



**Rio Hondo Community College District
Financial Statements and
Supplementary Information
Year ended June 30, 2013
with Report of Independent Auditors
Including Reports on Compliance**



**VASQUEZ
& COMPANY LLP**

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REPORT OF INDEPENDENT AUDITORS

The Honorable Board of Trustees
Rio Hondo Community College District

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Rio Hondo Community College District (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rio Hondo Community College District as of June 30, 2013, and the results of its operations, changes in its net position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of postemployment healthcare benefits funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the basic 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rio Hondo Community College District's basic financial statements. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are not required parts of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the standards identified by the *California Community Colleges Contracted District Audit Manual*, issued by the Chancellor's Office, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplementary information as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013, on our consideration of the Rio Hondo Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Rio Hondo Community College District's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read 'Thompson & Company LLP'.

Los Angeles, California
December 2, 2013



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Independent Accountants' Report on State Compliance Requirements

The Honorable Board of Trustees Rio Hondo Community College District

We have examined the District's compliance with the following state laws and regulations for the year ended June 30, 2013 in accordance with Section 400 of the Chancellor's Office California Community Colleges Contracted District Audit Manual (CDAM):

Section 421	Salaries of Classroom Instructors: 50% Law
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Concurrent Enrollment of K-12 Students in Community College Credit Course
Section 431	Gann Limit Calculation
Section 433	California Work Opportunity and Responsibility to Kids (CalWORKS) – Use of State and Federal Temporary Assistance for Needy Families (TANF) Funding
Section 435	Open Enrollment
Section 437	Student Fees – Instructional and Other Materials
Section 438	Student Fees – Health Fees and Uses of Health Fee Funds
Section 474	Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
Section 475	Disabled Students Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D State Bond Funded Projects
Section 491	Proposition 30 Education Protection Account Funds



Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, except for findings S13-01 and S13-02 described in the accompanying schedule of State awards and compliance findings, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2013.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the District's management, the Board of Trustees, and others within the District; the California Community Colleges Chancellor's Office, the California Department of Finance, and the California Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

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Los Angeles, California
December 2, 2013

**Rio Hondo Community College District
Schedule of Findings and Questioned Costs
Year ended June 30, 2013**

Section IV – State Award and Compliance Finding

S 13-01

Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)

Criteria

The EOPS and CARE Programs Guidelines require a Mutual Responsibility Contract be completed and signed by the student applying for EOPS/CARE services and an EOPS/CARE Counselor or Director.

Condition

A Mutual Responsibility Contract for one student out of twenty five students selected for testing was incomplete and not signed by neither the student nor the EOPS/CARE Counselor or Director.

Questioned Costs

None

Effect

The condition identified results in noncompliance with the program guidelines.

Cause

Controls have not been established to ascertain compliance with all EOPS and CARE program guidelines.

Recommendation for Corrective Action

To ensure accuracy and completeness of the required documentation, a review of the intake documentation for each new and returning student should be performed by a EOPS/CARE program official who is not responsible for performing the intake procedures with the student at the conclusion of the intake process.

District Response

The District will ensure students file are complete and all the required documents signed by the students and District personnel.

Rio Hondo Community College District
Schedule of Findings and Questioned Costs
Year ended June 30, 2013

S 13-02

California Work Opportunity & Responsibility to Kids (CalWORKs)

Criteria

The CalWORKs program handbook requires College CalWORKs programs to have the following essential program elements in place, among other:

- Coordination with the local county welfare department to determine and document the eligibility of each student for community college CalWORKs program services, and ensure that services provided are not duplicated and are consistent with the student's welfare-to-work plan.
- A case management system that tracks each student's continuing eligibility for program services, monitors and supports students' progress in achieving their educational goals, and tracks the support services provided to students (for example, work study, counseling, job preparation, child care, etc.).

Conditions

The following were noted:

- For 5 of 25 samples tested, the student file did not contain a signed and completed intake form for the semester selected for testwork.
- For 2 of 25 samples tested, the student file did not contain verification of eligibility as determined by the County of Los Angeles GAIN office.
- For 2 of 25 samples tested, there were no evidence of correspondence with the County Welfare office within the file or according to the correspondence within the file, the student was not in good standing with the County Welfare office.
- For 1 of 25 samples tested, a student was reported as a participant to the County and funding was provided to the CalWORKs program for the student. However, the student was not enrolled in courses for the related semester.

Questioned Costs

None

Effect

The conditions identified result in noncompliance with program requirements.

Recommendation for Corrective Action

To ensure accuracy and completeness of the required documentation, a review of the student file should be performed periodically by a CalWORKs program official. The periodic review should include a step for inspecting County Welfare office correspondence to determine the student's standing. If the review identifies a file that does not contain the necessary correspondence, follow-up procedures should be designed to ensure the CalWORKs department attempts to obtain such verification of the student's standing with the County Welfare office.

District Response

We are already working on ensuring every file has an intake for every semester and ensuring that a notice of action and or verification of benefits are placed in the file to verify eligibility requirements. Interim Director has met with Interim CalWORKs Coordinator/Counselor and staff to ensure intake and eligibly requirements are maintained in files.

Rio Hondo Community College District
 Status of Prior Year Findings and Questioned Costs
 Year ended June 30, 2013

Explanation if not Fully Implemented	Status	Recommendation	Finding
	Implemented	The EOPS and CARE program officials need to establish Advisory Committees and ensure that annual meetings are held as required by the program guidelines.	<p>S 12-01 Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE) The District did not have a list of the advisory committee members for both EOPS and CARE and no meetings were held as required by the program guidelines.</p>
	Implemented	We recommend that the District strengthen controls to ensure that it maintains adequate documentation to support compliance with the eligibility requirements of DSPS program and the Title V implementing guidelines.	<p>S 12-02 Disabled Student Programs and Services(DSPS) – Student Eligibility During our testing of DSPS student files to determine compliance with eligibility requirements, we noted that some students did not have the verification of disability and educational limitation assessment on file.</p>
Implemented	Implemented	The District should implement proper procedures to ensure that all classes are open to the general public and advertise them in the official catalog and schedule number of hours.	<p>S 12-03 To Be Arranged Hours (TBA) During testing of compliance with regard to TBA Hours, we noted that some courses were not published in the official catalog and in the official schedule of classes, including the number of TBA hours.</p>
			<p>State Award and Compliance Findings</p>