

**RIO HONDO  
COMMUNITY COLLEGE DISTRICT**

**MEASURE A GENERAL OBLIGATION BONDS  
FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**



**COSSOLIAS | WILSON  
DOMINGUEZ | LEAVITT**  
CERTIFIED PUBLIC ACCOUNTANTS

**RIO HONDO COMMUNITY COLLEGE DISTRICT  
 MEASURE A GENERAL OBLIGATION BONDS  
 CITIZENS' BOND OVERSIGHT COMMITTEE MEMBERS  
 June 30, 2019**

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The Board of Trustees of the Rio Hondo Community College District established the Citizens' Bond Oversight Committee. The Committee shall perform only the following duties: (1) inform the public concerning the District's expenditure of bond proceeds, (2) review quarterly expenditure reports produced by the District to ensure that (a) bond proceeds were expended only for the purposes set forth in the Measure A; and (b) no bond proceeds were used for any teacher or administrative salaries or other operating expenses and (3) present to the Board, in public session, an annual written report which shall include the following: a statement indicating whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; and a summary of the Committee's proceedings and activities for the preceding year.

The Citizens' Bond Oversight Committee for Measure A members for the fiscal year ended June 30, 2019 were composed of the following members:

| <b>Members</b>          | <b>Position</b>  | <b>Representing</b>                   |
|-------------------------|------------------|---------------------------------------|
| Dr. Monica Sanchez      | Chairperson      | RHC Advisory Board                    |
| Josefina Canchola       | Vice Chairperson | Community at-large                    |
| Leonel Barrera, Jr.     | Member           | Community at-large                    |
| Christian Diaz          | Member           | Business Organization                 |
| Carolina Jauregui       | Member           | Community at-large                    |
| Yasmin Graciela Ferrada | Member           | Community at-large                    |
| Alicia Marie Lopez      | Member           | Taxpayers'/Homeowners' Association    |
| Jaime Valencia Lopez    | Member           | Community at-large                    |
| Owen Newcomer           | Member           | Senior Citizens' Organization         |
| Margie Rodriguez        | Member           | Community at-large                    |
| Alejandro Robles        | Member           | Student active in a Community College |

**RIO HONDO COMMUNITY COLLEGE DISTRICT  
MEASURE A GENERAL OBLIGATION BONDS  
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June 30, 2019**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Rio Hondo Community College District  
Whittier, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Rio Hondo Community College District (the "District") Measure A General Obligation Bonds activity included in the Measure A General Obligation Bond Funds (the "Measure A Bond Funds") of the District as of and for the year ended June 30, 2019, and the related notes to the 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 an opinion 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure A Bond Funds of Rio Hondo Community College District, as of June 30, 2019, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the District's Measure A Bond Funds and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2019, and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Rio Hondo Community College District's Measure A General Obligation Bond Funds. The Purpose of Bond Issuance on pages 12 and 13 of this report and the Citizen's Bond Oversight Committee Members are presented for purposes of additional analysis and are not a required part of the financial statements. The information has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2019 on our consideration of the District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and other matters for the Measure A Bond Funds. 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 for the Bond Funds. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Rio Hondo Community College District's internal control over financial reporting and compliance for the Bond Funds.

*CWDL, Certified Public Accountants*

San Diego, California  
November 9, 2019

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## **FINANCIAL SECTION**

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**RIO HONDO COMMUNITY COLLEGE DISTRICT  
MEASURE A GENERAL OBLIGATION BONDS  
Balance Sheet  
June 30, 2019**

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**ASSETS**

|                           |                |
|---------------------------|----------------|
| Cash and cash equivalents | \$ 24,299,021  |
| Interest receivable       | <u>134,477</u> |

|                     |                   |
|---------------------|-------------------|
| <b>Total Assets</b> | <u>24,433,498</u> |
|---------------------|-------------------|

**LIABILITIES AND FUND BALANCE**

**Liabilities**

|                  |                |
|------------------|----------------|
| Accounts payable | <u>458,642</u> |
|------------------|----------------|

|                          |                |
|--------------------------|----------------|
| <b>Total Liabilities</b> | <u>458,642</u> |
|--------------------------|----------------|

**Fund Balance**

|                                 |                   |
|---------------------------------|-------------------|
| Restricted for capital projects | <u>23,974,856</u> |
|---------------------------------|-------------------|

|   |                      |
|---|----------------------|
| <b>Total Liabilities and Fund Balance</b> | <u>\$ 24,433,498</u> |
|---|----------------------|

**RIO HONDO COMMUNITY COLLEGE DISTRICT  
MEASURE A GENERAL OBLIGATION BONDS  
Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Fiscal Year Ended June 30, 2019**

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**REVENUES**

Interest income \$ 522,229

**Total Revenues** 522,229

**EXPENDITURES**

Facilities acquisition and construction 2,364,151

**Total Expenditures** 2,364,151

**Net Change in Fund Balance** (1,841,922)

**Restricted Fund Balance, July 1, 2018** 25,816,778

**Restricted Fund Balance, June 30, 2019** \$ 23,974,856

**RIO HONDO COMMUNITY COLLEGE DISTRICT**  
**MEASURE A GENERAL OBLIGATION BONDS**  
**Notes to Financial Statements**  
**June 30, 2019**

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

Rio Hondo Community College District (the "District") accounts for its Measure A General Obligation Bond Funds' ("Bond Funds") financial transactions in accordance with policies and procedures of the State Chancellor's Office's California Community Colleges Budget and Accounting Manual. The accounting policies of the Measure A Bond Funds conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies:

Financial Reporting Entity: The financial statements include only the Bond Funds' Measure A General Obligation Bond Resources of the District. The funds were established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds. The authorized issuance amount of the bonds is \$245,581,122. These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements represent the Measure A General Obligation Bond Funds of the District and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Cash and Cash Equivalents: For the purpose of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less. Funds invested in the Los Angeles County Treasury are considered cash equivalents.

Restricted Fund Balance: Restricted fund balance includes resources which are legally or contractually restricted by external third parties. Fund balance is restricted for capital projects of the Measure A Bond Funds in accordance with the Bond Project List for Measure A General Obligation Bonds.

Accounting Estimates: The presentation 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. Actual results could differ from those estimates.

**RIO HONDO COMMUNITY COLLEGE DISTRICT  
 MEASURE A GENERAL OBLIGATION BONDS  
 Notes to Financial Statements  
 June 30, 2019**

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

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at June 30, 2019 consisted of \$24,299,021 held in the County Treasury investment pool.

Credit Risk: In accordance with Education Code Section 41001, the Bond Funds maintain all of their cash in the Los Angeles County Treasury. The County Treasurer of Los Angeles County acts as the Measure A General Obligation Bonds Fiscal Agent. The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at fair value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

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

In accordance with applicable State laws, the Los Angeles County Treasurer may invest in derivative securities. However, at June 30, 2019, the Los Angeles County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

Investments Authorized by Debt Agreements: Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

| Authorized Investment Type    | Maximum Maturity | Maximum Percentage Allowed | Maximum Investment in One Issuer |
|-------------------------------|------------------|----------------------------|----------------------------------|
| County Pooled Investment Fund | None             | None                       | None                             |

**RIO HONDO COMMUNITY COLLEGE DISTRICT  
 MEASURE A GENERAL OBLIGATION BONDS  
 Notes to Financial Statements  
 June 30, 2019**

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**NOTE 2 – CASH AND CASH EQUIVALENTS, continued**

Disclosures Relating to Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

| Investment Type                    | Weighted<br>Average<br>Maturity<br>(in Days) |
|------------------------------------|--|
| Los Angeles County Investment Pool | 547  |

Concentration of Credit Risk: The District's investment policy places limits on the amount it may invest in any one issuer. At June 30, 2019, the District had no concentration of credit risk.

**NOTE 3 - FAIR VALUE MEASUREMENTS**

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

**RIO HONDO COMMUNITY COLLEGE DISTRICT  
 MEASURE A GENERAL OBLIGATION BONDS  
 Notes to Financial Statements  
 June 30, 2019**

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

Uncategorized - Investments in the Los Angeles County Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2019:

| Investment Type                    | Fair Value    | Uncategorized |
|------------------------------------|---------------|---------------|
| Los Angeles County Investment Pool | \$ 24,275,713 | \$ 24,275,713 |

All assets have been valued using a market approach, with quoted market prices.

**NOTE 4 – INTEREST RECEIVABLE**

Interest receivable at June 30, 2019 in the amount of \$134,477 represents the amount due from the County Treasurer for interest earnings for the quarter ended June 30, 2019.

**NOTE 5 – PURPOSE OF BOND ISSUANCE**

Bond Authorization: By approval of the proposition for Measure A by at least 55% of the registered voters voting on the proposition at the election held on March 2, 2004, Rio Hondo Community College District was authorized to issue and sell bonds of up to \$245,581,122 in aggregate principal amount.

Purpose of Bonds: The proceeds of the Bonds may be used:

"To prepare students for jobs and four-year colleges and train nurses, police and firefighters by: repairing aging buildings, classrooms, laboratories; expanding nursing, police, and firefighter training centers; removing asbestos; upgrading earthquake/fire safety and campus security; repairing leaky roofs, plumbing, air conditioning; upgrading wiring for computer technology, shall Rio Hondo Community College District issue \$245 million in bonds at interest rates within legal limits, with guaranteed annual audits, citizens' oversight committee and no money for administrators' salaries?"

As required by the California Constitution, the proceeds from the sale of bonds will be used only for the construction, reconstruction, rehabilitation or replacement of school facilities including the furnishing and equipping of school facilities and not for any other purpose, including teacher and administrative salaries and other school operating expenses

**RIO HONDO COMMUNITY COLLEGE DISTRICT**  
**MEASURE A GENERAL OBLIGATION BONDS**  
**Notes to Financial Statements**  
**June 30, 2019**

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**NOTE 6 – GENERAL OBLIGATION BOND ISSUANCES**

On June 3, 2004, the first Series A of the Measure A General Obligation Bonds was issued in the amount of \$58,000,000. The bond, rated "AAA" by Standard & Poor's at the time of issuance, will mature on August 1, 2029 and bears interest rates from 3.00% to 5.25%.

On September 26, 2005, the District's Board of Trustees adopted a resolution to issue general obligation refunding bonds (the "Refunding Bonds") to finance the advance refunding of a portion of the District's outstanding Series A Bonds. On November 3, 2005, bonds in the amount of \$47,117,244 were issued, which consisted of current interest bonds of \$43,750,000 and capital appreciation bonds of \$3,367,244.

Concurrent with the issuance of the Refunding Bonds, the District deposited part of the proceeds in the amount of \$46,371,376 from the Refunding Bonds into an escrow fund securing the respective maturities of the Series A Bonds to be refunded. The remaining portion in the amount of \$4,732,103 was deposited to the revenue bond construction fund. The advance refunding met the requirements of an in-substance defeasance. Accordingly, the refunded portion of the 2004 Series A bonds was removed from the District's financial statements. The defeasance of the 2004 Series A debt resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This difference is reported in the District's financial statements as a deduction from bonds payable and is being amortized on a straight-line basis over the life of the bonds.

On March 11, 2009, the District issued \$64,996,844 of Measure A, Series B Bonds to fund the acquisition, construction, furnishing, equipping and improvement of capital facilities. The Series B bonds which were rated "AAA" by Standard & Poor's at the time of issuances consist of \$60,190,000 Current Interest Bonds and \$4,806,844 Capital Appreciation Bonds. Interest on the Current Interest Bonds is payable semiannually on February 1 and August 1, commencing February 1, 2010. Current Interest Bonds bear interest at rates ranging from 3.0% to 5.0% and the bonds mature on August 1, 2030. Capital Appreciation Bonds bear compounded interest at rates ranging from 6.60% to 6.69% and mature August 2033.

**RIO HONDO COMMUNITY COLLEGE DISTRICT  
MEASURE A GENERAL OBLIGATION BONDS  
Notes to Financial Statements  
June 30, 2019**

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**NOTE 6 – GENERAL OBLIGATION BOND ISSUANCES, continued**

On December 21, 2010, the District’s Board of Trustees adopted a resolution to issue \$60,040,980 of Measure A, Series C Bonds for financing of the furnishing, equipping, acquisition, construction and improvement of District capital facilities for some or all of the purposes authorized at the 2004 election. The Series C bonds consist of \$18,806,028 Capital Appreciation Bonds and \$41,234,952 Convertible Capital Appreciation Bonds. Capital Appreciation Bonds accrete interest from the date of delivery, compounded semiannually on February 1, and August 1 of each year, commencing February 1, 2011, and will be payable solely at maturity, with accretion rates ranging from 6.99% to 12.00%. The bonds mature in August 1, 2038. The Convertible Capital Appreciation Bonds will initially be issued as capital appreciation bonds and will convert to current interest bonds on August 1, 2024, the conversion date. Prior to the conversion date, these bonds will not pay interest, but will accrete in value from their initial principal amounts on the delivery date to the conversion date. Capital accretion rates range from 6.625% to 6.850%. Prior to the conversion date, interest will be compounded on each February 1 and August 1, commencing February 1, 2011. No payment of interest will be made prior to or on the conversion date. Following conversion, the bonds will pay current interest based on the conversion value, such interest will be payable semiannually on each February 1 and August 1, commencing February 1, 2025, ranging from 6.625% to 6.850%. The bonds mature August 1, 2042.

The above bond issues represent an obligation of the District payable solely from ad valorem property taxes levied and collected by the County of Los Angeles on properties within the District. The Board of Supervisors of the County of Los Angeles is empowered and is obligated to annually levy ad valorem taxes upon all property subject to taxes, without limitation as to rate or amount, except for certain personal property which is taxable at limited rates for the payment of interest and principal of the bonds.

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

As of June 30, 2019, the Measure A General Obligation Bond Fund had the following significant construction commitments with respect to unfinished capital projects:

| <b>Capital Project</b>            | <b>Spent to Date</b> | <b>Remaining Construction Commitment</b> | <b>Expected Date of Completion</b> |
|-----------------------------------|----------------------|--|------------------------------------|
| L-Tower Seismic and Code Upgrades | \$ 10,917,425        | \$ 17,861,574                            | 11/30/2020                         |
| Pico Rivera Educational Center    | \$ 1,181,104         | \$ 62,163                                | 8/31/2019                          |
| HVAC - Data Center Upgrade        | \$ 1,501,137         | \$ 214,537                               | 1/31/2020                          |
| AJ Annex Beam Replacement         | \$ 683,867           | \$ 86,910                                | 1/31/2020                          |
| AJ Annex Lot Paving               | \$ 130,503           | \$ 32,368                                | 1/31/2020                          |

Litigation: The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Measure A General Obligation Fund at June 30, 2019.

**RIO HONDO COMMUNITY COLLEGE DISTRICT**  
**MEASURE A GENERAL OBLIGATION BONDS**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 8 –PROJECT SUMMARY**

| Project    | Budget  | July 1, 2004 to<br>June 30, 2017 | July 1, 2017 to<br>June 30, 2018 | July 1, 2018 to<br>June 30, 2019 | Cumulative<br>Total |                       |           |
|------------|---|----------------------------------|----------------------------------|----------------------------------|---------------------|-----------------------|-----------|
| Project 1  | Fire fighter training facility in Santa Fe Springs    | \$ 9,100,000                     | \$ 9,016,439                     | \$ 14,950                        | \$ -                | \$ 9,031,389          |           |
| Project 2  | Police training facility for Rio Hondo Police Academy | 21,900,000                       | 13,547,881                       | -                                | 61,074              | 13,608,955            |           |
| Project 3  | Nursing and health programs facilities                | 1,000,000                        | 548,371                          | 204,602                          | 104,171             | 857,144               |           |
| Project 4  | State-of-the-art technology laboratories              | 2,500,000                        | -                                | -                                | -                   | -                     |           |
| Project 5  | Student services and student activities building      | 20,000,000                       | 19,683,268                       | -                                | -                   | 19,683,268            |           |
| Project 6  | Not applicable  | -                                | -                                | -                                | -                   | -                     |           |
| Project 7  | Upgrade campus lighting and alarm system              | *                                | 9,854                            | -                                | -                   | 9,854                 |           |
| Project 8  | Replace/repair building components                    | *                                | -                                | -                                | -                   | -                     |           |
| Project 9  | Campus-wide efficiency repairs                        | *                                | -                                | -                                | -                   | -                     |           |
| Project 10 | Campus building improvements                          | *                                | 5,000,000                        | 2,770,008                        | 28,043              | 162,787               | 2,960,838 |
| Project 11 | Information technology upgrade                        | 15,900,000                       | 15,786,916                       | -                                | -                   | 15,786,916            |           |
| Project 12 | Campus-wide infrastructure, roads, walks and walls    | 33,800,000                       | 21,344,333                       | -                                | -                   | 21,344,333            |           |
| Project 13 | Campus equipment and furnishings                      | 4,000,000                        | 481,619                          | 9,343                            | -                   | 490,962               |           |
| Project 14 | El Monte and South Whittier                           | 8,425,000                        | 8,078,368                        | -                                | -                   | 8,078,368             |           |
| Project 15 | Facilities master plan                                | 13,265,000                       | 1,315,320                        | -                                | -                   | 1,315,320             |           |
| Project 16 | Demolition of obsolete facilities                     | 2,500,000                        | 285,288                          | -                                | -                   | 285,288               |           |
| Project 17 | Relocation/acquisition of temporary facilities        | 5,000,000                        | 1,499,455                        | 35,444                           | -                   | 1,534,899             |           |
| Project 18 | Child development center                              | 2,000,000                        | 81,521                           | -                                | -                   | 81,521                |           |
| Project 19 | Central plant   | 16,500,000                       | 14,047,515                       | -                                | 103,822             | 14,151,337            |           |
| Project 20 | Lot A bridge  | 1,500,000                        | 152,662                          | -                                | -                   | 152,662               |           |
| Project 21 | Landscape   | 5,610,000                        | 3,774,847                        | -                                | -                   | 3,774,847             |           |
| Project 22 | Seismic retrofit                                      | 1,000,000                        | 731,090                          | -                                | 30,000              | 761,090               |           |
| Project 23 | Facilities building/garage/fuel tank                  | 2,000,000                        | 1,826,528                        | -                                | -                   | 1,826,528             |           |
| Project 24 | Learning Resource Center (LRC) - bond portion         | 10,000,000                       | 9,664,644                        | -                                | 2,515               | 9,667,159             |           |
| Project 25 | Applied technology remodel-bond portion               | 4,320,000                        | 4,309,454                        | -                                | -                   | 4,309,454             |           |
| Project 26 | P.E. complex-bond portion                             | 14,500,000                       | 14,069,308                       | 116,330                          | 17,722              | 14,203,360            |           |
| Project 27 | Fine Arts Complex-bond portion                        | 6,800,000                        | 405,747                          | -                                | -                   | 405,747               |           |
| Project 28 | Veterans Memorial                                     | 90,000                           | 87,976                           | -                                | -                   | 87,976                |           |
| Project 29 | Rio Plaza   | 3,200,000                        | 101,324                          | 61,900                           | 6,308               | 169,532               |           |
| Project 30 | Bookstore/Printing                                    | 1,500,000                        | 1,264,537                        | 1,171                            | 119,247             | 1,384,955             |           |
| Project 31 | Pico Rivera Education Center/ El Rancho               | 2,000,000                        | 1,548,439                        | -                                | 106,281             | 1,654,720             |           |
| Project 32 | L Tower Seismic Retrofit                              | 5,000,000                        | -                                | 3,369                            | 3,725               | 7,094                 |           |
|            | Program management                                    | 17,000,000                       | 14,740,371                       | 37,956                           | 1,075,508           | 15,853,835            |           |
|            | Consultants/Surveyors/Geotech and soil testing        | 15,000,000                       | 13,132,603                       | 328,470                          | 428,864             | 13,889,937            |           |
|            | Other expenditures                                    | 3,590,000                        | 1,414,890                        | 2,150                            | 11,627              | 1,428,667             |           |
|            |   | <b>\$ 254,000,000</b>            | <b>\$ 175,720,576</b>            | <b>\$ 843,728</b>                | <b>\$ 2,233,649</b> | <b>\$ 178,797,953</b> |           |

\* The budget for projects numbers 6 to 10 is a combined total

**NOTE 9 –SUBSEQUENT EVENTS**

The District has evaluated events or transactions that occurred subsequent to the balance sheet date through November 9, 2019, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements. The District determined that no subsequent matters required disclosure or adjustments to the accompanying financial statements.

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## **SUPPLEMENTARY INFORMATION SECTION**

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**RIO HONDO COMMUNITY COLLEGE DISTRICT  
MEASURE A GENERAL OBLIGATION BONDS  
Purpose of Bond Issuance  
June 30, 2019**

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**LEGISLATIVE HISTORY**

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

**RIO HONDO COMMUNITY COLLEGE DISTRICT GENERAL OBLIGATION BONDS, MEASURE A**

The Rio Hondo Community College District, California Election of Measure A General Obligation Bonds were authorized at an election of the registered voters of the Rio Hondo Community College District held on March 2, 2004 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$245,581,122 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the acquisition, construction and modernization of certain District property and facilities. The Bonds are general obligations of the District, payable solely from ad valorem property taxes. A summary of the text of the ballot language was as follows:

"To prepare students for jobs and four-year colleges and train nurses, police and firefighters by: repairing aging buildings, classrooms, laboratories; expanding nursing, police, and firefighter training centers; removing asbestos; upgrading earthquake/fire safety and campus security; repairing leaky roofs, plumbing, air conditioning; upgrading wiring for computer technology, shall Rio Hondo Community College District issue \$245 million in bonds at interest rates within legal limits, with guaranteed annual audits, citizens' oversight committee and no money for administrators' salaries?"

**RIO HONDO COMMUNITY COLLEGE DISTRICT  
MEASURE A GENERAL OBLIGATION BONDS  
Purpose of Bond Issuance  
June 30, 2019**

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**PURPOSE OF ISSUANCE**

Pursuant to the 2004 Authorization, the proceeds of the Bonds will be used to finance the acquisition and improvement of real property for school purposes noted on a specific Project List for facilities of the District. The bond project list includes:

- Complete a state-of-the-art firefighter training facility in Santa Fe Springs;
- Build a new police training facility for the Rio Hondo Police Academy and the Advanced Officers' Training Program;
- Expand educational facilities for nursing and health programs;
- Build, furnish, and equip state-of-the-art technology labs including computer labs, math instruction, basic skills instruction, etc.;
- Construct a new student services and student activities building to increase access and to more efficiently meet student needs;
- Installation and/or upgrades of emergency lighting, fire alarm, and security systems;
- Replacement and repair of building components such as roofing, wall coverings, painting, flooring, windows, earthquake retrofitting and other structural reinforcements, and asbestos abatement and other health and safety issues;
- Replacement of unsafe, inefficient, and/or insufficient electrical heating, air conditioning, sewage, restrooms, and water systems, including sprinkler and irrigation systems, thereby reducing future utility and replacement costs;
- Construction of additional facilities and/or remodeling of existing facilities for the purpose of expanding instructional and student services programs and other related support services to meet the future and current educational needs of District students;
- Replacement of the College's outdated and inefficient information technology systems;
- Improvement of roadways, walkways, grounds, parking, fencing, signage, and overall campus access, including the purchase of land on the North side of campus for a perimeter road around the campus;
- Purchase and install equipment and furnishing at all facilities being constructed, repaired, or improved;
- Purchase or lease of land and/or making site improvement thereon to expand the ability of the District to deliver instruction and services to the communities in the El Monte and South Whittier areas;
- Implementation components of the facilities master plan such as environmental impact reports, soil testing, aerial photography, and other compliance reports;
- Demolition of obsolete facilities; and
- Relocation and/or acquisition of temporary facilities during the modernization, renovation, improvement, and/or new construction of project components as necessary to maintain educational programs in operation during construction.

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## **OTHER REPORTS**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
Rio Hondo Community College District  
Whittier, 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 Rio Hondo Community College District (the "District") General Obligation Bond Funds (the "Measure A Bond Funds") as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated November 9, 2019.

**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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over Measure A Bond Fund financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting for the Measure A Bond Funds.

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 entity'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Rio Hondo Community College District's Measure A Bond Funds' financial statements are free of material misstatement, we performed tests of the Bond Funds' compliance with certain provisions of laws, regulations, and contracts, 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 over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance for the Bond Funds. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance for the Bond Fund. Accordingly, this communication is not suitable for any other purpose.

*CWDL, Certified Public Accountants*

San Diego, California  
November 9, 2019

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## **FINDINGS AND RESPONSES SECTION**

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**RIO HONDO COMMUNITY COLLEGE DISTRICT  
MEASURE A GENERAL OBLIGATION BONDS  
Financial Statement Findings  
For the Fiscal Year Ended June 30, 2019**

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This section identifies the deficiencies, 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 2018-19.***

**RIO HONDO COMMUNITY COLLEGE DISTRICT  
MEASURE A GENERAL OBLIGATION BONDS  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2019**

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*There were no financial statement findings or questioned costs identified during 2017-18.*