



HARTNELL COLLEGE

**Citizens' Bond Oversight Committee for Measure T Minutes**  
**November 14, 2018 3:00 PM APPROVED**  
**411 Central Avenue, Building S, Room S218, Salinas, CA 93901**

**MEMBERS**

Name	Member Category	Present	Absent
1. Muñoz, Alfred Chair	College Support Organization	x	
2. Franscioni, Wendy	At-Large		x
3. Gish, Vearl	Senior Citizens' Organization		x
4. Guss, Deneen	At-Large		x
5. Kimbrough, Carol	At-Large		x
6. LeBarre, Mike	At-Large		x
7. Leonard, Grant	At-Large		x
8. Miguel, Timothy	At-Large		x
9. Mori, Sam	At-Large	x	
10. Richardson, George (Ted)	Taxpayer Organization		x
11. Silva, Elizabeth	At-Large		x
12. Wong, Frances	Student	x	

**Others**

Name	Title or Representing	Present	Absent
Willard Lewallen	Superintendent/President, HCCD	x	
Ben Figueroa	VP, Administrative Services, HCCD	x	
Joseph Reyes	Executive Director, Facilities Planning and Construction Management, HCCD	x	
Suzie Payne	Controller, HCCD	X	
Jeff Jensen	Auditor, Crowe	X	

**CALL TO ORDER & INTRODUCTIONS**

The meeting called to order at 3:15 PM by Mr. Muñoz.

Alfred Muñoz

**ADOPTION OF THE AGENDA**

Alfred Muñoz

**PUBLIC COMMENTS**

No public comments

**ACTION ITEMS**

NO ACTION ITEMS

## INFORMATION/DISCUSSION/PRESENTATIONS

1. Presentation of Auditor's reports Jeff Jensen  
The introduction of Mr. Jeff Jensen from Crowe, LLP began the meeting.

Two preliminary draft reports were passed out to the committee members and staff in attendance.

The Performance Audit was presented first. Mr. Jensen identified that this report, as well as the second preliminary audit report, Financial Statements, covers the year that ended June 30, 2018.

The performance audit is conducted to determine compliance with performance requirements of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to bonds and the net proceeds thereof.

The last paragraph of page 1 and in *Conclusions* on page 4, are the results of their tests.

Hartnell Community College District (HCCD) in all significant respects, expended Measure T General Obligation Bond funds only for the specific projects developed by the District's Board of Trustees and approved by voters.

Page 2 and 3 provides history and background information of Proposition 39 and of Measure T.

Page 4 is the "meat" of the report. Identification and explanation of the scope/objectives of the audit and the methodology taken.

The District provided 87 expenditures to the auditors. This list was reconciled to the total bond expenditures as reported in the financial statements. Math accuracy was verified. Eighteen (18) expenditures, totaling \$2,020,784 were used as a sample representation of specific construction projects, vendors and expenditure amounts. This was a representation of 20.7% of such items and 59.9% of the total expenditure value. These were verified for approved projects or real property acquisition.

Next presentation was the Financial Statements audit report.

Page 1 provides the responsibilities of the District and the auditor.

Page 2 provides the opinion.

Page 3 through 8 are the balance sheet, statement of revenues, expenditures, and notes on the audit findings.

Pages 9 and 10 is the report on the Internal Controls based on the financial audit. Should there have been any findings they would be located in this section of the report.

**Q:** It was identified that the bond language does not allow for administrative salaries, however there is a line item for salaries and benefits. Why?

**A:** The State Attorney General published the opinion that administrative salaries as a direct cost to a bond are allowable. An outside project manager can be hired to administer the projects on behalf of a district. Manager's salary is allowable as a direct cost of work on behalf of the bond. These roles can also be filled from the inside as well. Allowed salaries are listed. What the auditors are looking for is to make sure indirect salaries are not expensed to the bond.

**Q:** When the next series is issued, will there be a single audit report for each series?

**A:** The reports will be rolled into one report.

**Q:** What happens to interest income?

**A:** Use restrictions still apply. The required spend down is specifically set up so that there is no opportunity to reap a profit from the interest earned. Interest earned is expended for approved projects.

NEXT MEETING(S)

JANUARY 16, 2018 3:00 PM E-112

APRIL - TBD

ADJOURNMENT

Meeting was adjourned at 3:40 pm

Alfred Muñoz