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RIO HONDO COMMUNITY COLLEGE DISTRICT
WHITTIER, CALIFORNIA

AUDIT REPORT
JUNE 30, 2024

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CWDL

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Rio Hondo Community College District
Whittier, California

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of Rio Hondo 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 as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of June 30, 2024, and the respective changes in financial position and, where applicable, its cash flows thereof for the year 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 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.

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 generally accepted auditing standards 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 generally accepted auditing standards 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 accompanying supplementary information 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 23, 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.

CWDL, Certified Public Accountants

San Diego, California
December 23, 2024

USING THIS ANNUAL REPORT

The purpose of this annual report is to provide readers with information about the activities programs and financial condition of Rio Hondo Community College District (the "District") as of June 30, 2024. The report consists of three basic financial statements: the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

OBJECTIVES OF THE AUDIT

The audit of the District had the following objectives:

- To express an opinion as to whether the financial statements are fairly presented, in all material respects, in conformity with U. S. generally accepted accounting principles (GAAP).
- To evaluate the adequacy of the systems and procedures affecting compliance with government audit standards, guides, procedures, statutes, rules, and regulations which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- To review and report on the District's system of internal controls related to major Federal programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis- for State and Local Governments*, and No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities*. These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The entity-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net Position is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and non-operating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

The California Community Colleges Chancellor's Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

FINANCIAL HIGHLIGHTS

The District ended fiscal year 2023-24 with an Unrestricted General Fund balance of $70.3 million. The amount is well above the two months of operation reserve the Unrestricted General fund per Board Policy.

FTES totaled 11,199 compared to 10,047 in the previous year representing a increase of 11.5%, and an overall decrease of 23% from pre-COVID-19 pandemic level. The District experienced an enrollment decline of more than 23% over the course of the three-year period. However, due to the combination of the Emergency Conditions Allowance, which allowed the District to be funded on pre-pandemic FTES, and the usage of a rolling three-year average FTES to calculate FTES, the District's SCFF revenue is based on the Stability Adjustment Guarantee in 2023-24; in addition, the District has expanded the summer non-credit CDCP and the Math Academy with the local K-12 Districts which is stabilizing revenues. The District projects that it's SCFF revenue will be based on Hold Harmless Guarantee in 2024-25, the Funding Floor Guarantee in 2025-26, and will revert to being based on its actual FTES enrollment in 2026-27 if efforts are made to increase enrollment and course offerings. The decline in enrollment is a concern, which is primarily attributed COVID-19 pandemic, changes in student enrollment patterns, and the state of economy in California. Creating strong future enrollment remains a strategic priority for the District.

Student Centered Funding Formula (SCFF) Funding Guarantees

There are three SCFF funding guarantees: hold harmless, stability adjustment, and the funding floor. The hold harmless will be replaced by the funding floor effective with 2025-26 fiscal year. In each year, the District receives the greater of its actual current year SCFF calculation, the hold harmless or the funding floor, or the stability adjustment. Due to the dynamics of this three-way comparison, the District's actual increase in revenue may be less than the funded COLA.

Stability Adjustment

- The stabilization adjustment provides a one-year protection against declining enrollment and ensures the District will be paid a minimum of its prior year Total Computational Revenue (TCR) as increased by funded COLA.
- The District was funded by the stability adjustment in the 2023-24 fiscal year due to the ECA that artificially increased the District's 2022-23 fiscal year enrollment to the 2019-20 fiscal year level.

Hold Harmless

- The Hold Harmless ensures the District will be paid a minimum of its 2017-18 fiscal year TCR as increased by funded COLA in each intervening year.
- Hold Harmless was provided to allow a transition to the SCFF without an immediate decline in funding and was initially slated to expire in 2020-21 fiscal year but was extended through 2024-25 fiscal year.
- The District is projected to be funded by the Hold Harmless in 2024-25.

Funding Floor

- The Funding Floor will replace the Hold Harmless in 2025-26 fiscal year with two major differences:
    i) It will be based on the 2024-25 fiscal year TCR.
    ii) It will not be increased by the state-funded COLA.
- There is no expiration date for the funding floor.
- It is not likely that the District can grow itself out of the funding floor considering that funded growth is limited to 0.5% annually. Instead, the accumulated annual COLA increases in SCFF funding rates will eventually cause the District to be paid above the funding floor and at the SCFF calculation.

It is worth to note that funded growth is limited to 0.5% annually and the District is unlikely to experience funded growth until it exits the funding guarantees.

The District's most recent actuarial report is dated May 24, 2024 with a valuation date of June 30, 2023 and measurement date of June 30, 2023. At June 30, 2024, the District's total Other Post Employment Benefit Plan (OPEB) Liability was $70.9 million and the total fiduciary net position of the trust was $58.6 million, leaving a net OPEB liability of $12.3 million.

The District provided student aid to qualifying students during the year amounting to $35.3 million, a decrease of 24.8 million from prior year total of $60.1 million. This aid is provided through grants, loans, institutional and outside scholarships, work study from the Federal government, the State, and local funding. Included in the total was direct cash aid to students of $3.7 million received from the federal government for Higher Education Emergency Relief Funds (HEERF) to help students deal with impact of COVID-19.

STATEMENT OF NET POSITION

The net position of the District consists of three major categories:

- Net investment in capital assets — the District's equity in property, plant, and equipment.
- Restricted net position — the constraints placed on the use of the assets are externally imposed by creditors such as grantors, contributors, or laws or regulations of other governments or imposed through constitutional provisions or enabling legislation.
- Unrestricted net position — the District can use them for any lawful purpose. Although unrestricted, the District's governing board may place internal restriction on these net assets, but it retains the power to change, remove, or modify those restrictions.
- Current assets decreased by approximately $9.5 million primarily due to an decrease in cash receipts from Federal and State governments.
- The net movement in non-current assets by approximately $18.4 million due to the acquisition of additional capital assets.

STATEMENT OF NET POSITION, continued

- Deferred outflows of resources increased by approximately $3.0 million from prior year. These represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, the District recognized deferred outflows of resources related to OPEB in the District-wide financial statements of $9.7 million. The deferred outflows related to the OPEB obligations decreased by $0.8 million from the prior year. Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*—an amendment of GASB Statement No. 27, the District recognized deferred outflows of resources related to pensions in the government-wide financial statements in the amounts of $31.0 million. The deferred outflows related to pension obligations increased by $3.8 million from the prior year.

- Current liabilities decreased by approximately $14.4 million due to decrease in unearned revenue, interest payable, accounts payable and accrued expenses.

- Non-current liabilities increased by approximately $12.2 million. The net pension liability, which reflect the District's proportionate share of the California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) increased by $5.3 million during the year primarily because of lower than projected investment earnings and changes in assumptions. Net OPEB liability decreased by $1.1 million from prior year.

- Deferred inflows of resources decreased by approximately $1.1 million from prior year. These represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*—an amendment of GASB Statement No. 27, the District recognized deferred inflows of resources related to pensions in the government-wide financial statements in the amounts of $6.7 million. The deferred inflows related to pension obligations decreased by $3.3 million from the prior year. Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, the District recognized deferred inflows of resources related to OPEB in the government-wide financial statements of $5.4 million. The deferred inflows related to OPEB obligations increased by $2.1 million from the prior year.

STATEMENT OF NET POSITION, continued

	2024	2023	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	$ 293,356,031	$ 302,867,341	$ (9,511,310)
Non-current assets	241,910,566	223,535,291	18,375,275
Deferred outflows of resources	40,964,904	37,943,788	3,021,116
Total Assets and Deferred Outflows of Resources	576,231,501	564,346,420	11,885,081
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	56,960,296	71,360,046	(14,399,750)
Non-current liabilities	371,866,738	359,630,866	12,235,872
Deferred inflows of resources	12,121,749	13,256,275	(1,134,526)
Total Liabilities and Deferred Inflows of Resources	440,948,783	444,247,187	(3,298,404)
NET POSITION			
Net investment in capital assets	16,887,258	19,195,878	(2,308,620)
Restricted	90,224,324	78,897,916	11,326,408
Unrestricted	28,171,136	22,005,439	6,165,697
Total Net Position	$ 135,282,718	$ 120,099,233	$ 15,183,485

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

- Changes in total net position are presented on the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to present the operating and non-operating revenues earned whether received or not by the District, the operating and non-operating expenses incurred whether paid or not by the District, and any other revenues, expenses, gains and/or losses earned or incurred by the District. Thus, this Statement presents the District's results of operations.

- Generally, operating revenues are earned for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to fulfill the mission of the District. Non-operating revenues are those received or pledged for which goods and services are not provided; for example, State apportionments, while budgeted for operations, are considered non-operating revenue according to generally accepted accounting principles because they are provided by the legislature to the District without the legislature directly receiving commensurate goods and services for those revenues

- Net tuition and fees decreased by approximately $2.5 million.

- Other operating revenues consist of rental and leases income, retirees' contributions to health premiums, and other miscellaneous income.

- The net movement in salaries and employee benefits due to increased costs of step and column, negotiated salary increases, rise in medical premiums and higher pension contribution rates for CalSTRS and CalPERS.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, continued

- Decrease in supplies, materials and other operating expenses and services is primarily due to decrease in pandemic era funding from federal and state.

- Student aid expenditures in the form of Pell and SEOG grants, along with Federal Student Loans, decreased from prior year due to impact of COVID-19 pandemic, however, the District provided direct cash aid to students of $3.6 million received from the Federal government for Higher Education Emergency Relief Funds (HEERF) to help students deal with impact of COVID-19.

- Increase in depreciation is due to additions in capital assets.

- Although the District was protected for FTES, however, State apportionments decreased due to the state budget deficit.

- The increase in local property tax reflects the growth trend of the local property tax base.

- Federal grants have decreased by $32.3 million due to less grants awarded to the District from Federal sources.

- State taxes and other revenues have decreased by $18.4 million due to decreases in lottery revenues, on-behalf payment for pension and state financial aid programs.

- Investment income have increased due to high interest.

- Interest expense represents the accreted interest charges for the long-term bonds.

- State capital income increased as a result of the payments of capital outlay reimbursements for the music Wray Theater project by the State of California.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, continued

	2024	2023	Change
OPERATING REVENUES			
Tuition and fees, net	$ 4,070,839	$ 6,556,141	$ (2,485,302)
Other operating revenues	1,675,248	1,460,161	215,087
Total Operating Revenues	5,746,087	8,016,302	(2,270,215)
OPERATING EXPENSES			
Salaries and employee benefits	125,520,951	105,604,790	19,916,161
Supplies, materials, and other operating expenses and services	29,317,095	34,798,656	(5,481,561)
Student aid	35,334,405	60,132,023	(24,797,618)
Depreciation and amortization	9,657,560	8,974,312	683,248
Total Operating Expenses	199,830,011	209,509,781	(9,679,770)
Operating Loss	(194,083,924)	(201,493,479)	7,409,555
NON-OPERATING REVENUES/(EXPENSES)			
State apportionments, non-capital	95,921,451	99,158,526	(3,237,075)
Local property taxes	10,631,941	10,155,768	476,173
Federal grants	27,145,373	59,471,895	(32,326,522)
State grants	5,010,192	5,874,309	(864,117)
State taxes and other revenues	47,995,058	66,354,866	(18,359,808)
Investment income, non-capital	9,028,100	5,319,408	3,708,692
Interest expense on capital asset-related debt	(9,761,143)	(19,062,496)	9,301,353
Other non-operating revenues	875,418	9,851,757	(8,976,339)
Total Non-Operating Revenues/(Expenses)	186,846,390	237,124,033	(50,277,643)
OTHER REVENUES/(EXPENSES)			
State apportionments, capital	10,857,468	9,153,464	1,704,004
Local property taxes and revenues, capital	11,563,551	8,808,011	2,755,540
Total Other Revenues/(Expenses)	22,421,019	17,961,475	4,459,544
CHANGE IN NET POSITION	15,183,485	53,592,029	(38,408,544)
NET POSITION -- BEGINNING OF YEAR	120,099,233	66,507,204	53,592,029
NET POSITION -- END OF YEAR	$ 135,282,718	$ 120,099,233	$ 15,183,485

STATEMENT OF FUNCTIONAL EXPENSES

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

	Salaries and Employee Benefits	Supplies, Materials and Other Expenses and Services	Student Aid	Depreciation and Amortization	Total
Instructional Activities	$ 75,227,130	$ 5,030,790	$ -	$ -	$ 80,257,920
Academic Support	13,762,377	3,840,510	-	-	17,602,887
Student services	13,700,560	9,158,691	-	-	22,859,251
Operation & Maintenance of Plant	5,794,403	2,164,749	-	-	7,959,152
Institutional Support Services	14,904,331	7,939,594	-	-	22,843,925
Community Services & Economic Development	200,911	64,719	-	-	265,630
Ancillary Services & Auxiliary Operations	1,931,239	1,118,042	-	-	3,049,281
Student Aid	-	-	35,334,405	-	35,334,405
Depreciation Expense	-	-	-	9,657,560	9,657,560
Total	$ 125,520,951	$ 29,317,095	$ 35,334,405	$ 9,657,560	$ 199,830,011

STATEMENT OF CASH FLOWS

CASH PROVIDED BY/(USED IN)	2024	2023	Change
Operating activities	$ (187,342,090)	$ (183,158,213)	$ (4,183,877)
Non-capital financing activities	187,597,619	231,001,113	(43,403,494)
Capital financing activities	(9,449,710)	62,555,228	(72,004,938)
Investing activities	9,028,100	-	9,028,100
Net Increase/(Decrease) in Cash and Cash Equivalents	$ (166,081)	$ 110,398,128	$ (110,564,209)

CAPITAL ASSETS AND RIGHT-OF-USE ASSETS

As of June 30, 2024, the District had $372.5 million in capital assets and right-of-use assets; less $130.5 million accumulated depreciation and accumulated amortization for net capital assets and right-of-use assets of $241.9 million. Depreciation and amortization expenses totaled $9.7 million during the year. Additional information related to capital assets and right-of-use assets is found in Note 6 and Note 7 of financial statements.

	2024	2023	Change
Capital assets not being depreciated	$ 80,554,064	$ 59,428,908	$ 21,125,156
Capital assets being depreciated	291,440,334	284,995,811	6,444,523
Right-of-use assets	463,156	-	463,156
Total Capital Assets and Right-of-use Assets	372,457,554	344,424,719	28,032,835
Less: Accumulated depreciation	(130,454,357)	(120,889,428)	(9,564,929)
Less: Accumulated amortization	(92,631)	-	(92,631)
Total Capital Assets and Right-of-use Assets, net	$ 241,910,566	$ 223,535,291	$ 18,375,275

DEBT ADMINISTRATION

At June 30, 2024, the District had $276.0 million in outstanding general obligation bonds compared to $264.2 million at June 30, 2023. The overall net increase of $11.8 million is due to additions in Series B, Series C and Series D bond of $19.1 million, offset by redemption from Series B refunding bond of $5.5 million. The net OPEB liability decreased by $1.1 million to $12.2 million. Compensated absences decreased by $131.3 thousand whereas the District's share of net pension liability for CalSTRS and CalPERS increased by $5.3 million. Additional information related to long-term debt is found in Note 11 of the financial statements.

	2024	2023	Change
General obligation bonds	$ 276,038,555	$ 264,227,705	$ 11,810,850
Net pension liability	92,657,685	87,354,800	5,302,885
Net OPEB liability	12,268,902	13,339,825	(1,070,923)
Compensated absences	1,100,792	1,232,150	(131,358)
Lease liability	374,841	-	374,841
Total Long-term Debt	382,440,775	366,154,480	16,286,295
Less: long-term debt and lease liability, current portion	(10,574,037)	(6,523,614)	(4,050,423)
Total Long-term Debt, non-current portion	$ 371,866,738	$ 359,630,866	$ 12,235,872

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2024-25 Enacted State Budget projected a $45 billion deficit and, with a new two-year budget approach, also projected a 2025-26 deficit of $30 billion. The Early Action Plan in April 2024 provided $17 billion in solutions. The Enacted State Budget addresses the remaining $28 billion in 2024-25 through solutions largely as proposed in the May Revision with some changes including a plan to begin to restore the Rainy Day Fund beginning with a deposit of $1.1 billion after 2024-25. The Enacted Budget adopts the proposed 7.95% across the-board reductions to all state agencies.

While the Enacted Budget also defers cash payments of the SCFF ($446.4 million is deferred from 2023-24 to 2024-25 and $243.7 million is deferred from 2024-25 to 2025-26), the State Chancellor's Office doesn't anticipate net cash impact to districts from these deferrals. The District has sufficient cash balances to manage any impact that would occur from these deferrals.

Funding for community colleges relies on reserves and operational savings to provide support to "core" programs or services without significant reductions. However, one-time funding for some programs was eliminated and $65 million in one-time funding for Nursing and $5 million in one-time funding for Pathways for the Low-Income Workers Demonstration Project were carved out from the amount provided for Strong Workforce. In addition, the Enacted Budget reappropriates approximately $18.8 million in unspent 2020 Strong Workforce funds and $21.3 million in unused 2022 Student Success and Completion Grant Funds.

Despite the budget deficit, the 2024-2025 state budget proposal includes a Cost-of-Living Adjustment (COLA) of 1.07% for the Student-Centered Funding Formula and some categorical programs, and systemwide growth funding of 0.5%. The District is still under hold harmless in 2024-25 it will continue to earn additional funding above the reported FTES.

At the time the 2024-2025 budget was developed, the following assumptions were made:

- Apportionment revenue for 2024-2025 was budgeted using the Student-Centered Funding Formula at the hold harmless guarantee and an estimated deficit factor of 4.0% due to budgetary uncertainty.

- At the beginning of the pandemic, the District applied for the COVID-19 emergency condition protection for FTES funding. The fiscal year 2022-2023 ended this protection. Although the District will be in a hold harmless funding status, it will likely result in a reduction of one-time revenue allocations.

- The District's expenditures include ongoing increases in employer-paid contributions for health and welfare. The District provides 100% fully paid family plans for all employees through CALPERS health plans. For calendar year 2024, health premiums increased by 13%; for calendar year 2025, health premiums are projected to increase by 15%. The rising costs of employer provided healthcare continues to be a concern.

- The District's contribution to the California State Teachers' Retirement System (CalSTRS) will remain at 19.10%. The District's contribution to the California Public Employees' Retirement System (CalPERS) will increase in 2024-2025 from 26.68% to 27.05%.

GENERAL FUND BUDGETARY HIGHLIGHTS, continued

- The District's unrestricted general fund balance is projected at $70.2 million, and well above the Board-required and the Government Finance Officers Association (GFOA) recommended two months of operations, at 20%. After considering two, one-time Board committed projects of a total of $23.3 million, the District will still maintain a healthy reserve of 36%.

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE DISTRICT

On July 3, 2024, the Legislative Analyst's Office (LAO) released its annual Fiscal Outlook for 2024-25. The LAO's report cited significant revenue shortfalls related to declines in the technology sector and a delay in tax payments have created a budget deficit of $45 billion. A series of early actions taken by the Legislature and the Governor in the April 2024 addressed $17 billion of the deficit, leaving $28 billion in additional solutions required to address the remaining deficit for 2024-25. The budget also reflects a deficit of over $30 billion for 2025-26. The enacted budget reflects several mechanisms to close the projected gap by funding delays and reductions from 2022-23 and 2023-24 budgets, cuts to some state programs, internal fund shifts and borrowing, and additional revenues from suspending net operating loss deductions and some tax credits for businesses.

The State continues to experience the impact of continued reduction in revenues and increasing budget deficits, resulting in the exhaustion of reserves and severe reductions to categorical programs signaling the potential for continued declines in future years. The local effects of inflation and the hardship it creates for the students and employees of the District including higher housing, fuel, and commodity prices are clearly seen.

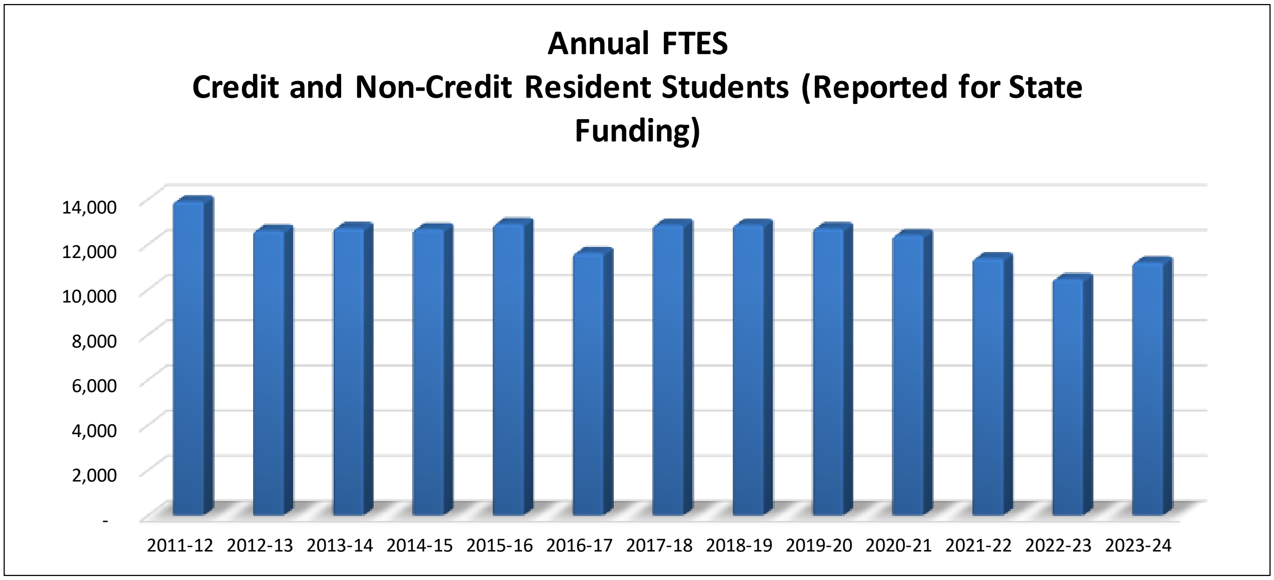
The District's economic condition is directly affected by the economic well-being of the State of California. Through the California Community College Chancellor's Office, the District receives over 90 percent of its combined General Fund revenues from State apportionments, local property taxes including redevelopment agency allocations, and the Education Protection Account (EPA). These sources, along with student paid enrollment fees, make up the District's general apportionment, the main funding support for California community colleges.

There are concerns for community colleges in that the condition of the State's budget depends on many volatile and unpredictable economic factors. This uncertainty coupled with the high inflation in the US economy, growth of Full-Time Equivalent Students remaining tenuous, continuing cost increases related to pension obligations, and increase in health benefits, necessitates a cautious approach to budget forecasts.

Management will continue to provide information to the Board of Trustees and the community on the financial condition of the District. Management will closely monitor the State budget and other pertinent information to ensure financial stability and to retain reserve levels required by board policy and the State Chancellor's Office.

FULL-TIME EQUIVALENT STUDENTS (FTES)

The District's primary funding source is from apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). See the below chart for a historical perspective on the changes in FTES over the past 13 fiscal years.



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. If you have questions about this report or need any additional financial information, should be addressed to the Vice President, Finance and Business, Rio Hondo Community College District, 3600 Workman Mill Road, Whittier, California 90601.

FINANCIAL SECTION

RIO HONDO COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS		
Current Assets:		
Cash and cash equivalents	$	240,133,069
Restricted cash and cash equivalents		32,448,199
Accounts receivable, net		20,316,100
Inventory		62,927
Prepaid expenditures		395,736
Total Current Assets		293,356,031
Non-current Assets:		
Right-of-use assets, net		370,525
Capital assets, net		241,540,041
Total Non-current Assets		241,910,566
TOTAL ASSETS		535,266,597
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding		319,983
Deferred outflows - OPEB		9,681,381
Deferred outflows - pensions		30,963,540
TOTAL DEFERRED OUTFLOWS OF RESOURCES		40,964,904
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	576,231,501
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	$	27,520,561
Interest payable		4,057,731
Unearned revenue		14,807,967
Lease liability, current portion		90,423
Long-term debt, current portion		10,483,614
Total Current Liabilities		56,960,296
Non-current Liabilities:		
Compensated absences		1,100,792
Net OPEB liability		12,268,902
Net pension liability		92,657,685
Lease liability, non-current portion		284,418
Long-term debt, non-current portion		265,554,941
Total Non-current Liabilities		371,866,738
TOTAL LIABILITIES		428,827,034
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pensions		6,737,821
Deferred inflows - OPEB		5,383,928
TOTAL DEFERRED INFLOWS OF RESOURCES		12,121,749
NET POSITION		
Net investment in capital assets		16,887,258
Restricted for:		
Debt service		12,485,123
Capital projects		42,036,893
Other special purposes		35,702,308
Unrestricted		28,171,136
TOTAL NET POSITION		135,282,718
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	576,231,501

RIO HONDO COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

OPERATING REVENUES		
Tuition and fees, gross	$	11,032,385
Less: Scholarship discounts and allowances		(6,961,546)
Tuition and fees, net		4,070,839
Other operating revenues		1,675,248
TOTAL OPERATING REVENUES		5,746,087
OPERATING EXPENSES		
Salaries		81,274,879
Employee benefits		44,246,072
Supplies, materials, and other operating expenses and services		29,317,095
Student aid		35,334,405
Depreciation and amortization		9,657,560
TOTAL OPERATING EXPENSES		199,830,011
OPERATING LOSS		(194,083,924)
NON-OPERATING REVENUES/(EXPENSES)		
State apportionments, non-capital		95,921,451
Local property taxes		10,631,941
Federal grants		27,145,373
State grants		5,010,192
State taxes and other revenues		47,995,058
Investment income, non-capital		9,028,100
Interest expense on capital asset-related debt		(9,761,143)
Other non-operating revenues		875,418
TOTAL NON-OPERATING REVENUES/(EXPENSES)		186,846,390
INCOME/(LOSS) BEFORE OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)		(7,237,534)
OTHER REVENUES/(EXPENSES)		
State apportionments, capital		10,857,468
Local property taxes and revenues, capital		11,563,551
TOTAL OTHER REVENUES/(EXPENSES)		22,421,019
CHANGE IN NET POSITION		15,183,485
NET POSITION -- BEGINNING OF YEAR		120,099,233
NET POSITION -- END OF YEAR	$	135,282,718

RIO HONDO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 4,070,839
Payments to or on behalf of employees	(125,201,148)
Payments to vendors for supplies and services	(32,552,624)
Payments to students	(35,334,405)
Other operating receipts	1,675,248
Net Cash Provided by/(Used in) Operating Activities	(187,342,090)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	95,921,451
Property taxes	10,631,941
Grants and contracts	32,173,751
State taxes and other revenues	47,995,058
Other non-operating receipts	875,418
Net Cash Provided by/(Used in) Non-capital Financing Activities	187,597,619
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
State apportionment for capital purpose	10,857,468
Acquisition and construction of capital assets	(28,032,835)
Local property tax, capital projects	11,563,551
Proceeds from issuance of capital debt	3,432,731
Principal paid on capital debt	(4,840,000)
Interest paid on capital debt	(2,430,625)
Net Cash Provided by/(Used in) Capital Financing Activities	(9,449,710)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	9,028,100
Net Cash Provided by/(Used in) Investing Activities	9,028,100
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(166,081)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	272,747,349
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 272,581,268

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY/ (USED IN) OPERATING ACTIVITIES	
Operating loss	$ (194,083,924)
Adjustments to Reconcile Operating Loss to Net Cash Provided by/ (Used in) Operating Activities:	
Depreciation	9,657,560
Changes in Assets and Liabilities:	
Inventory	(28,496)
Prepaid expenditures	(9,878)
Deferred outflows - OPEB	786,051
Deferred outflows - pensions	(3,807,167)
Accounts payable and accrued expenses	(3,197,155)
Net OPEB liability	(1,070,923)
Net pension liability	5,302,885
Deferred inflows - pensions	(1,134,526)
Compensated absences	(131,358)
Total Adjustments	6,366,993
Net Cash Flows From Operating Activities	$ (187,716,931)

RIO HONDO COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

	Auxiliary Services Organization Fund	Retiree OPEB Trust	Trust Fund Investment	Total
ASSETS				
Cash and cash equivalents	$ 1,779,301	$ -	$ -	$ 1,779,301
Investments	-	-	7,674,491	7,674,491
Accounts receivable, net	65,072	65,327,887	-	65,392,959
Total Assets	1,844,373	65,327,887	7,674,491	74,846,751
LIABILITIES				
Accounts payable and accrued expenses	1,592,351	-	-	1,592,351
Total Liabilities	1,592,351	-	-	1,592,351
NET POSITION				
Held in Trust for Student Groups	252,022	-	-	252,022
Restricted for postemployment benefits other than pensions	-	65,327,887	7,674,491	73,002,378
Total Net Position	$ 252,022	$ 65,327,887	$ 7,674,491	$ 73,254,400

The accompanying notes are an integral part of these financial statements.

RIO HONDO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	Auxiliary Services Organization Fund	Retiree OPEB Trust	Trust Fund Investment	Total
OPERATING REVENUES				
Local revenue	$ 485,754	$ 9,159,606	$ 1,269,652	$ 10,915,012
Total Operating Revenues	485,754	9,159,606	1,269,652	10,915,012
OPERATING EXPENSES				
Services and operating expenditures	297,660	272,348	21,988	591,996
Total Operating Expenses	297,660	272,348	21,988	591,996
Change in Net Position	188,094	8,887,258	1,247,664	10,323,016
Net Position -- Beginning of Year	63,928	56,440,629	6,426,827	62,931,384
Net Position -- End of Year	$ 252,022	$ 65,327,887	$ 7,674,491	$ 73,254,400

NOTE 1 - ORGANIZATION

Rio Hondo Community College District (the "District") was established in 1960 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of Whittier, Pico Rivera, Santa Fe Springs, La Puente, and surrounding areas. The District operates under a locally elected five-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the general fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one college and three education centers located in El Monte, Pico Rivera, and Whittier. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

Financial Reporting Entity

The District has adopted GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity,* to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities, with the exception of the Student Financial Aid Fund, are excluded from the basic financial statements. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees and auxiliary activities through the bookstore and cafeteria.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as non-operating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* as amended by GASB Statements No. 37, No. 38, and No. 39. The business-type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
  - Statement of Net Position - Primary Government
  - Statement of Revenues, Expenses, and Changes in Net Position - Primary Government
  - Statement of Cash Flows - Primary Government
  - Financial Statements for the Fiduciary Funds including:
    - Statement of Fiduciary Net Position
    - Statement of Changes in Fiduciary Net Position
- Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the Statement of Cash Flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2024, are stated at fair value. Fair value is estimated based on quoted market prices at year end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted cash and cash equivalents represent investments required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. management has analyzed these accounts and believes all amounts are fully collectable.

Prepaid Expenditures

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

Inventory

Inventories consist primarily of bookstore merchandise and cafeteria food and supplies held for resale to the students and faculty of the colleges. Inventories are stated at cost, utilizing the weighted average method. The cost is recorded as an expense as the inventory is consumed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Right-of-Use Assets and Lease Liabilities

The District recognizes a right-of-use subscription-based IT assets (SBITA) under GASB Statement No. 96. The right-of-use subscription-based IT assets (leased software) are measured at the amount of the initial measurement of the subscription liability (lease software), plus any payments made to the SBITA vendor at the commencement of the subscription term and any capitalizable initial implementation costs. The right-of-use leased assets and leased software are amortized on a straight-line basis over the life of the related lease or subscription. Subsequently, the right-of-use leased assets and leased software are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Capital Assets

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of $5,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at estimated fair market value at the date of donation.

Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress until completed.

Depreciation of capital assets is computed and recorded utilizing the half-year convention. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements, 40 years; equipment and vehicles, 5 to 15 years; and technology, 5 years.

Accounts Payable, Accrued Expenses and Interest Payable

Accounts payable, accrued expenses, and interest payable are reported in the District's financial statements. In general, accounts payable, accrued expenses, and interest payable, once incurred, are paid in a timely manner and in full, from current financial resources are reported as liabilities of the District.

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned revenue includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Leases

The district is a lessee for leases of property and equipment. The District recognizes a lease liability and an intangible right-to-use asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an individual value of $5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Amortization is computed using the straight-line method over the estimated useful life or remaining lease term. Buildings are amortized over 5 years of which 4 years remain on the lease upon adoption of GASB Statement No. 96.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

Long-Term Debt

Bond premiums and discounts are amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt and for pension and OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items.

Deferred Loss on Refunding

The deferred loss on refunding is amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective-interest method.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The liability for this benefit is reported on the entity-wide financial statements.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability/(asset), deferred outflows/inflows of resources related to OPEB, and OPEB expense/(benefit), information about the fiduciary net position of the District OPEB Plan and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the District OPEB Plan. For this purpose, the District OPEB 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 participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

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. Investments are reported at fair value.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represent the difference between assets and liabilities. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

Net Investment in Capital Assets: consists of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component invested in capital assets.

Restricted: Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The government-wide financial statements report $90,224,324 of restricted net position.

Classification of Revenues

The District has classified its revenues as either operating or non-operating according to the following criteria:

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as, (1) student tuition and fees, net of scholarship discounts and allowances, (2) internal service – self-insurance charges, (3) most Federal, State, and local grants and contracts, and (4) interest on institutional student loans.

Non-operating revenues – Activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues, such as: (1) State apportionments; (2) investment income; and (3) Federal and State financial aid, scholarship, and loan trust receipts, according to GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*; and GASB Statement No. 34, *Basic Financial Statements–and Management's Discussion and Analysis–for State and Local Governments*.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Scholarships, Discounts, and Allowances

Student tuition and fee revenue is reported net of scholarships, discounts, and allowances. Fee waivers approved by the Board of Governors are included within the scholarships, discounts, and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

Budget and Budgetary Accounting

By State law, the District's governing board must approve a tentative budget no later than July 1 and adopt a final budget no later than September 15th of each year. A hearing must be conducted for public comments prior to adoption. The District's governing board satisfied these requirements.

The budget is revised during the year to incorporate categorical funds that are awarded during the year and miscellaneous changes to the spending plans. The District's governing board approves revisions to the budget.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Los Angeles bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed a General Obligation Bond in 2004 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, and Federal Work-Study programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

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. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Upcoming GASB Pronouncements

The Governmental Accounting Standards Board (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 Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023.

GASB Statement No. 102 - In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should disclose in notes to financial statements the information if the following criteria have been met; (a) a concentration or constraint is known to the government prior to the issuance of the financial statements and makes the reporting unit vulnerable to the risk of a substantial impact, (b) an event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for periods beginning after June 15, 2024.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This statement is effective for periods beginning after June 15, 2025.

NOTE 3 – CASH AND CASH EQUIVALENTS

Summary of Cash and Cash Equivalents

Cash and cash equivalents of the Primary Government as of June 30, 2024, consist of the following:

Cash in county treasury	$ 265,544,444
Cash on hand and in banks	6,342,608
Cash with fiscal agent	694,216
Total	$ 272,581,268

Cash and cash equivalents of the Fiduciary Funds as of June 30, 2024, consist of the following:

Cash on hand and in banks	$ 688,287
Investments	1,779,301
Total	$ 2,467,588

Policies and Practices

The District is authorized under *California Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section (ECS) 41001). The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

NOTE 3 – CASH AND CASH EQUIVALENTS, continued

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposit	5 years	40%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Authorizations Under Debt Agreements

Investments 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*. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

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. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Los Angeles County Investment Pool and Mutual Funds.

NOTE 3 - CASH AND CASH EQUIVALENTS, continued

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Book Value	Fair Value	Weighted Average Days to Maturity
Los Angeles County Investment Pool	$ 265,544,444	$ 255,373,561	753 Days
Mutual Funds	1,779,301	1,779,301	N/A
Total Investments	$ 267,323,745	$ 257,152,862	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Los Angeles County Investment Pool and Mutual Funds are not required to be rated, nor have they been rated, as of June 30, 2024.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2024, the District's fiduciary bank balance of $6,342,608 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 4 - 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.

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, 2024:

Investment Type	Fair Value	Level 1 Inputs	Uncategorized
Los Angeles County Investment Pool	$ 255,373,561	$ -	$ 255,373,561
Mutual Funds	1,779,301	1,779,301	-
Total Investments	$ 257,152,862	$ 1,779,301	$ 255,373,561

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable are as follows:

	Primary Government	Fiduciary Funds
Federal Government	$ 5,516,613	$ -
State Government	7,903,671	-
Local Sources	2,053,473	-
Interest	1,268,747	-
Other local sources	3,573,596	65,392,959
Total	$ 20,316,100	$ 65,392,959

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Capital Assets not being Depreciated				
Land	$ 7,710,208	$ -	$ -	$ 7,710,208
Construction in progress	51,718,700	21,125,156	-	72,843,856
Total Capital Assets not being Depreciated	59,428,908	21,125,156	-	80,554,064
Capital Assets being Depreciated				
Buildings and improvements	265,210,830	5,707,681	-	270,918,511
Equipment and furniture	18,042,948	736,842	-	18,779,790
Capitalized equipment	1,742,033	-	-	1,742,033
Total Capital Assets being Depreciated	284,995,811	6,444,523	-	291,440,334
Total Capital Assets	344,424,719	27,569,679	-	371,994,398
Less: Accumulated Depreciation				
Buildings and improvements	106,903,491	8,123,171	-	115,026,662
Equipment and furniture	12,243,904	1,441,758	-	13,685,662
Capitalized equipment	1,742,033	-	-	1,742,033
Total Accumulated Depreciation	120,889,428	9,564,929	-	130,454,357
Capital Assets, net	$223,535,291	$18,004,750	$ -	$241,540,041

Depreciation expense for the year was $9,564,929.

NOTE 7 – RIGHT-OF-USE ASSETS

Right-of-use asset activity for the District for the fiscal year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Right-of-use Assets				
Leased software	$ -	$ 463,156	$ -	$ 463,156
Total Right-of-use Assets	-	463,156	-	463,156
Less Accumulated Amortization				
Leased software	-	92,631	-	92,631
Total Accumulated Amortization	-	92,631	-	92,631
Right-of-use Assets, net	$ -	$ 370,525	$ -	$ 370,525

Amortization expense for the year was $92,631.

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses for the District consisted of the following**:**

	Primary Government	Fiduciary Funds
Accrued payroll and benefits	$ 3,402,476	$ -
Federal	19,250,295	-
State	732,657	-
Other vendor payables	4,135,133	1,592,351
Total	$ 27,520,561	$ 1,592,351

NOTE 9 – UNEARNED REVENUE

Unearned revenue consisted of the following:

	Primary Government
Federal	$ 2,325,170
State	11,989,551
Other local	493,246
Total	$ 14,807,967

NOTE 10 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2024 fiscal year, no funds were transferred between the primary government and the fiduciary funds.

NOTE 11 - LONG-TERM DEBT

The changes in the District's long-term debt during the 2024 fiscal year consisted of the following:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due Within One Year
General Obligation Bonds	254,490,696	19,130,992	5,465,000	268,156,688	9,425,000
Unamortized premium	9,737,009	-	1,855,142	7,881,867	1,058,614
Total General Obligation Bonds	264,227,705	19,130,992	7,320,142	276,038,555	10,483,614
Other Long-Term Debt					
Lease liability	-	463,156	88,315	374,841	90,423
Compensated absences	1,232,150	-	131,358	1,100,792	-
Net OPEB liability	13,339,825	-	1,070,923	12,268,902	-
Net pension liability	87,354,800	5,302,885	-	92,657,685	-
Total Other Long-Term Debt	101,926,775	5,766,041	1,290,596	106,402,220	90,423
Total Long-Term Debt	$ 366,154,480	$ 24,897,033	$ 8,610,738	$ 382,440,775	$ 10,574,037

Description of Long-Term Debt

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The accrued compensated absences and the aggregate net pension liability will be paid by the fund for which the employee worked. The net OPEB liability and lease liability will be paid by the General Fund.

NOTE 11 - LONG-TERM DEBT, continued

General Obligation Bonds

On March 11, 2009, the District issued $64,996,844 of Series B General Obligation Bonds to fund the acquisition, construction, furnishing, equipping, and improvement of capital facilities within the District. The Series B General Obligation Bonds, which were rated "AA" by Standard & Poor's at the time of issuance, consist of $60,190,000 current interest bonds and $4,806,844 capital appreciation bonds. Interest on the current interest bonds is payable semi-annually on February 1 and August 1. Current interest bonds bear interest at rates ranging from 3.0 percent to 5.0 percent, and the bonds mature on August 1, 2030. Capital appreciation bonds bear compounded interest at rates ranging from 6.60 percent to 6.69 percent and will mature in August 1, 2033. The total proceeds from the bond issuance amounted to $66,545,864.

On December 21, 2010, the District issued $60,040,980 of Measure A, Series C General Obligation Bonds to finance the furnishing, equipping, acquisition, construction, and improvement of District capital facilities 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 semi-annually on February 1 and August 1 of each year and will be payable solely at maturity, with accretion rates ranging from 6.99 percent to 12.00 percent. The bonds mature on August 1, 2038. The convertible capital appreciation bonds were initially 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 percent to 6.850 percent. Prior to the conversion date, interest will be compounded on each February 1 and August 1, commencing on 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 semi-annually on each February 1 and August 1, commencing on February 1, 2025, ranging from 6.625 percent to 6.850 percent. The bonds mature on August 1, 2042.

On May 22, 2019, the District issued $60,710,000 of Series B Refunding Bonds to refund a portion of the District's General Obligation Refunding Bonds, 2004 Election, 2005 Series A and refund a portion of the District's General Obligation Bonds, 2004 Election, 2009 Series, and pay the costs of issuance of the Bonds. Interest on the current interest bonds is payable semi-annually on February 1 and August 1. The Series B Refunding Bonds, which were rated "AA" by Standard & Poor's at the time of issuance, consist entirely of current interest bonds. Interest on the current interest bonds is payable semi-annually on February 1 and August 1. Current interest bonds bear interest at rates ranging from 4.75 percent to 5.0 percent, and the bonds mature on August 1, 2031. The total proceeds from the bond issuance amounted to $72,902,478.

On December 28, 2022, the District issued $62,043,214 of Series D Bonds to finance construction of L-Tower phase II and music Wray Theater projects. Current interest bonds bear interest at rates ranging from 4.90 percent to 5.0 percent, and the bonds mature on August 1, 2047. The total proceeds from the bond issuance amounted to $61,478,411.

NOTE 11 - LONG-TERM DEBT, continued

General Obligation Bonds, continued

The outstanding general obligation bonded debt is as follows:

Series	Issue Date	Yield	Maturity Date	Original Issue	Bonds Outstanding July 1, 2023	Additions	Redeemed	Bonds Outstanding June 30, 2024	Due Within One Year
2009 Series B	3/11/2009	3.00-6.69%	8/1/2033	$64,996,844	11,973,915	1,107,448	$ -	$ 13,081,363	$ -
2010 Series C	12/21/2010	6.62-6.99%	8/1/2042	60,040,980	137,048,567	13,965,813	-	151,014,380	-
2019 Series B Refunding	5/22/2019	1.32-1.76%	8/1/2031	60,710,000	43,425,000	-	5,465,000	37,960,000	6,125,000
2020 Series D	12/28/2022	4.90 - 5.00%	8/1/2047	62,043,214	62,043,214	4,057,731	-	66,100,945	3,300,000
					254,490,696	19,130,992	$ 5,465,000	$ 268,156,688	$ 9,425,000

The 2009 Series B General Obligation Bonds mature through 2034 as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2025	$ -	$ -	$ -	$ -
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030-2034	4,806,843	-	17,388,156	22,194,999
Accretion	8,274,520	-	(8,274,520)	-
Total	$ 13,081,363	$ -	$ 9,113,636	$ 22,194,999

The 2010 Series C General Obligation Bonds mature through 2043 as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2025	$ -	$ 3,476,420	$ -	$ 3,476,420
2026	-	6,952,840	-	6,952,840
2027	84,312	6,952,840	435,687	7,472,839
2028	166,666	6,952,840	988,334	8,107,840
2029	221,541	6,952,840	1,503,458	8,677,839
2030-2034	4,183,595	34,764,200	14,936,407	53,884,202
2035-2039	14,749,628	34,712,825	68,860,372	118,322,825
2040-2043	40,635,237	14,553,870	60,219,763	115,408,870
Accretion	90,973,401	-	(90,973,401)	-
Total	$ 151,014,380	$ 115,318,675	$ 55,970,620	$ 322,303,675

NOTE 11 - LONG-TERM DEBT, continued

General Obligation Bonds, continued

The 2019 Series B General Obligation Bonds mature through 2032 as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 6,125,000	$ 1,898,000	$ 8,023,000
2026	4,215,000	1,591,750	5,806,750
2027	4,635,000	1,381,000	6,016,000
2028	5,005,000	1,149,250	6,154,250
2029	5,510,000	899,000	6,409,000
2030-2032	12,470,000	947,750	13,417,750
Total	$ 37,960,000	$ 7,866,750	$ 45,826,750

The 2022 Series D General Obligation Bonds mature through 2048 as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2025	$ 3,300,000	$ 396,000	$ -	$ 3,696,000
2026	115,000	231,000	-	346,000
2027	210,000	225,250	-	435,250
2028	465,000	214,750	-	679,750
2029	470,000	191,500	-	661,500
2030-2034	1,855,000	642,500	-	2,497,500
2035-2039	1,370,000	246,500	-	1,616,500
2040-2044	13,064,552	6,750	22,055,448	35,126,750
2045-2048	41,111,704	-	84,793,296	125,905,000
Accretion	4,139,689	-	(4,139,689)	-
Total	$ 66,100,945	$ 2,154,250	$ 102,709,055	$ 170,964,250

Compensated Absences

At June 30, 2024, the liability for compensated absences was $1,100,792.

Lease Liability

The District has entered into agreements to lease certain software. The lease agreements qualify as other than short-term leases under 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
Software	1	2.34%	7/1/2023 - 7/30/2028	$ 98,102

NOTE 11 - LONG-TERM DEBT, continued

Lease Liability

Future minimum lease payments on leased software are as follows:

Fiscal year	Principal	Interest	Total
2025	$ 90,423	$ 7,679	$ 98,102
2026	92,580	5,522	98,102
2027	94,788	3,314	98,102
2028	97,050	1,052	98,102
Total	$ 374,841	$ 17,567	$ 392,408

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 years 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	$ 12,268,902	$ 9,681,381	$ 5,383,928	$ 1,846,589

Plan Description

Plan administration. The District's Governing Board, which consists of five locally-elected members, administers the Postemployment Benefits Plan (the "Plan"), a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for the District.

Management of the Plan is vested with the Rio Hondo Community College Retirement Board of Authority, which consists of Plan members within the District.

Detailed information about the Plan's fiduciary net position is available in the separately-issued Plan Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by contacting the District.

Employees Covered by Benefit Term

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

	Number of Participants
Inactive Employees Receiving Benefits	323
Active Employees	595
	918

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Benefits Provided

The Plan provides medical insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The Governing Board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

	Faculty	Classified	Management
Benefit types provided	Medical only	Medical only	Medical only
Duration of Benefits	Lifetime	Lifetime	Lifetime
Required Service	15 years*	15 years*	5 years
Minimum Age	55	57	55
Dependent Coverage	Yes	Yes	Yes
College Contribution %	100%	100%	100%
College Cap	With one dep: PERS Choice No deps: PERS Care	None	Hire prior to 5/11/05: With on dep: PERS choice No deps: PERS Care Hired after 5/10/05: CalPERS statutory minimum**

*Certain grandfathered employees subject to 5 year service requirement.
**Employees hired after 5/10/2005 may elect to make contributions as an active employee to obtain lifetime coverage comparable to that available to employees hired prior to 5/11/2005.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District and the Teachers Association (RHCFA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2023-24, the District has no contribution to the Plan. Plan members are not required to contribute to the Plan, however, classified management members hired after May 10, 2005, may elect to make contributions to the Plan as active employees to obtain lifetime coverage comparable to that available to employees hired prior to May 11, 2005.

Retiree Health Benefit OPEB Trust

The Retiree Health Benefit OPEB Trust (the "Trust") is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the Rio Hondo Community College District Board of Authority as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the *California Government Code* Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Contributions to Trust

Eligible employees are not permitted to make contributions to the Trust. The Plan administrator (CalPERS) shall, on behalf of the employer (District), make all contribution to the Trustee. All contributions shall be paid to the Trustee for investment and reinvestment pursuant to the terms of the trust agreement. The District does not have contractually required contributions rates, but contributes in an amount sufficient to fully fund the total OPEB obligation over a period not to exceed 30 years. The District has a net OPEB liability/(asset) of $12,268,902 as of June 30, 2024.

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Governing Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Governing Board's adopted asset allocation policy as of June 30, 2024:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
All Fixed Income	67%	4.25%
All Domestic Equities	15.5%	7.25%
All International Equities	14.5%	7.25%
Real Estate Investment Trusts	3%	7.25%
Total	100%	

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 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, 2023
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.50%
Investment rate of return	5.20%
Salary Increase	2.75%
Healthcare cost trend rate	4.00%
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used.

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

OPEB Expense/(Benefit) and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense/(benefit) of $1,846,589. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 6,836,813	$ -
Differences between expected and actual experience	-	5,383,928
Change in assumptions	2,844,568	-
	$ 9,681,381	$ 5,383,928

The deferred outflow of resources 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. The deferred inflows of resources resulting from a change in assumption will be amortized to OPEB expense/(benefit) as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ 993,808
2026	1,120,775
2027	2,723,456
2028	101,679
2029	(62,760)
Thereafter	(579,505)
	$ 4,297,453

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Changes in the Net OPEB Liability/(Asset)

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance July 1, 2023	$ 69,780,456	$ 56,440,631	$ 13,339,825
Changes for the year:			
Service cost	2,431,403	-	2,431,403
Interest	3,628,174	-	3,628,174
Employee contributions as benefit payments	(2,447,172)	(2,447,172)	-
Changes in assumptions	986,497	-	986,497
Expected investment income	-	2,928,209	(2,928,209)
Experience (gains)/losses	(3,497,708)	-	(3,497,708)
Administrative expense	-	(257,841)	257,841
Expected benefit payments	-	2,447,172	(2,447,172)
Investments gains/(losses)	-	(498,251)	498,251
Net change	1,101,194	2,172,117	(1,070,923)
Balance June 30, 2024	$ 70,881,650	$ 58,612,748	$ 12,268,902

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

The following presents the net OPEB liability/(asset) calculated using the discount rate of 5.20 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 (4.20 percent) and 1 percent higher (6.20 percent):

	Discount Rate 1% Lower (4.20%)	Current Discount Rate (5.20%)	Discount Rate 1% Higher (6.20%)
Net OPEB liability/(asset)	$ 23,081,864	$ 12,268,902	$ 3,490,318

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trend Rate

The following table presents the net OPEB liability/(asset) calculated using the heathcare 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):

	Healthcare Cost Trend Rate 1% Lower (3.00%)	Healthcare Cost Trend Rate (4.00%)	Trend Cost Trend Rate 1% Higher (5.00%)
Net OPEB liability/(asset)	$ 2,056,827	$ 12,268,902	$ 25,258,144

NOTE 13 – RISK MANAGEMENT

The District participates in four joint powers agreement (JPA) entities, the Alliance of Schools for Cooperative Insurance Programs (ASCIP), the Schools Liability Fund (SELF), the Southern California Community Colleges District Joint Powers Agency (SCCCD-JPA), Protected Insurance Program for Schools and Community Colleges (PIPS), and the California Statewide Delinquent Finance Tax Authority.

ASCIP provides liability and property insurance for K-12 Districts, community colleges, and other Local Agencies. ASCIP is governed by a Board comprised of a member of each of the participating districts. The board controls the operations of ASCIP, including selection of management and approval of members beyond their representation on the Board. Each member shares surpluses and deficits proportionally to its participation in ASCIP.

SELF provides excess insurance coverage for liability losses from $1,000,000 to $50,000,000 and $5,000,000 to $250,000,000 for excess property coverage.

SCCCD provides workers' compensation coverage for its seven member districts for workers' compensation self insured run-off claims dated prior to 1995. Payments transferred to funds maintained under the JPA are expensed when made. SCCCD has self-funded their workers' compensation coverage since inception as a joint banking pool, and accordingly, does not transfer risk between members. District administrators are of the opinion that the procedures for accumulating and maintaining reserves are sufficient to cover future contingencies under potential workers' compensation claims.

PIPS provides workers' compensation insurance protection to its membership of public schools and community colleges throughout California. This is a finite risk sharing pool that transfers risk away from the members. Premiums are determined based on payroll expense and additional premiums may be required in subsequent years.

NOTE 13 – RISK MANAGEMENT, continued

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards.

The relationships between the District and the JPAs are such that neither JPA is a component unit of the District for financial reporting purposes.

The District is also a member of Keenan Coalition for Dental and Vision insurance coverages for its employees. The Coalition is not a JPA, but functions under a banking system, where each member District operates separately from other member Districts. Each individual member district makes their premium deposit based primarily upon their scheduled insurance coverage. Coverage is supplied for dental and vision care for all participating member districts.

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are member 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 ending June 30, 2024, the District reported its proportionate share of the net pension liabilities, pension expense, deferred outflows of resources, and deferred inflows of resources 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	$ 45,715,787	$ 14,855,114	$ 5,175,293	$ 6,710,584
CalPERS	46,941,898	16,108,426	1,562,528	7,484,193
Total	$ 92,657,685	$ 30,963,540	$ 6,737,821	$ 14,194,777

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 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

NOTE 14 – 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.

Benefits Provided, continued

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	On or after
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%

Contribution

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 $8,943,552.

NOTE 14 – 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	$ 45,715,787
State's proportionate share of the net pension liability associated with the District	21,904,115
Total	$ 67,619,902

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 college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2023 and June 30, 2022, was 0.0600 percent and 0.0603 percent, respectively, resulting in a net decrease in the proportionate share of 0.0003 percent.

For the year ended June 30, 2024, the District recognized pension expense of $6,710,584. In addition, the District recognized pension expense and revenue of $318,089 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	$ 193,402	$ -
Differences between expected and actual experience	3,592,763	2,445,425
Changes in assumptions	264,711	-
Net changes in proportionate share of net pension liability	1,860,686	2,729,868
District contributions subsequent to the measurement date	8,943,552	-
Total	$ 14,855,114	$ 5,175,293

NOTE 14 – 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

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	$ (1,218,804)
2026	(2,905,639)
2027	3,211,203
2028	595,381
2029	455,334
Thereafter	598,794
	$ 736,269

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	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions, continued

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.

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%
	100%	

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

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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.

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	$ 76,684,585	$ 45,715,787	$ 19,992,591

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.

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS)

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.

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
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%	7.00%
Required employer contribution rate	26.68%	26.68%

Contribution

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 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 contribution rates are expressed as a 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 $7,021,494.

NOTE 14 – 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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $46,941,898. 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 college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2023 and June 30, 2022, was 0.130 percent and 0.132 percent, respectively, resulting in a net decrease of 0.002 percent.

For the year ended June 30, 2024, the District recognized pension expense of $7,484,193. 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	$ 5,014,067	$ -
Differences between expected and actual experience	1,713,043	720,958
Changes in assumptions	2,162,595	-
Net changes in proportionate share of net pension liability	197,227	841,570
District contributions subsequent to the measurement date	7,021,494	-
Total	$ 16,108,426	$ 1,562,528

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
as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ 2,264,923
2026	1,654,186
2027	3,654,644
2028	(49,349)
	$ 7,524,404

NOTE 14 – 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	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%
	100%	

*An expected inflation of 2.30% used for this period.
**Figures are based on the 2021-22 Asset Liability Management study.

NOTE 14 – 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	$ 67,865,850	$ 46,941,898	$ 29,648,727

Alternative Retirement Plan for Part-Time Faculty

The District and the faculty union agreed to an alternative retirement plan for Part-time faculty not covered by STRS nor covered by OASDI prior to July 1, 1991. The effective date of the plan was January 1, 1992.

The unit members eligible, shall be placed in the Accumulated Program for Part-Time and Limited Service Program (APPLE) alternative plan to Social Security coverage for District employment. Under the APPLE plan, the District and the individual part-time faculty shall each contribute 3.75% of employee salary. The annual administration fees for the APPLE plan shall be paid by the District. The annual participant fee shall be paid by the District for only that period of time until the plan earnings generate revenues to pay the fee. The total assets of the plan at June 30, 2024 total $5,269,307.38.

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 for the fiscal year ended June 30, 2024, which amounted to $3,503,534. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of non-operating revenue and employee benefit expense.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2024.

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 District at June 30, 2024.

Operating Leases

The District has entered into various operating leases for buildings and equipment with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date.

Future minimum lease payments under these agreements are as follows:

Fiscal Year	Amount
2025	$ 62,733
2026	46,648
Total	$ 109,381

NOTE 15 - COMMITMENTS AND CONTINGENCIES, continued

Construction Commitments

As of June 30, 2024, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Spent to Date	Remaining Construction Commitment	Expected Date of Completion
L-Tower Seismic and Code Upgrades	$ 34,506,270	$ 212,766	9/30/2022
L-Tower Phase II	8,246,812	1,295,529	8/31/2024
Music Wray Theater & Campus Inn	12,574,099	32,658,605	8/31/2025
	$ 55,327,181	$ 34,166,900	

The projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

NOTE 16 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2024 through December 23, 2024 the date the financial statements were issued. Management noted that on November 5th, 2024, Measure RH was voter approved $442.2 million in bond funds. Voter authorized measure RH will be allocated to upgrade classrooms, labs and facilities to better prepare local students for jobs, careers and transfer to 4-year colleges and universities.

REQUIRED SUPPLEMENTARY INFORMATION

RIO HONDO 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	$ 2,431,403	$ 2,366,329	$ 2,175,213	$ 2,116,996
Interest	3,628,174	3,447,208	3,155,331	3,009,812
Changes of assumptions	986,497	-	3,224,886	-
Experience gains/losses	(3,497,708)	-	(697,814)	-
Employee contributions as benefit payments	(2,447,172)	-	-	-
Benefit payments	-	(2,284,756)	(2,395,563)	(2,319,394)
Net change in total OPEB liability	1,101,194	3,528,781	5,462,053	2,807,414
Total OPEB liability, beginning of year	69,780,456	66,251,675	60,789,622	57,982,208
Total OPEB liability, end of year (a)	$ 70,881,650	$ 69,780,456	$ 66,251,675	$ 60,789,622
Plan fiduciary net position				
Employer contributions	-	2,284,756	2,395,563	$ 6,259,988
Employee contributions as benefit payments	(2,447,172)	-	-	-
Expected investment income	-	3,506,402	3,094,492	2,826,123
Investment gains/(losses)	(498,251)	(14,351,404)	5,114,171	634,815
Administrative expense	(257,841)	(290,336)	(284,323)	(256,234)
Expected benefit payments	2,447,172	(2,284,756)	(2,395,563)	(2,319,394)
Expexted investment income	2,928,209	-	-	-
Change in plan fiduciary net position	2,172,117	(11,135,338)	7,924,340	7,145,298
Fiduciary trust net position, beginning of year	56,440,631	67,575,969	59,651,629	52,506,332
Fiduciary trust net position, end of year (b)	$ 58,612,748	$ 56,440,631	$ 67,575,969	$ 59,651,629
Net OPEB liability/(asset), ending (a) - (b)	$ 12,268,902	$ 13,339,825	$ (1,324,294)	$ 1,137,993
Covered payroll	$ 77,886,068	$ 68,780,183	$63,435,505	$59,007,453
Plan fiduciary net position as a percentage of the total OPEB liability	83%	81%	102%	98%
Net OPEB liability/(asset) as a percentage of covered payroll	15.75%	19.39%	-2.09%	1.93%

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

RIO HONDO 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	$ 2,117,173	$ 2,060,509	$ 2,005,362
Interest	3,171,261	3,026,763	2,886,839
Changes of assumptions	-	-	-
Experience gains/(losses)	(6,047,013)	-	-
Benefit payments	(2,372,841)	(2,300,743)	(2,212,253)
Net change in total OPEB liability	(3,131,420)	2,786,529	2,679,948
Total OPEB liability, beginning of year	61,113,628	58,327,100	55,647,152
Total OPEB liability, end of year (a)	$ 57,982,208	$ 61,113,628	$ 58,327,100
Plan fiduciary net position			
Employer contributions	$ 17,372,841	$ 15,800,743	$ 12,212,253
Employee contributions as benefit payments	-	-	-
Assumption changes	-	-	-
Expected investment income	2,208,118	1,436,541	969,430
Investment gains/losses	446,284	(657,474)	-
Administrative expense	(223,747)	(158,368)	(96,324)
Expected benefit payments	(2,372,841)	(2,300,743)	(2,212,253)
Other	-	-	-
Change in plan fiduciary net position	17,430,655	14,120,699	10,873,106
Fiduciary trust net position, beginning of year	35,075,677	20,954,978	10,081,872
Fiduciary trust net position, end of year (b)	$ 52,506,332	$ 35,075,677	$ 20,954,978
Net OPEB liability/(asset), ending (a) - (b)	$ 5,475,876	$ 26,037,951	$ 37,372,122
Covered payroll	$ 61,297,171	$54,781,403	$54,781,403
Plan fiduciary net position as a percentage of the total OPEB liability	91%	57%	36%
Net OPEB liability/(asset) as a percentage of covered payroll	8.93%	47.53%	68.22%

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

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

	2024	2023	2022	2021
Actuarially determined contribution	$ -	$ 2,284,756	$ 2,284,756	$ 2,395,563
Contributions in relations to the actuarially determined contribution	401,696	-	2,447,172	-
Contribution deficiency/(excess)	$ 401,696	$ 2,284,756	$ 2,284,756	$ 2,395,563
Covered-employee payroll	$ 30,088,099	$ 20,858,659	$ 13,866,135	$ 13,866,135
Contribution as a percentage of covered-employee payroll	1.34%	10.95%	16.48%	17.28%

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

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

	2020	2019	2018
Actuarially determined contribution	$ 2,319,394	$ 2,372,841	$ 2,300,743
Contributions in relations to the actuarially determined contribution	3,940,594	15,800,743	12,212,253
Contribution deficiency/(excess)	$ 2,319,394	$ (13,427,902)	$ (9,911,510)
Covered-employee payroll	$ 11,315,722	$ 54,781,403	$54,781,403
Contribution as a percentage of covered-employee payroll	20.50%	-24.51%	-18.09%

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

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

CalSTRS	Reporting Fiscal Year (Measurement Date) 2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
District's proportion of the net pension liability	0.060%	0.0603%	0.066%	0.060%	0.060%
District's proportionate share of the net pension liability	$ 45,715,787	$ 41,915,895	$ 30,083,201	$ 58,520,456	$ 54,235,543
State's proportionate share of the net pension liability associated with the District	21,904,115	20,991,603	15,137,015	30,167,058	29,589,348
Total	$ 67,619,902	$ 62,907,498	$ 45,220,216	$ 88,687,514	$ 83,824,891
District's covered-employee payroll	$ 49,309,557	$ 39,892,134	$ 31,112,637	$ 31,525,728	$ 33,056,001
District's proportionate share of the net pension liability as percentage of covered-employee payroll	93%	105%	97%	186%	164%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%

CalPERS	Reporting Fiscal Year (Measurement Date) 2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
District's proportion of the net pension liability	0.130%	0.1321%	0.131%	0.132%	0.128%
District's proportionate share of the net pension liability	$ 46,941,898	$ 45,438,905	$ 26,694,140	$ 40,458,741	$ 37,434,722
District's covered-employee payroll	$ 23,334,265	$ 19,434,151	$ 19,046,443	$ 19,152,957	$ 15,730,545
District's proportionate share of the net pension liability as percentage of covered-employee payroll	201%	234%	140%	211%	238%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%

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

	Reporting Fiscal Year (Measurement Date)				
CalSTRS	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.059%	0.058%	0.060%	0.065%	0.065%
District's proportionate share of the net pension liability	$ 53,851,035	$ 53,790,703	$ 48,849,511	$ 43,760,600	$ 37,984,050
State's proportionate share of the net pension liability associated with the District	30,833,719	31,822,385	27,809,155	23,128,021	22,812,498
Total	$ 84,684,754	$ 85,613,088	$ 76,658,666	$ 66,888,621	$ 60,796,548
District's covered-employee payroll	$ 33,056,001	$ 34,671,040	$ 24,950,084	$ 30,728,908	$ 28,794,776
District's proportionate share of the net pension liability as percentage of covered-employee payroll	163%	155%	196%	142%	132%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%

	Reporting Fiscal Year (Measurement Date)				
CalPERS	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.126%	0.126%	0.125%	0.128%	0.129%
District's proportionate share of the net pension liability	$ 33,699,089	$ 29,995,084	$ 24,654,995	$ 18,947,983	$ 14,621,936
District's covered-employee payroll	$ 15,730,545	$ 19,620,965	$ 14,046,189	$ 14,501,020	$ 13,516,527
District's proportionate share of the net pension liability as percentage of covered-employee payroll	214%	153%	176%	131%	108%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%

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

	Reporting Fiscal Year				
CalSTRS	2024	2023	2022	2021	2020
Statutorily required contribution	$ 8,943,552	$ 8,343,177	$ 6,749,749	$ 5,091,405	$ 5,640,721
District's contributions in relation to the statutorily required contribution	8,943,552	8,343,177	6,749,749	5,091,405	5,640,721
District's contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 46,824,880	$ 49,309,557	$ 39,892,134	$ 31,525,728	$ 31,112,637
District's contributions as a percentage of covered-employee payroll	19.10%	16.92%	16.92%	16.15%	18.13%

	Reporting Fiscal Year				
CalPERS	2024	2023	2022	2021	2020
Statutorily required contribution	$ 7,021,494	$ 5,345,880	$ 4,452,364	$ 3,964,662	$ 3,756,149
District's contributions in relation to the statutorily required contribution	7,021,494	5,345,880	4,452,364	3,964,662	3,756,149
District's contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 26,317,444	$ 23,334,265	$ 19,434,151	$ 19,152,957	$ 19,046,443
District's contributions as a percentage of covered-employee payroll	26.68%	22.91%	22.91%	20.70%	19.72%

See accompanying note to required supplementary information.

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

	Reporting Fiscal Year				
CalSTRS	2019	2018	2017	2016	2015
Statutorily required contribution	$ 5,381,517	$ 5,003,031	$ 4,191,757	$ 2,677,144	$ 2,728,727
District's contributions in relation to the statutorily required contribution	5,381,517	5,003,031	4,191,757	2,677,144	2,728,727
District's contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 33,056,001	$ 34,671,040	$ 33,320,803	$ 24,950,084	$ 30,728,908
District's contributions as a percentage of covered-employee payroll	16.28%	14.43%	12.58%	10.73%	8.88%

	Reporting Fiscal Year				
CalPERS	2019	2018	2017	2016	2015
Statutorily required contribution	$ 2,841,251	$ 2,725,352	$ 2,270,696	$ 1,664,052	$ 1,706,770
District's contributions in relation to the statutorily required contribution	2,841,251	2,725,352	2,270,696	1,664,052	1,706,770
District's contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 15,730,545	$ 17,548,950	$ 16,350,058	$ 14,046,189	$ 14,501,020
District's contributions as a percentage of covered-employee payroll	18.06%	15.53%	13.89%	11.85%	11.77%

See accompanying note to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

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

This schedule presents information on the District's changes in the net OPEB liability/(asset), including beginning and ending balances, the plan's fiduciary net position, and the net OPEB liability/(asset). In the future, as data becomes available, ten years of information will be presented. There were no changes in benefit terms or assumptions in the current year.

Changes in Benefit Terms – There were no changes in the benefit terms since the previous valuation.

Changes in Assumptions – There were no changes in the benefit terms since the previous valuation.

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 the Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net positions and, when applicable, the State's proportionate share of the NPL associated with the District.

Changes in Benefit Terms – There was a changed in required employer contribution rate from 25.37% to 26.68% for CalPERS and there was no change in benefit terms since the previous valuations for CalSTRS.

Changes in Assumptions – There was a changed in consumer price inflation from 2.50% to 2.30% for CalPERS and there was no change in assumptions since the previous valuation for CalSTRS.

Schedule of Contributions – Pensions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

SUPPLEMENTARY INFORMATION

Rio Hondo Community College District was established by election in October 1960 and is comprised of an area of approximately 65.6 square miles, which includes the cities of Whittier, Pico Rivera, Santa Fe Springs, and South El Monte, as well as portions of El Monte, Norwalk, La Mirada, La Puente, Industry, and unincorporated areas of Los Angeles County. There were no changes in the boundaries of the District during the current year.

The District's college is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

As of June 30, 2024, the Board of Trustees and District Executive Officers are composed of the following members:

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Anais Medina Diaz	President	December 2026
Oscar Valladares	Vice President	December 2026
Rosaelva Lomeli	Clerk	December 2026
Kristal Orozco	Member	December 2024
Vicky Santa	Member	December 2024
Hesma Valdes	Student Trustee	June 30, 2025

DISTRICT ADMINISTRATION

Dr. Marilyn Flores
Superintendent/President

Dr. Stephen Kibui
Vice President, Finance and Business

Dr. Don Miller
Vice President, Academic Affairs

Dr. Earic Dixon-Peters
Vice President, Student Services

Tina Kupperman
Vice President, Human Resources

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
Rio Hondo College Foundation	Shaina Philips, Interim Executive Director	Organized as an auxiliary organization in 1992 and has a signed master agreement dated September 1, 2020.

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

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER*	TOTAL FEDERAL EXPENDITURES
U.S. Department of Education			
Direct			
Student Financial Aid Cluster			
Federal Pell Grant Program	84.063	*	$ 20,543,403
Federal Supplemental Education Opportunity Grants	84.007	*	373,878
Federal Work Study Program	84.033	*	332,953
Federal Direct Student Loans	84.268	*	749,794
Subtotal Student Financial Aid Cluster			22,000,028
TRIO Cluster			
Upward Bound	84.047	*	232,069
Student Support Services	84.042	*	310,955
SSS STEM Program	84.042A	*	258,933
Subtotal TRIO Cluster			801,957
Child Care Access Means Parents in School Program	84.335A	*	416,176
LEGACIE+	84.031S	*	98,728
STEM Pathways Center (Enlace)	84.031S	*	873,672
The Cumbres Project	84.031S	*	456,392
Talent Search	84.044A	*	285,318
Hope Scholars	84.0116N	*	265,362
Passed Through Center for Collaborative Education			
Supporting Effective Development (SEED)	84.423A	*	197,393
Passed Through California Community Colleges Chancellor's Office			
Title I, Part C	84.048A	*	522,735
CARES Act: High Education Emergency Relief Fund (HEERF)			
COVID-19 HEERF III Institutional Portion	84.425F	*	2,777,073
COVID-19 HEERF III Student Portion	84.425E	*	877,805
Subtotal CARES Act: High Education Emergency Relief Fund (HEERF)			3,654,878
Total U.S. Department of Education			29,572,639
U.S. Department of Treasury			
Passed Through California Community Colleges Chancellor's Office			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	*	950,699
Total U.S. Department of Treasury			950,699
U.S. Department of Health and Human Services			
Passed Through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	*	66,215
Foster and Kinship Care Education	93.658	*	54,617
Total U.S. Department of Health and Human Services			120,832
U.S. Department of Agriculture			
Pass through from California Department of Education (CDE)			
Child and Adult Care Food Program	10.558	CSPP-7247	44,704
Pass through from California State University Chico State Enterprise			
CalFresh Outreach Program	10.561	A22-055-S034	50,804
Total U.S. Department of Agriculture			95,508
Research and Development Cluster			
National Science Foundation			
Auto Transit	47.076	*	145,515
Transition and Research Across Interface (TRAINS)	47.076	*	152,169
Scholarships to Aid Rio Hondo STEM Students (STARSS)	47.076	*	221,048
Total Research and Development Cluster			518,732
Total Federal Programs			$ 31,258,410

* Pass-through entity identifying number not applicable or unavailable

RIO HONDO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Program Name	Program Revenues: Cash Received	Accounts Receivable	Deferred Revenue	Total	Total Program Expenditures
State Categorical Aid Programs					
Basic Needs Support	$ 836,440	$ -	$ 235,292	$ 601,148	$ 601,148
CalWORKS	816,879	-	341,773	475,106	475,106
Career Education	156,278	-	144,994	11,284	11,284
Child Development Center	909,014	-	-	909,014	909,014
College Promise Grants (Bogg Admin.)	508,530	-	-	508,530	508,530
Cooperative Agencies Resources for Education (CA	547,273	-	129,037	418,236	418,236
Disabled Student Programs and Services	2,108,679	-	529,055	1,579,624	1,579,624
EPSCF	618,245	-	-	618,245	618,245
Equal Employment Opportunity (EEO)	138,888	-	66,702	72,186	72,186
Extended Opportunity Programs and Services	4,191,067	-	430,699	3,760,368	3,760,368
Financial Aid Tech	57,153	-	-	57,153	57,153
Foster Parent	107,046	-	-	107,046	107,046
FT Faculty Hiring	1,853,791	-	-	1,853,791	1,853,791
Guided Pathways	292,191	-	97,851	194,340	194,340
Housing	512,370	-	-	512,370	512,370
IT security	175,000	-	-	175,000	175,000
Mental Health	347,301	-	-	347,301	347,301
NEXTUP	1,715,175	-	413,335	1,301,840	1,301,840
Nursing Education	180,255	-	-	180,255	180,255
PT Faculty Compensation	305,275	-	-	305,275	305,275
Retention and Enrollment Outreach	1,014,298	-	305,649	708,649	708,649
Student Equity and Achievement	9,136,750	-	6,398,888	2,737,862	2,737,862
Student Success Completion	3,254,885	-	1,130,505	2,124,380	2,124,380
Student Transfer Achievement Reform	565,217	-	-	565,217	565,217
Undocumented Resources Liaisons	174,815		23,459	151,356	151,356
Veterans Resources Center	78,395	-	-	78,395	78,395
Zero Textbook	258,240	-	-	258,240	258,240
Access to Print and Electronic Info	10,898	-	-	10,898	10,898

RIO HONDO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT – ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2024

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2023 only)			
1. Noncredit	1,099.14	-	1,099.14
2. Credit	303.01	-	303.01
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	4,858.64	-	4,858.64
(b) Daily Census Contact Hours	494.74	-	494.74
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	134.18	-	134.18
(b) Credit	645.07	-	645.07
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	2,019.23	-	2,019.23
(b) Daily Census Contact Hours	1,645.42	-	1,645.42
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	11,199.43	-	11,199.43
Supplemental Information (subset of above information)			
E. In-service Training Courses	220.66	-	220.66
F. Basic Skills Courses and Immigrant Education			
1. Credit	17.33	-	17.33
2. Noncredit	141.30	-	141.30
Total Basic Skills FTES	158.63	-	158.63

RIO HONDO COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE ECS 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
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 17,476,424	$ -	$ 17,476,424	$ 17,476,424	$ -	$ 17,476,424
Other	1300	19,172,596	-	19,172,596	19,778,191	-	19,778,191
Total Instructional Salaries		36,649,020	-	36,649,020	37,254,615	-	37,254,615
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	9,753,825	-	9,753,825
Other	1400	-	-	-	767,189	-	767,189
Total Non-Instructional Salaries		-	-	-	10,521,014	-	10,521,014
Total Academic Salaries		36,649,020	-	36,649,020	47,775,629	-	47,775,629
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	15,656,191	-	15,656,191
Other	2300	-	-	-	755,065	-	755,065
Total Non-Instructional Salaries		-	-	-	16,411,256	-	16,411,256
Instructional Aides							
Regular Status	2200	2,120,545	-	2,120,545	2,318,776	-	2,318,776
Other	2400	862,524	-	862,524	862,664	-	862,664
Total Instructional Aides		2,983,069	-	2,983,069	3,181,440	-	3,181,440
Total Classsified Salaries		2,983,069	-	2,983,069	19,592,696	-	19,592,696
Employee Benefits	3000	17,553,887	-	17,553,887	37,827,226	-	37,827,226
Supplies and Materials	4000	-	-	-	1,304,568	-	1,304,568
Other Operating Expenses	5000	3,738,245	-	3,738,245	12,745,471	-	12,745,471
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		60,924,221	-	60,924,221	119,245,590	-	119,245,590
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	4,728,389	-	4,728,389	4,728,389	-	4,728,389
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	8,726,163	-	8,726,163
Object to Exclude							
Rents and Leases	5060	-	-	-	163,138	-	163,138
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	-	-	-	3,740,796	-	3,740,796
Capital Outlay	6000						
Library Books	6300	-	-	-	57,293	-	57,293
Equipment	6400						
Equipment - Additional	6410	-	-	-	103,426	-	103,426
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	103,426	-	103,426
Total Capital Outlay		-	-	-	160,719	-	160,719
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		$ 4,728,389	$ -	$ 4,728,389	$ 17,519,205	$ -	$ 17,519,205
Total for ECS 84362, 50% Law		$ 56,195,832	$ -	$ 56,195,832	$ 101,726,385	$ -	$ 101,726,385
Percent of CEE (Instructional Salary Cost/Total CEE)		55.24%	0.00%	55.24%	100.00%	0.00%	100.00%
50% of Current Expense of Education		$ -	$ -	$ -	$ 50,863,193	$ -	$ 50,863,193

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

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2024.

RIO HONDO COMMUNITY COLLEGE DISTRICT
DETAILS OF THE EDUCATION PROTECTION ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2024

EPA Revenue	$ 11,507,210

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	$ 11,507,210	$ -	$ -	$ 11,507,210
Total		$ 11,507,210	$ -	$ -	$ 11,507,210

See accompanying note to supplementary information.

RIO HONDO COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF FUND EQUITY TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Equity - District Funds Included in the Reporting Entity:		
General Fund	$ 105,960,278	
Debt Service Fund	12,485,123	
Child Development Fund	693,276	
Capital Project Funds	93,102,682	
Self-Insurance Funds	32,850,472	
Associated Student Body	569,671	
Student Financial Aid Fund	5,360,555	
Trust Fund	5,446	$ 251,027,503
Assets recorded within the statement of net position not included in the District fund financial statements:		
Capital assets not being depreciated	80,554,064	
Capital assets being depreciated	291,440,334	
Right-of-use asset	463,156	
Accumulated amortization	(92,631)	
Accumulated depreciation	(130,454,357)	241,910,566
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred loss on refunding		319,983
Deferred outflows - OPEB		9,681,381
Deferred outflows - pensions		30,963,540
Liabilities recorded within the statement of net position not recorded in the District fund financial statements:		
Compensated absences		(1,100,792)
Net OPEB liability		(12,268,902)
Net pension liability		(92,657,685)
Lease liability		(374,841)
Long-term debt		(276,038,555)
Unmatured Interest		(4,057,731)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred inflows - pensions		(6,737,821)
Deferred Inflows - OPEB		(5,383,928)
Net Position Reported Within the Statement of Net Position		$ 135,282,718

NOTE 1 - PURPOSE OF SCHEDULES

District Organizational Structure

This schedule provides information about the District's governing board members and administration members.

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

Schedule of Revenues and Expenditures of State Awards

The accompanying Schedule of Expenditures of State Awards includes the State grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The information in this schedule is presented to comply with reporting requirements of the California State Chancellor's Office.

Schedule of Workload Measures for State General Apportionment – Annual/Actual Attendance

FTES is a measurement of the number of pupils 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, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

Reconciliation of the ECS 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.

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 internal fund financial statements.

NOTE 1 - PURPOSE OF SCHEDULES, continued

Details of the Education Protection Account

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

Reconciliation of Fund Equity to the Statement of Net Position

This 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

CWDL

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
Rio Hondo Community College District
Whittier, California

We have audited, 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, the financial statements of the business-type activities and fiduciary activities of Rio Hondo 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 23, 2024.

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 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 over financial reporting that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

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.

CWDL, Certified Public Accountants

San Diego, California
December 23, 2024

CWDL

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
Rio Hondo Community College District
Whittier, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rio Hondo 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 Schedule of Audit Findings and Questioned Cost section of the accompanying 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.

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 23, 2024

CWDL

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

Board of Trustees
Rio Hondo Community College District
Whittier, California

Report on State Compliance

Opinion on State Compliance

We have audited College of the Rio Hondo Community College District's (the "District") compliance with the types of compliance requirements as identified in the *2023-24 California Community Colleges Chancellor's Office Contracted District Audit Manual*, 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 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 Chancellor's Office Contracted District Audit Manual*. 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 requirements subject to audit in the *2023-24 California Community Colleges Chancellor's Office Contracted District Audit Manual*. 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 listed below.

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 Chancellor's Office *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 below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2023-24 California Community Colleges Chancellor's Office *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.

Compliance Requirements Tested

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 and Non-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 494 – State Fiscal Recovery Funds
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 Chancellor's Office Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 23, 2024

FINDINGS AND QUESTIONED COSTS SECTION

RIO HONDO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Assistance Listing Numbers	Name of Federal Program of Cluster
84.007, 84.033 84.063, 84.268	Student Financial Aid Cluster
84.425E, 84.425F	CARES Act: High Education Emergency Relief Fund (HEERF)

Dollar threshold used to distinguish between Type A and Type B programs:	$ 937,752
Auditee qualified as low-risk auditee?	No

STATE AWARDS

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

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 audit findings or questioned costs identified during 2023-24.

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 identifies during 2023-24.

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.

RIO HONDO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

There were no findings or questioned costs identified during 2022-23.