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RIO HONDO COMMUNITY COLLEGE DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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RIO HONDO COMMUNITY COLLEGE DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
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JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

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

We have conducted a performance audit of the Rio Hondo Community College District (the "District") Measure A General Obligation Bond funds for the year ended June 30, 2021.

We conducted our performance audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 4 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure A General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIIIA of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for Rio Hondo Community College District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Rio Hondo Community College District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution. Accordingly, we do not express any assurance on the internal controls.

The results of our tests indicated that, in all significant respects, Rio Hondo Community College District expended Measure A General Obligation Bond funds for the year ended June 30, 2021 only for specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

CWDL, Certified Public Accountants

San Diego, California
December 24, 2021

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BACKGROUND

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 MEASURE A GENERAL OBLIGATION BONDS

The Rio Hondo Community College District, California Election of General Obligation Bonds, Measure A 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, continued

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.

No Administrator Salaries: Proceeds from the sale of bonds authorized by this measure shall be used only for the construction, 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 and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

PERFORMANCE AUDIT

RIO HONDO COMMUNITY COLLEGE DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION
JUNE 30, 2021

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure A General Obligation Bond funds for the year ended June 30, 2021 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all Measure A General Obligation Bond project expenditures for the year ended June 30, 2021 (the "List"). The list of transactions represented $11,833,887 in expenditures from July 1, 2020 through June 30, 2021.

METHODOLOGY

We performed the following procedures to the List of Measure A General Obligation Bond project expenditures for the year ended June 30, 2021:

- Interviewed District management related to controls over planning, bidding, contracting, expenditure of bond funds and financial reporting and determined that controls have been put in place and are working as documented.
- Documented District procedures and controls over planning, bidding, contracting, expenditure of bond funds and financial reporting.
- Performed tests to determine that the District controls over planning, bidding, contracting, expenditure of bond funds and financial reporting have been put in place and are working as documented.
- Verified the mathematical accuracy of the List.
- Reconciled the List to total bond expenditures as reported by the District in the District's audited financial statements for the year ended June 30, 2021, presented as the Measure A General Obligation Bond funds.
- We selected a sample of expenditures totaling $7,674,131. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented over 64% of the total expenditure value. We verified that the expenditures were for the approved projects and were expended for the improvement of college classrooms and facilities providing education and job training opportunities for students, local residents/ veterans, renovate and expand science, technology, engineering and math labs, training facilities and programs for fire, law enforcement, emergency medical, welding, manufacturing/automotive jobs, upgrade electrical systems, acquire, construct/repair classrooms, facilities.

CONCLUSION

The results of our tests indicated that, in all significant respects, Rio Hondo Community College District expended Measure A General Obligation Bond funds for the year ended June 30, 2021 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIIIA of the California Constitution.