduciary accounts, were \$111,249,806, and the bank balances were \$1,638,761. The total uninsured bank balances at June 30, 2024 were \$1,388,761. At June 30, 2023, the carrying amount of the District's accounts, including fiduciary accounts, were \$3,903,792, and the bank balances were \$3,829,749. The total uninsured bank balances at June 30, 2023 were \$3,653,792.

At June 30, 2024 and 2023, the Foundation had deposits at financial institutions eligible for insurance coverage with carrying amounts of \$7,570,940 and \$7,823,315 and bank balances of \$2,238,249 and \$2,825,981, respectively. The total uninsured bank balances at June 30, 2024 and 2023 were \$1,719,821 and \$6,589,916, 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, 2024 and 2023, 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, 2024 and 2023, the District and Foundation had no concentration of credit risk.

District investments at June 30, 2024 and 2023 consisted of mutual funds in the amount of \$2,862,533 and \$2,559,931, respectively.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS, continued

Foundation Investments

Foundation investments at June 30, 2024 and 2023 consisted of the following:

	2024	2023
Fixed income	\$ 7,534,390	\$ 6,704,806
Equity securities	13,166,797	11,867,068
Mutual Funds	1,294,692	843,938
Investment Foundation Student Success Fund	274,943	251,263
Investment in Foundation for California Community Colleges Scholarship Endowment (FCCC/Osher)	377,589	354,121
Total	<u>\$ 22,648,411</u>	<u>\$ 20,021,196</u>

Foundation investment income or loss consisted of the following:

	2024	2023
Interest and dividend income	\$ 954,903	\$ 611,154
Realized gain/(loss) on investments	476,735	387,134
Unrealized gain/(loss) on investments	742,027	875,399
Total	<u>\$ 2,173,665</u>	<u>\$ 1,873,687</u>

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

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

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

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

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

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

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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, 2024				
	Fair Value	Level 1	Level 2	Level 3	Uncategorized	
Investment securities;						
Fixed Income	\$ 7,534,390	\$ 7,534,390	\$ -	\$ -	\$ -	-
Equity securities	13,166,797	13,166,797	-	-	-	-
Mutual funds	1,294,692	1,294,692	-	-	-	-
Investment Foundation Student Success Fund	274,943	274,943	-	-	-	-
Investment in FCCC/Osher	377,589	-	-	-	-	377,589
Total investment securities	\$ 22,648,411	\$ 22,270,822	\$ -	\$ -	\$ -	377,589

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

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, 2024 and 2023. The fair value of the funds held by FCCC is based upon the Foundation's proportionate share of the FCCC/Osher pooled investment portfolio. Foundation management reviews the valuations and returns in comparison to industry benchmarks and other information provided by FCCC, but there is currently no visibility provided by FCCC to the specific listing of underlying investment holdings.

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

NOTE 4 – ACCOUNTS RECEIVABLE

District's accounts receivable at June 30, 2024 and 2023 are summarized as follows:

	2024	2023
Federal	1,696,531	2,655,332
State	6,306,150	5,008,512
Local and other	5,665,202	3,859,246
Subtotal	13,667,883	11,523,090
Less: Allowance for doubtful accounts	(727,881)	(621,110)
Accounts Receivable, Net	12,940,002	10,901,980

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 – LEASE RECEIVABLES

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, 2024 are as follows:

Fiscal year	Principal	Interest	Total
2025	\$ 442,185	\$ 148,776	\$ 590,961
2026	457,649	133,477	591,126
2027	407,345	118,121	525,466
2028	219,948	107,052	327,000
2029-2033	1,175,162	399,838	1,575,000
2034-2039	1,388,222	140,219	1,528,441
Total	\$ 4,090,511	\$ 1,047,483	\$ 5,137,994

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

During the years ended June 30, 2024 and 2023, the District recognized revenues related to these lease agreements totaling \$104,222 and \$104,222, respectively. During the years ended June 30, 2024 and 2023, the District does not have any lease revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

The general terms of the lease agreements are as follows:

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

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 – RIGHT-OF-USE ASSETS

The amount of right-of-use assets by major class of underlying lease assets as of June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Right-of-Use Assets				
Leased equipment	\$ 330,743	\$ -	\$ -	\$ 330,743
Software lease	-	1,157,467	-	1,157,467
Total Right-of-Use Assets	330,743	1,157,467	-	1,488,210
Less: Accumulated Amortization				
Leased equipment	149,770	74,885	-	224,655
Subscription assets	-	261,326	-	261,326
Total Accumulated Amortization	149,770	336,211	-	485,981
Right-of-Use Assets, Net	\$ 180,973	\$ 821,256	\$ -	\$ 1,002,229

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

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

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7 – CAPITAL ASSETS

Capital asset activity of the District consists of the following at June 30, 2024:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Capital Assets not being Depreciated				
Land	\$ 1,449,045	\$ -	\$ -	\$ 1,449,045
Construction in progress	31,168,095	15,176,505	22,491,122	23,853,478
Total Capital Assets Not Being Depreciated	32,617,140	15,176,505	22,491,122	25,302,523
Capital Assets Being Depreciated				
Buildings and improvements	246,482,036	19,771,107	-	266,253,143
Furniture and equipment	61,830,164	4,670,531	-	66,500,695
Total Capital Assets Being Depreciated	308,312,200	24,441,638	-	332,753,838
Total Capital Assets	340,929,340	39,618,143	22,491,122	358,056,361
Less: Accumulated Depreciation				
Buildings and improvements	93,378,276	5,356,874	-	98,735,150
Furniture and equipment	21,873,004	2,332,570	-	24,205,574
Total Accumulated Depreciation	115,251,280	7,689,444	-	122,940,724
Capital Assets, Net	\$ 225,678,060	\$ 31,928,699	\$ 22,491,122	\$ 235,115,637

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

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

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 – UNEARNED REVENUES

Unearned revenue for the District at June 30, 2024 and 2023 consisted of the following:

	2024	2023
Unearned tuition and student fees	\$ 1,449,580	\$ 1,052,759
Unearned grant revenue and other	25,776,423	32,421,708
Total unearned revenue	<u>\$ 27,226,003</u>	<u>\$ 33,474,467</u>

NOTE 9 – LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Adjustment	Adjusted Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due Within One Year
Bonds Payable							
General obligation bonds	\$244,061,666	\$ (910,000)	\$243,151,666	\$ -	\$ 5,833,306	\$237,318,360	\$ 3,969,258
Premiums on obligations	10,641,612	-	10,641,612	-	433,231	10,208,381	433,231
Accreted interest	62,855,696	(2,850,507)	60,005,189	4,458,086	591,694	63,871,581	-
Total Bonds Payable	<u>317,558,974</u>	<u>(3,760,507)</u>	<u>313,798,467</u>	<u>4,458,086</u>	<u>6,858,231</u>	<u>311,398,322</u>	<u>4,402,489</u>
Other Long-Term Debt							
Lease liability	190,310	-	190,310	-	76,528	113,782	76,528
Subscription liability	-	-	-	1,157,467	250,867	906,600	259,970
Compensated absences	760,626	-	760,626	599,514	-	1,360,140	-
Total Other Long-Term Debt	<u>950,936</u>	<u>-</u>	<u>950,936</u>	<u>1,756,981</u>	<u>327,395</u>	<u>2,380,522</u>	<u>336,498</u>
Total Long-Term Debt	<u>\$318,509,910</u>	<u>(3,760,507)</u>	<u>\$314,749,403</u>	<u>\$ 6,215,067</u>	<u>\$ 7,185,626</u>	<u>\$313,778,844</u>	<u>\$ 4,738,987</u>

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

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

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 9 – LONG-TERM DEBT, 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, 2024 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, 2024, are as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2025	\$ 469,258	\$ 1,249,194	\$ 670,742	\$ 2,389,194
2026	573,167	1,249,194	891,833	2,714,194
2027	653,121	1,249,194	1,151,879	3,054,194
2028	726,661	1,249,194	1,438,339	3,414,194
2029	790,986	1,249,194	1,754,014	3,794,194
2030-2034	9,231,389	3,200,159	11,163,611	23,595,159
Accretion	15,837,774	-	(15,837,774)	-
Total	\$ 28,282,356	\$ 9,446,129	\$ 1,232,644	\$ 38,961,129

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 9 - LONG-TERM DEBT, 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, 2023. 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, 2024, are as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2025	\$ -	\$ 2,257,500	\$ -	\$ 2,257,500
2026	-	2,257,500	-	2,257,500
2027	-	2,257,500	-	2,257,500
2028	-	2,257,500	-	2,257,500
2029	-	2,257,500	-	2,257,500
2030-2034	7,123,519	10,169,775	10,151,481	27,444,775
2035-2039	6,175,090	524,125	8,799,909	15,499,124
2040-2044	-	-	-	-
2045-2049	-	-	-	-
2050	164,873	-	14,085,128	14,250,001
Accretion	18,951,390	-	(18,951,390)	-
Total	\$ 32,414,872	\$ 21,981,400	\$ 14,085,128	\$ 68,481,400

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 9 - LONG-TERM DEBT, 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 percent. 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. During the fiscal year ended June 30, 2023, \$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, 2024:

Fiscal Year	Principal	Interest	Total
2025	\$ 3,140,000	\$ 398,675	\$ 3,538,675
2026	3,480,000	287,563	3,767,563
2027	1,860,000	88,298	1,948,298
2028	510,000	128,094	638,094
2029	790,000	108,095	898,095
2030-2031	2,540,000	115,591	2,655,591
Total	\$ 12,320,000	\$ 1,126,316	\$ 13,446,316

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 9 - LONG-TERM DEBT, 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, 2024, are as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2025	\$ -	\$ 524,450	\$ -	\$ 524,450
2026	-	524,450	-	524,450
2027	-	524,450	-	524,450
2028	1,010,000	499,200	-	1,509,200
2029	3,100,000	396,450	-	3,496,450
2030-2034	10,090,000	468,775	-	10,558,775
2035-2039	17,049,488	-	24,215,512	41,265,000
2040-2044	21,885,058	-	45,184,942	67,070,000
2045-2049	22,981,280	-	66,688,720	89,670,000
2050	2,974,470	-	10,385,530	13,360,000
Accretion	29,082,417	-	(29,082,417)	-
Total	\$ 108,172,713	\$ 2,937,775	\$ 117,392,287	\$ 228,502,775

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 9 - LONG-TERM DEBT, 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, 2024, are as follows:

Fiscal Year	Principal	Interest	Total
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	\$ 257,908	\$ 2,222,908

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, 2024, are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 360,000	\$ 2,226,969	\$ 2,586,969
2026	465,000	2,212,569	2,677,569
2027	580,000	2,193,969	2,773,969
2028	700,000	2,170,769	2,870,769
2029	825,000	2,142,769	2,967,769
2030-2034	6,450,000	10,023,645	16,473,645
2035-2039	11,055,000	8,514,026	19,569,026
2040-2044	17,255,000	5,991,450	23,246,450
2045-2048	19,715,000	1,985,464	21,700,464
Total	\$ 57,405,000	\$ 37,461,630	\$ 94,866,630

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 9 - LONG-TERM DEBT, 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, 2024, are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ -	\$ 1,910,400	\$ 1,910,400
2026	-	1,910,400	1,910,400
2027	-	1,910,400	1,910,400
2028	-	1,910,400	1,910,400
2029	-	1,910,400	1,910,400
2030-2034	6,035,000	9,128,600	15,163,600
2035-2039	10,380,000	7,595,000	17,975,000
2040-2044	15,810,000	5,516,000	21,326,000
2045-2050	28,405,000	2,795,675	31,200,675
Total	\$ 60,630,000	\$ 34,587,275	\$ 95,217,275

Lease and Subscription Liabilities

The District has entered into agreements to lease certain equipment and software. The lease agreements qualify as other than short-term leases under GASB 87 and GASB 96 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The general terms are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Lease Payment
Equipment	1	4.00%	3/1/2022 - 3/1/2026	\$ 73,532
Software	2	2.36%	6/1/2023 - 6/1/2028	\$ 270,941

Future minimum lease payments on noncancellable leases at June 30, 2024 are as follows:

Fiscal year	Principal	Interest	Total
2025	\$ 336,498	\$ 21,076	\$ 357,574
2026	297,116	12,303	309,419
2027	257,230	5,711	262,941
2028	129,538	1,404	130,942
Total	\$ 1,020,382	\$ 40,494	\$ 1,060,876

Compensated Absences

At June 30, 2024, the liability for compensated absences was \$1,360,140.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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 the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2024, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense 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	\$ 22,994,747	\$ 5,226,656	\$ 5,057,276	\$ 2,270,380
CalPERS	33,174,224	11,743,560	4,655,550	4,978,102
Total	\$ 56,168,971	\$ 16,970,216	\$ 9,712,826	\$ 7,248,482

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (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 June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Benefits Provided

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2024, are summarized as follows:

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers’ Retirement Law. The contributions 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, 2024, are presented above and the District’s total contributions were \$3,018,160.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

At June 30, 2024, 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	\$	22,994,747
State's proportionate share of the net pension liability associated with the District		11,017,629
Total	\$	<u>34,012,376</u>

The net pension liability was measured as of June 30, 2023. 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 school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.0300 percent and 0.0348 percent, resulting in a decrease of 0.0048 percent in the proportionate share.

For the year ended June 30, 2024, the District recognized pension expense of \$2,270,380. In addition, the District recognized pension expense and revenue of (\$159,997) for support provided by the State. At June 30, 2024, 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	\$ 97,280	\$ -
Differences between expected and actual experience	1,807,140	1,230,035
Changes in assumptions	133,149	-
Net changes in proportionate share of net pension liability	170,927	3,827,241
District contributions subsequent to the measurement date	3,018,160	-
Total	<u>\$ 5,226,656</u>	<u>\$ 5,057,276</u>

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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

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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (1,676,992)
2026	(1,973,811)
2027	1,022,623
2028	(750,820)
2029	229,030
Thereafter	301,190
Total	<u>\$ (2,848,780)</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Investment rate of return/discount rate	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions, continued

The long-term investment rate of return assumption 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 investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	38%	5.25%
Real Estate	15%	4.05%
Private Equity	14%	6.75%
Fixed Income	14%	2.45%
Risk Mitigating Strategies	10%	2.25%
Inflation Sensitive	7%	3.65%
Cash/Liquidity	2%	0.05%
Total	100%	

*20-year average. Real rates of return of net of assumed 2.75% inflation.

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.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Discount Rate, continued

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	\$ 38,571,853	\$ 22,994,747	\$ 10,056,145

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (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 plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 62 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 55 (or 62 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.

**HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

Benefits Provided, continued

The CalPERS provisions and benefits in effect at June 30, 2024, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	26.68%	26.68%

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 the 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 contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions were \$4,847,028.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$33,174,224. The net pension liability was measured as of June 30, 2023. 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 school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.0920 percent and 0.1053 percent, resulting in a net decrease in the proportionate share of 0.0133 percent.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

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

For the year ended June 30, 2024, the District recognized pension expense of \$4,978,102. At June 30, 2024, 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	\$ 3,543,480	\$ -
Differences between expected and actual experience	1,210,621	509,507
Changes in assumptions	1,528,324	-
Net changes in proportionate share of net pension liability	614,107	4,146,043
District contributions subsequent to the measurement date	4,847,028	-
Total	<u>\$ 11,743,560</u>	<u>\$ 4,655,550</u>

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 1,085,289
2026	184,847
2027	1,598,587
2028	(627,741)
Total	<u>\$ 2,240,982</u>

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Investment rate of return/discount rate	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. 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**
Global Equity Cap-weighted	30%	4.54%
Global Equity Non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

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

**Figures are based on the 2021-22 Asset Liability Management study.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

Discount Rate

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 47,961,352	\$ 33,174,224	\$ 20,952,998

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$1,762,255. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separately issued CalPERS CAFR at <https://www.calpers.ca.gov> and CalSTRS CAFR at <http://www.calstrs.com/comprehensive-annualfinancial-report>.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

For the fiscal year ended June 30, 2024, the District reported net OPEB liability/(asset), deferred outflows of resources, deferred inflows of resources, and OPEB expense/(benefit) for the following plans:

OPEB Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Benefit)
District Plan	\$ 2,507,568	\$ 2,390,583	\$ 1,164,575	\$ 280,655

Plan Description

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

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

Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below.

	Certificated	CSEA	Management	Operating Engineers
Benefit Types Provided	Medical, dental and vision	Medical, dental and vision	Medical, dental and vision	Medical, dental and vision
Duration of Benefits	One year per two years of service to a maximum of seven (but not beyond age 65)	One year per two years of service to a maximum of seven (but not beyond age 65)	10 years but not beyond age 65	One year per two years of service to a maximum of five (but not beyond age 65)
Required Service	10 years	10 years	5 years in management position	10 years
Minimum Age	58	58	55	60
Dependent Coverage	Yes	Yes	Yes	Yes
District Contribution %	100%	100%	100%	100%
District Cap	Active cap	Active cap	Active cap	Active cap

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Benefits Provided, continued

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.

Plan Membership

The following is a table of plan participants at the June 30, 2024 measurement date:

	Number of Participants
Inactive Employees Receiving Benefits	16
Active Employees	325
Total	341

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 \$412,994 and \$287,463 to the Plan by the District for the years ended June 30, 2024 and 2023, respectively. Employees are not required to contribute to the OPEB plan.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS, continued

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%
Total	100%	

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.

Actuarial Assumptions

The total OPEB liability of \$10,120,972 was measured as of June 30, 2024. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.50%
Investment rate of return/discount rate	6.75%
Salary Increase	2.75%
Health care cost trend rate	4.00%
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.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS, continued

Changes in the Net OPEB Liability/(Asset)

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance July 1, 2023	\$ 8,773,708	\$ 7,155,748	\$ 1,617,960
Changes for the year:			
Service cost	427,185	-	427,185
Interest on TOL	592,704	482,942	109,762
Employer contributions to Trust	-	412,994	(412,994)
Employer contributions as benefit payments	(412,994)	(412,994)	-
Changes in assumptions	(126,269)	-	(126,269)
Investment income	-	(23,206)	23,206
Experience (gains)/losses	866,638	-	866,638
Administrative expense	-	(2,080)	2,080
Net change	1,347,264	457,656	889,608
Balance June 30, 2024	\$ 10,120,972	\$ 7,613,404	\$ 2,507,568

Fiduciary Net Position as a % of the Total OPEB Liability, as of the June 30, 2024 measurement date was 75.22%.

Sensitivity of the Net Pension Liability to Assumptions

The following presents the net OPEB liability/(asset) calculated using the discount rate of 6.75 percent. The schedule also shows what the net OPEB liability/(asset) 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 Current (6.75%)	Discount Rate 1% Higher (7.75%)
Net OPEB liability/(asset)	\$ 3,358,547	\$ 2,507,568	\$ 1,732,562

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Sensitivity of the Net Pension Liability to Assumptions, continued

The following table presents the net OPEB liability/(asset) calculated using the health care cost trend rate of 4.0 percent. The schedule also shows what the net OPEB liability/(asset) 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 (3.00%)	Health Care Trend Rate Current (4.00%)	Health Care Trend Rate 1% Higher (5.00%)
Net OPEB liability/(asset)	\$ 1,453,484	\$ 2,507,568	\$ 3,740,120

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

At the June 30, 2024 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	\$ 473,287	\$ -
Differences between expected and actual experience	1,917,296	-
Change in assumptions	-	1,164,575
Total	\$ 2,390,583	\$ 1,164,575

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 163,362
2026	126,691
2027	351,489
2028	62,269
2029	57,631
Thereafter	464,566
Total	\$ 1,226,008

For the years ended June 30, 2024 and 2023, the District recognized OPEB expense/(benefit) of \$280,655 and \$250,050, respectively.

**HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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, 2024 and 2023, outstanding commitments on construction contracts were \$8,713,287 and \$4,108,854, 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 board.

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 14 – JOINT POWERS AGREEMENTS, continued

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

	MCSIG	BACCD
	June 30, 2023	June 30, 2023
Total assets and deferred outflows of resources	\$ 12,647,319	\$ 7,255,534
Total liabilities and deferred inflows of resources	\$ 15,619,581	\$ 3,336,114
Net position	\$ (1,386,219)	\$ 3,919,420
Total revenues	\$ 98,183,638	\$ 4,973,536
Total expenses	\$ 97,033,258	\$ 5,084,378
Change in net position	\$ 1,150,380	\$ (110,842)

	SWACC	PIPS
	June 30, 2023	June 30, 2023
Total assets	\$ 53,832,864	\$ 278,172,117
Total liabilities	\$ 38,735,435	\$ 192,767,542
Net position	\$ 15,097,429	\$ 85,404,575
Total revenues	\$ 36,482,648	\$ 370,859,499
Total expenses	\$ 37,416,841	\$ 360,816,328
Change in net position	\$ (934,193)	\$ 10,043,171

	SAFER	SBRPSTC
	June 30, 2023	June 30, 2023
Total assets	\$ 35,643,366	\$ 5,891,705
Total liabilities	\$ 34,378,599	\$ 2,902,169
Net position	\$ 1,264,767	\$ 2,989,536
Total revenues	\$ 135,988,000	\$ 14,339,264
Total expenses	\$ 133,995,392	\$ 14,115,093
Change in net position	\$ 1,992,608	\$ 224,171

NOTE 15 – PRIOR PERIOD ADJUSTMENTS

The beginning net position for fiscal year 2023-24 increased by \$62,130 in the Bond Interest and Redemption Fund due to District identified adjustments. Whereas the beginning net position for fiscal year 2022-23 increased by \$16,093 due to a minor beginning balance adjustment.

NOTE 16 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2024 through December 20, 2024, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

HARTNELL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021
Total OPEB liability				
Service cost	\$ 427,185	\$ 415,752	\$ 511,661	\$ 497,967
Interest	592,704	550,722	504,199	448,425
Assumption changes	(126,269)	-	(501,571)	-
Experience (gains)/losses	866,638	-	1,022,232	-
Benefit payments	(412,994)	(287,463)	(388,843)	(312,913)
Net change in total OPEB liability	1,347,264	679,011	1,147,678	633,479
Total OPEB liability, beginning of year	8,773,708	8,094,697	6,947,019	6,313,540
Total OPEB liability, end of year (a)	\$ 10,120,972	\$ 8,773,708	\$ 8,094,697	\$ 6,947,019
Plan fiduciary net position				
Return on FNP	\$ -	\$ -	\$ 1,507,574	\$ 187,237
Employer contributions	-	-	388,843	312,913
Employer contributions to Trust	412,994	1,108,700	-	-
Employer contributions as benefit payments	(412,994)	287,463	-	-
Expected investment income	-	508,913	-	-
Investment gains/(losses)	459,736	(1,446,080)	-	-
Administrative expense	(2,080)	(1,782)	(2,075)	(2,589)
Expected benefit payments	-	(287,463)	(388,843)	(312,913)
Change in plan fiduciary net position	457,656	169,751	1,505,499	184,648
Fiduciary trust net position, beginning of year	7,155,748	6,985,997	5,480,498	5,295,850
Fiduciary trust net position, end of year (b)	\$ 7,613,404	\$ 7,155,748	\$ 6,985,997	\$ 5,480,498
Net OPEB liability/(asset), ending (a) - (b)	\$ 2,507,568	\$ 1,617,960	\$ 1,108,700	\$ 1,466,521
Covered payroll	\$ 74,696,786	\$ 61,592,199	\$ 42,206,488	\$ 40,339,074
Plan fiduciary net position as a percentage of the total OPEB liability	75%	82%	86%	79%
Net OPEB liability/(asset) as a percentage of covered payroll	3%	3%	3%	4%

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

HARTNELL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 552,176	\$ 537,398	\$ 523,015
Interest	321,549	308,724	237,167
Assumption changes	(753,125)	(366,854)	-
Experience (gains)/losses	535,479	-	-
Benefit payments	(266,825)	(222,528)	(217,378)
Net change in total OPEB liability	389,254	256,740	542,804
Total OPEB liability, beginning of year	5,924,286	5,667,546	5,124,742
Total OPEB liability, end of year (a)	\$ 6,313,540	\$ 5,924,286	\$ 5,667,546
Plan fiduciary net position			
Employer contributions	\$ 266,825	\$ 222,528	\$ 217,378
Expected investment income	264,379	249,451	317,961
Investment gains/(losses)	43,727	37,095	-
Administrative expense	(1,070)	(8,716)	(2,318)
Change in plan fiduciary net position	307,036	277,830	315,643
Fiduciary trust net position, beginning of year	4,988,814	4,710,984	4,395,341
Fiduciary trust net position, end of year (b)	\$ 5,295,850	\$ 4,988,814	\$ 4,710,984
Covered payroll	\$ 40,651,854	\$ 30,467,000	\$ 30,467,000
Plan fiduciary net position as a percentage of the total OPEB liability	84%	84%	83%
Net OPEB liability/(asset) as a percentage of covered payroll	3%	3%	3%

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

HARTNELL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021
Actuarially determined contribution	\$ 2,507,568	\$ 1,396,163	\$ 287,463	\$ 392,807
Contributions in relations to the actuarially determined contribution	-	-	-	-
Contribution deficiency/(excess)	\$ 2,507,568	\$ 1,396,163	\$ 287,463	\$ 392,807
Covered-employee payroll	\$ 74,696,786	\$ 61,592,199	\$ 42,206,488	\$ 40,339,074
Contribution as a percentage of covered-employee payroll	3.36%	2.27%	0.68%	0.97%
	2020	2019	2018	
Actuarially determined contribution	\$ 312,913	\$ 222,528	\$ 217,378	
Contributions in relations to the actuarially determined contribution	-	-	217,378	
Contribution deficiency/(excess)	\$ 312,913	\$ 222,528	\$ -	
Covered-employee payroll	\$ 40,651,854	\$ 30,467,000	\$ 30,467,000	
Contribution as a percentage of covered-employee payroll	0.77%	0.73%	0.71%	

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

HARTNELL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024

	Reporting Fiscal Year (Measurement Date)				
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
CalSTRS					
District's proportion of the net pension liability	0.0300%	0.0348%	0.0331%	0.0340%	0.0344%
District's proportionate share of the net pension liability	\$ 22,994,747	\$ 24,172,646	\$ 15,082,301	\$ 32,979,308	\$ 31,053,124
State's proportionate share of the net pension liability associated with the District	11,017,629	12,105,731	7,588,987	17,000,699	16,941,689
Total	\$ 34,012,376	\$ 36,278,377	\$ 22,671,288	\$ 49,980,007	\$ 47,994,813
District's covered-employee payroll	\$ 13,365,556	\$ 17,398,463	\$ 20,028,297	\$ 19,612,140	\$ 19,660,375
District's proportionate share of the net pension liability as percentage of covered-employee payroll	172%	139%	75%	168%	158%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%

	Reporting Fiscal Year (Measurement Date)				
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
CalPERS					
District's proportion of the net pension liability	0.0920%	0.1053%	0.1151%	0.1044%	0.1055%
District's proportionate share of the net pension liability	\$ 33,174,224	\$ 36,238,433	\$ 23,400,678	\$ 32,036,880	\$ 30,733,782
District's covered-employee payroll	\$ 18,470,533	\$ 19,447,333	\$ 16,703,826	\$ 15,573,911	\$ 14,631,746
District's proportionate share of the net pension liability as percentage of covered-employee payroll	180%	186%	140%	206%	210%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%

HARTNELL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024

	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalSTRS					
District's proportion of the net pension liability	0.0341%	0.0330%	0.0340%	0.0340%	0.0310%
District's proportionate share of the net pension liability	\$ 31,299,106	\$ 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	17,921,063	17,968,000	15,793,000	12,098,000	11,102,000
Total	\$ 49,220,169	\$ 48,340,000	\$ 43,532,000	\$ 34,973,000	\$ 29,487,000
District's covered-employee payroll	\$ 19,660,375	\$ 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	159%	157%	159%	134%	116%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%

	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalPERS					
District's proportion of the net pension liability	0.1006%	0.0900%	0.0920%	0.0900%	0.0890%
District's proportionate share of the net pension liability	\$ 26,817,225	\$ 22,402,000	\$ 18,261,000	\$ 13,258,000	\$ 10,148,000
District's covered-employee payroll	\$ 14,631,746	\$ 13,306,433	\$ 12,081,999	\$ 11,093,748	\$ 9,958,377
District's proportionate share of the net pension liability as percentage of covered-employee payroll	183%	168%	151%	120%	102%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%

**HARTNELL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2024**

CalSTRS	Reporting Fiscal Year				
	2024	2023	2022	2021	2020
Statutorily required contribution	\$ 3,018,160	\$ 2,261,452	\$ 2,943,820	\$ 3,234,570	\$ 3,555,681
District's contributions in relation to the statutorily required contribution	3,018,160	2,261,452	2,943,820	3,234,570	3,555,681
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 15,801,885	\$ 13,365,556	\$ 17,398,463	\$ 20,028,297	\$ 19,612,140
District's contributions as a percentage of covered-employee payroll	19.10%	16.92%	16.92%	16.15%	18.13%
CalPERS	Reporting Fiscal Year				
	2024	2023	2022	2021	2020
Statutorily required contribution	\$ 4,847,028	\$ 4,231,599	\$ 4,455,384	\$ 3,457,692	\$ 3,071,331
District's contributions in relation to the statutorily required contribution	4,847,028	4,231,599	4,455,384	3,457,692	3,071,331
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 18,167,271	\$ 18,470,533	\$ 19,447,333	\$ 16,703,826	\$ 15,573,911
District's contributions as a percentage of covered-employee payroll	26.68%	22.91%	22.91%	20.70%	19.72%
CalSTRS	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 3,200,709	\$ 2,786,015	\$ 2,220,709	\$ 1,833,975	\$ 1,400,416
District's contributions in relation to the statutorily required contribution	3,200,709	2,786,015	2,220,709	1,833,975	1,400,416
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 19,660,375	\$ 19,307,103	\$ 17,403,676	\$ 17,092,032	\$ 15,913,818
District's contributions as a percentage of covered-employee payroll	16.28%	14.43%	12.76%	10.73%	8.80%
CalPERS	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 2,642,786	\$ 2,066,489	\$ 1,677,948	\$ 1,314,115	\$ 1,172,101
District's contributions in relation to the statutorily required contribution	2,642,786	2,066,489	1,677,948	1,314,115	1,172,101
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 14,631,746	\$ 13,306,433	\$ 12,081,999	\$ 11,093,748	\$ 9,958,377
District's contributions as a percentage of covered-employee payroll	18.06%	15.53%	13.89%	11.85%	11.77%

HARTNELL COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios

The Schedule of Changes in Net OPEB Liability/(Asset) is presented to illustrate the elements of the District's Net OPEB Liability/(Asset). 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.

Changes of Benefit Terms - The required employer contributions rate changed from 25.37% to 26.68% since the previous valuation for CalPERS. There were no changes in benefit terms since the previous valuation for CalSTRS.

Changes of Assumptions - The consumer price inflation rate changed from 2.50% to 2.30% since the previous valuation for CalPERS. There were no changes in assumptions since the previous valuation for CalSTRS.

Schedule of Contributions – Pensions

The Schedule of District Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years.

SUPPLEMENTARY INFORMATION

**HARTNELL COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATION
FOR THE YEAR ENDED JUNE 30, 2024**

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, 2024 were composed of the following members:

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Irma C. Lopez	President	2024
Alejandra Gonzalez	Vice President	2024
Aurelio Salazar	Member	2024
Margaret D'Arrigo	Member	2024
Ray Montemayor	Member	2026
Candi DePauw	Member	2026
Zoe Cruz Uribe	Student Trustee, Hartnell College	2025

DISTRICT ADMINISTRATION

Michael Gutierrez
Superintendent/President

Dr. Chelsy Pham
Vice President of Information and Technology Resources

Graciano Mendoza
Vice President for Administrative Services

Dr. Romero Jalomo
Vice President for Student Affairs

Dr. Jackie Cruz
Vice President of Advancement and Development

Dianna Rose
Vice President for Human Resources/EEO

Dr. Ram Subramaniam
Vice President for Student Success and Teaching Excellence

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
Hartnell College Foundation	Dr. Jackie 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, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Total Program Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>		
<i>Direct Programs:</i>		
Student Financial Aid Programs:		
Federal Supplemental Educational Opportunity Grant (FSEOG) Program	84.007	\$ 193,725
Federal Direct Loans	84.268	195,975
Federal Work Study (FWS)	84.033	200,000
Federal Pell Grants (PELL)	84.063	14,185,553
Subtotal Student Financial Aid Programs		14,775,253
TRIO Cluster:		
TRIO - Student Support Services Program	84.042A	276,586
TRIO - ESL Student Support Services Program	84.042A	276,539
TRIO - Talent Search	84.044A	352,117
Upward Bound - Serving Alisal and Alvarez High Schools	84.047A	276,946
Upward Bound - Serving North Salinas High School	84.047A	249,393
High School Equivalency Program	84.141A	494,514
Basic Needs for Postsecondary Students	84.116N	667,756
Subtotal TRIO Cluster		2,593,851
Title III - HSI STEM Guided Pathways	84.031C	514,632
Title V Programs:		
Title V - HSI Cultivators Project: High School Dual Enrollment	84.031S	111,765
Title V - The Making Accessible and Effective Systems for Teacher Readiness		
Outcomes (MAESTROS) Project	84.031S	109,321
Title V - GANAS Project	84.031S	433,081
Title V - Project Animo	84.031S	700,563
Subtotal Title V Programs		1,354,730
<i>Passed through the California Community Colleges Chancellor's Office:</i>		
Perkins IV Programs:		
Carl D. Perkins Career and Technical Education (CTE) Act		
CTE - Title I, Part C (Perkins IV)	84.048A	320,039
Subtotal Perkins IV Program		320,039
Total U.S. Department of Education		19,558,505
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Foster Care Programs:		
<i>Passed through the California Community Colleges Chancellor's Office:</i>		
Foster and Kinship Care Education (FKCE) Program - Title IV-E	93.658	85,900
<i>Passed through the County of Monterey, Department of Social and Employment Services:</i>		
Foster Care - Title IV-E (DSES)	93.658	651,454
Subtotal Foster Care Programs		737,354
<i>Passed through the California Community Colleges Chancellor's Office:</i>		
Temporary Assistance for Needy Families (TANF)	93.558	40,045
<i>Passed through the Yosemite Community College District:</i>		
Child Development Training Consortium	93.575	13,494
<i>Passed through the University of California, Santa Cruz:</i>		
Nat Institute of Health Grant	93.859	6,000
Total U.S. Department of Health and Human Services		796,893
Balance Forward		20,355,398

**HARTNELL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Total Program Expenditures
Balance Brought Forward		20,355,398
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
<i>Direct programs:</i>		
Learning to Leading: Cultivating the NEXTGEN of Div Food and Ag Professionals	10.217	334,183
<i>Passed through the University Corporation at CSU Monterey Bay:</i>		
Capacity Building for Ag Sustainability (USDA-CSUMB)	10.326	84,190
<i>Passed through the University of California, Santa Cruz</i>		
Cultivando Lideres Regional Partnership	10.237	66,237
Total U.S. Department of Agriculture		<u>484,610</u>
<u>U.S. NATIONAL SCIENCE FOUNDATION</u>		
<i>Passed through the University Corporation at CSU Monterey Bay:</i>		
Replication of Cohort Based Computer Science Bachelor's Degree Model	47.076	244,590
A Collaborative Regional Alliance to Prepare STEM Secondary Teachers for Service	47.076	5,809
<i>Direct Programs:</i>		
NSF ATE Science	47.076	-
Building Capacity: Engaging STEM Transformative Experiences for Early Momentum	47.076	367,391
Total U.S. National Science Foundation		<u>617,790</u>
<u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u>		
<i>Direct Programs:</i>		
Minority University Research and Education Project (MUREP)	43.008	214,217
Total National Aeronautics and Space Administration		<u>214,217</u>
Total Federal Programs		<u>\$ 21,672,015</u>
<u>Subrecipients:</u>		
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
<i>Direct programs:</i>		
Learning to Leading: Cultivating the NEXTGEN of Div Food and Ag Professionals	10.237	
Imperial Valley College		\$ 99,107
University of Arizona		2,943
Total Subrecipients		<u>\$ 102,050</u>

HARTNELL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

	Program Revenues			Total	Total Program Expenditures
	Cash Received	Accounts Receivable	Deferred Income		
A2P&EI - DSPS	10,536	-	10,536	-	-
Basic Needs Center	666,574	-	109,293	557,281	557,281
Basic Skills Initiative	975,125	-	914,168	60,957	60,957
Block Grant	940,064	-	-	940,064	940,064
CA Education Learning Lab	38,940	-	38,940	-	-
CA Education Learning Lab - Innovation	50,000	5,046	-	55,046	55,046
CA Learning Lab - CSUMB	44,640	4,960	-	49,600	49,600
CAEP - Hartnell Adult Ed	327,425	-	23,607	303,818	303,818
CAEP - Shared Funds	520,636	-	50,783	469,853	469,853
CAEP - Member Pass Through	3,690,293	-	-	3,690,293	3,690,293
CAI EDU Bridge	80,000	-	62,924	17,076	17,076
CAI Grant Early Childhood Educ	42,445	38,012	-	80,456	80,456
Cal Grants	2,623,443	-	13,762	2,609,681	2,609,681
CalFresh Outreach	57	-	57	-	-
California College Promise (Salinas Valley Promise)	368,131	-	-	368,131	368,131
CalKIDS	76,206	-	13,318	62,888	62,888
CalWORKs	340,220	-	38,017	302,203	302,203
Campus Safety	18,547	-	18,547	-	-
C.A.R.E.	518,041	-	375,855	142,186	142,186
CCAP Dual Enrollment	19,818	-	-	19,818	19,818
CDC STEAM Fair	5,000	-	268	4,732	4,732
CDC-MCOE-IEEEP	167,444	-	-	167,444	167,444
CHAFEE Grant CSAC	36,108	13,880	-	49,988	49,988
Child Development Center-Quality Matters	745,758	-	-	745,758	745,758
Class. Prof. Dev.	2,863	-	2,863	-	-
COVID-19 Response Block Grant	4,300,637	-	4,300,637	-	-
Culturally Responsive Ped	149,654	-	53,496	96,158	96,158
Culturally Competent Faculty Professional Development	6,608	-	6,608	-	-
DHH - DSPS	886,674	-	886,674	-	-
Disabled Student Program & Services	33,202	-	33,202	-	-
Disaster Relief Emergency Student Financial Aid (20-21)	1,394,972	-	451,122	943,849	943,849
Emergency FA Supplemental	223,628	-	223,628	-	-
Emergency Financial Aid	223,628	-	223,628	-	-
EOPS	260,861	-	244,874	15,987	15,987
EOPS - State	2,077,810	-	1,004,202	1,073,608	1,073,608
Equal Employment Opportunity Innovative Best Practice	208,333	-	169,516	38,817	38,817
Equal Employment Opportunity	-	-	244,874	15,987	15,987
Equitable Placement AB 1705	565,592	-	337,041	228,551	228,551
Financial Aid Technology	259,163	-	181,107	78,056	78,056
FKCE-State of CA	204,139	26,137	-	230,276	230,276
Guided Pathways	381,913	-	247,844	134,069	134,069
Health Pathways-Adult Ed	343,694	-	-	343,694	343,694
Balance Forward	23,828,822	88,035	10,281,391	13,896,325	13,896,325

HARTNELL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

	Program Revenues			Total	Total Program Expenditures
	Cash Received	Accounts Receivable	Deferred Income		
Balance Brought Forward	23,828,822	88,035	10,281,391	13,896,325	13,896,325
Hunger Free Support	15,133	-	7,022	8,111	8,111
Incarcerated Students Reentry	200,415	-	3,786	196,629	196,629
Innovation Award	91,913	45,316	-	137,229	137,229
Learning-Aligned Employment Program	2,014,622	-	1,953,338	61,284	61,284
LGBTQ+	147,086	-	141,719	5,367	5,367
Library Services Platform	8,217	-	8,217	-	-
Local and Systemwide Technology and Data Security	628,000	-	554,276	73,724	73,724
Mental Health Support	225,274	-	21,556	203,718	203,718
MESA Grant	950,011	-	756,061	193,950	193,950
NextUp	406,355	-	390,851	15,504	15,504
Nursing Education	182,400	-	-	182,400	182,400
OSHPD - Song Brown	434,933	-	141,777	293,156	293,156
Quality Matters Stipend	2,700	-	-	2,700	2,700
RERP (Reg. Equity & Recovery)	17,906	-	17,906	-	-
Retention and Enrollment Outreach	1,414,334	-	501,583	912,751	912,751
RIGHT Grant	201,500	-	196,432	5,069	5,069
RS - Juvenile Justice	607,954	-	533,521	74,433	74,433
Seamless XFR-Ethnic Studies	48,695	-	820	47,875	47,875
SEC Rising Scholars Program	-	126,358	-	126,358	126,358
SSSP	2,897,516	-	592,005	2,305,511	2,305,511
Student Equity and Achievement Program	2,011,686	-	708,607	1,303,079	1,303,079
Student Financial Aid Administration*	442,637	-	115,016	327,621	327,621
Student Food and Housing Support	762,454	-	736,113	26,341	26,341
Student Housing (Planning)	325,000	-	325,000	-	-
Student Success Completion	5,528,978	-	1,325,485	4,203,493	4,203,493
Student XFR Achievement Reform	565,217	-	565,217	-	-
SWF - Local	2,795,830	-	1,328,672	1,467,158	1,467,158
SWF - Regional	78,805	791,636	-	870,441	870,441
Systemwide Technology and Data Security	650,000	-	650,000	-	-
Umoja	151,087	-	134,518	16,569	16,569
Undocumented Resource Liaisons	180,473	-	115,781	64,693	64,693
Veteran Resource Center	163,135	-	59,096	104,039	104,039
YESS - ILP	11,314	6,076	-	17,390	17,390
Zero Textbook Cost Program	397,024	-	350,124	46,900	46,900
Total	\$ 48,387,426	\$ 1,057,421	\$ 22,515,890	\$ 27,189,818	\$ 27,189,818

**HARTNELL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT – ANNUAL
ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2024**

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2023 only)			
1. Noncredit	9.61	-	9.61
2. Credit	710.30	-	710.30
B. Summer Intersession (Summer 2024 - Prior to July 1, 2024)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,353.60	-	2,353.60
(b) Daily Census Contact Hours	317.81	-	317.81
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	56.01	-	56.01
(b) Credit	346.35	-	346.35
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	3,261.80	-	3,261.80
(b) Daily Census Contact Hours	639.60	-	639.60
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	7,695.08	-	7,695.08
Supplemental Information (subset of above information)			
E. In-service Training Courses	135.76	-	135.76
F. Basic Skills Courses and Immigrant Education			
1. Credit	105.63	-	105.63
2. Noncredit	56.38	-	56.38
Total Basic Skills FTES	162.01	-	162.01

**HARTNELL COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2024**

		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	
<u>Academic Salaries</u>								
Instructional Salaries								
Contract or Regular	1100	\$ 11,824,635	\$ -	\$ 11,824,635	\$ 11,824,635	\$ -	\$ 11,824,635	
Other	1300	7,033,280	-	7,033,280	7,033,280	-	7,033,280	
Total Instructional Salaries		18,857,915	-	18,857,915	18,857,915	-	18,857,915	
Non-Instructional Salaries								
Contract or Regular	1200	-	-	-	3,745,957	-	3,745,957	
Other	1400	-	-	-	982,274	-	982,274	
Total Non-Instructional Salaries		-	-	-	4,728,231	-	4,728,231	
Total Academic Salaries		18,857,915	-	18,857,915	23,586,146	-	23,586,146	
<u>Classified Salaries</u>								
Non-Instructional Salaries								
Regular Status	2100	-	-	-	9,449,575	-	9,449,575	
Other	2300	-	-	-	998,392	-	998,392	
Total Non-Instructional Salaries		-	-	-	10,447,967	-	10,447,967	
Instructional Aides								
Regular Status	2200	989,325	-	989,325	989,325	-	989,325	
Other	2400	58,316	-	58,316	58,316	-	58,316	
Total Instructional Aides		1,047,641	-	1,047,641	1,047,641	-	1,047,641	
Total Classsified Salaries		1,047,641	-	1,047,641	11,495,608	-	11,495,608	
Employee Benefits		3000	9,128,656	-	9,128,656	17,733,001	-	17,733,001
Supplies and Materials	4000	-	-	-	829,684	-	829,684	
Other Operating Expenses	5000	296,063	-	296,063	8,895,711	-	8,895,711	
Equipment Replacement	6420	-	-	-	-	-	-	
Total Expenditures Prior to Exclusions			29,330,275	-	29,330,275	62,540,150	-	62,540,150
<u>Exclusions</u>								
Activities to Exclude								
Inst. Staff-Retirees' Benefits and Incentives	5900	68,978	-	68,978	-	-	-	
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-	
Student Transportation	6491	-	-	-	-	-	-	
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	228,019	-	228,019	
Object to Exclude								
Rents and Leases	5060	-	-	-	17,738	-	17,738	
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	-	-	-	1,701,247	-	1,701,247	
Capital Outlay	6000	-	-	-	-	-	-	
Library Books	6300	-	-	-	58,205	-	58,205	
Equipment	6400	-	-	-	-	-	-	
Equipment - Additional	6410	-	-	-	-	-	-	
Equipment - Replacement	6420	-	-	-	11,465	-	11,465	
Total Equipment		-	-	-	11,465	-	11,465	
Total Capital Outlay		-	-	-	69,670	-	69,670	
Other Outgo	7000	-	-	-	2,861,282	-	2,861,282	
Total Exclusions		\$ 68,978	\$ -	\$ 68,978	\$ 4,877,956	\$ -	\$ 4,877,956	
Total for ECS 84362, 50% Law		\$ 29,261,297	\$ -	\$ 29,261,297	\$ 57,662,194	\$ -	\$ 57,662,194	
Percent of CEE (Instructional Salary Cost/Total CEE)		50.75%	0.00%	50.75%	100.00%	0.00%	100.00%	
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 28,831,097	\$ -	\$ 28,831,097	

HARTNELL COMMUNITY COLLEGE DISTRICT
PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2024

EPA Revenue	\$ 6,615,717
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	Total
Instructional Activities	0100-5900	\$ 6,615,717	\$ -	\$ -	\$ 6,615,717
Total		\$ 6,615,717	\$ -	\$ -	\$ 6,615,717

**HARTNELL COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

	Internal Service Funds
Annual Financial and Budget Report (CCFS-311)	
Fund Balance	<u>\$ 12,983,505</u>
Adjustments and reclassifications increasing/ (decreasing) the fund balance:	
Adjustment for OPEB Trust Fund	<u>(10,120,972)</u>
Audited Financial Statements Fund Balance	<u>\$ 2,862,533</u>

**HARTNELL COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

Total Governmental Funds - District Funds Included in the Reporting Entity

General Fund	\$	17,595,672	
Debt Service Fund		8,377,650	
Special Revenue Funds		1,499,046	
Capital Project Funds		57,757,450	
Enterprise Funds		1,035,037	
Internal Service Funds		3,402,576	
Student Funds		<u>377,013</u>	\$ 90,044,444

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

Capital assets, net of Cafeteria Fund capital assets	\$	357,847,195	
Accumulated depreciation		(122,737,190)	
Right-of-use assets		1,488,210	
Accumulated amortization		<u>(485,981)</u>	236,112,234

Lease receivable			4,090,511
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Unmatured interest			(2,427,460)
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Deferred outflows of resources recorded within the statements of net position not included in the District fund financial statements:

Deferred outflows loss on bond refunding			5,171,292
Deferred outflows related to OPEB			2,390,583
Deferred outflows related to pensions			16,970,216

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

General obligation bonds	\$	237,318,360	
Premiums on obligations		10,208,381	
Accreted Interest		63,871,581	
Lease liability		113,782	
Subscription liability		906,600	
Net OPEB liability		2,507,568	
Net pension liability		<u>56,168,971</u>	(371,095,243)

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

Deferred inflows related to leases			(3,492,219)
Deferred inflows related to OPEB			(1,164,575)
Deferred inflows related to pensions			<u>(9,712,826)</u>

Net Position Reported Within the Statement of Net Position			<u><u>\$ (33,113,043)</u></u>
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**HARTNELL COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

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

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the Federal award activity of the District under programs of the federal government for the year ended June 30, 2024. The information 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). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position/fund balance of the District.

Summary of Significant Accounting Policies – Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – The District has not elected to use the ten percent de minimis cost rate.

Schedule of Expenditures of State Awards

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

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

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

**HARTNELL COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 - PURPOSE OF SCHEDULES, continued

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.

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 Governmental Funds to the Statement of 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



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 fiduciary 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, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2024.

Adoption of New Accounting Standard

As discussed in Note 1 to financial statements, the District has adopted the provisions that were effective upon issuance of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2024. Our opinion was not modified with respect to this matter.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies.

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, 2024



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, 2024. The District's major Federal programs are identified in the Summary of Auditors' 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, 2024.

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 (GAAS); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's 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 the District's compliance based on our audit

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 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 the 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any 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 Auditors' 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 or significant deficiencies, 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.

Purpose of This Report

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, 2024



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

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 *2023-24 California Community Colleges Contracted District Audit Manual*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2024. The applicable state compliance requirements are identified below.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the State programs noted below that were audited for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 *2023-24 California Community Colleges Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the compliance requirements are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements described in the *2023-24 California Community Colleges Contracted District Audit Manual*.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 California Community Colleges Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 California Community Colleges Contracted District Audit Manual*, we:

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

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

Procedures Performed

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

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

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 on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 or significant deficiencies, 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.

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 *2023-24 California Community Colleges Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



San Diego, California
December 20, 2024

FINDINGS AND QUESTIONED COSTS SECTION

HARTNELL COMMUNITY COLLEGE DISTRICT
SUMMARY OF AUDITORS' RESULTS
JUNE 30, 2024

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.007, 84.033, 84.063, 84.268</u>	<u>Student Financial Aid Programs</u>
<u>84.042A, 84.044A, 84.047A, 84.141A, 84.116N</u>	<u>TRIO Cluster</u>
<u>84.031S</u>	<u>Title V Programs</u>

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

STATE AWARDS

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

**HARTNELL COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2024**

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 2023-24.

**HARTNELL COMMUNITY COLLEGE DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

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 2023-24.

**HARTNELL COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

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 2023-24.

**HARTNELL COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2024**

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 2022-23.