PRELIMINARY OFFICIAL STATEMENT DATED MAY 1, 2019

NEW ISSUE – BOOK ENTRY ONLY

RATINGS: S&P: "AA"
Moody's: "Aa2"
(See "RATINGS" herein.)

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and subject to the matters described in "TAX MATTERS" herein, interest on the Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income for the owners thereof for federal income tax purposes and is not included in computing the federal alternative minimum taxable income of the owners thereof. See "TAX MATTERS" herein. It is also the opinion of Bond Counsel that under existing law interest on the Bonds is exempt from personal income taxes of the State of California.

$70,000,000*
RIO HONDO COMMUNITY COLLEGE DISTRICT
(County of Los Angeles, California)
General Obligation Refunding Bonds
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)
2004 Election, 2019 Series B

Dated: Date of Delivery Due: August 1, as shown on inside cover.

The Rio Hondo Community College District (the "District") is issuing its General Obligation Refunding Bonds, 2004 Election, 2019 Series B (the "Bonds"). The Bonds are being issued to (i) effect the refunding of a portion of certain general obligation bonds issued by the District and (ii) pay certain costs of issuance associated therewith. See the caption "PLAN OF REFUNDING" herein. The Bonds are dated the date of delivery. The Bonds will mature on the dates and in the amounts and bear interest at the rates shown on the inside cover herein. The Bonds will be issued in denominations of $5,000 principal amount or integral multiples thereof, and are payable as to principal amount or redemption price at the office of U.S. Bank National Association, Paying Agent for the Bonds (the "Paying Agent"). The Bonds will be issued as current interest bonds payable semiannually on February 1 and August 1 of each year, commencing August 1, 2019.*

The Bonds are issued in fully registered form and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds as described herein under the caption "THE BONDS – Book-Entry Only System."

The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity as described herein.* See "THE BONDS – Redemption" herein.

The Bonds are general obligations of the District, secured and payable solely from *ad valorem* property taxes collected against taxable properties within the boundaries of the District. The Bonds are general obligations of the District only and are not obligations of the County of Los Angeles, the State of California or any of its other political subdivisions. The Board of Supervisors of the County of Los Angeles has the power and is obligated to levy and collect *ad valorem* property taxes for each fiscal year upon the taxable property of the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of, and premium, if any, and interest on each Bond as the same becomes due and payable.

MATURITY SCHEDULE
On Inside Cover

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds will be offered when, as and if issued and received by the Underwriters subject to the approval of legality by Norton Rose Fulbright US LLP, Los Angeles, Bond Counsel, and certain other conditions. Norton Rose Fulbright US LLP, Los Angeles is also acting as Disclosure Counsel for the issue. Certain legal matters will be passed upon for the Underwriters by their counsel, Nixon Peabody LLP, San Francisco, California. It is anticipated that the Bonds will be available through the facilities of DTC on or about __________, 2019.

CABRERA CAPITAL MARKETS, LLC **RAMIREZ & CO., INC.** **RBC CAPITAL MARKETS**

Dated: ________, 2019
Preliminary, subject to change.

MATURITY SCHEDULE*

$70,000,000*
RIO HONDO COMMUNITY COLLEGE DISTRICT
(County of Los Angeles, California)
General Obligation Refunding Bonds
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)
2004 Election, 2019 Series B

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP(1) (767121)
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				

$_________ __% Term Bonds Maturing _______, Priced to Yield ___% CUSIP(1) _______

*Preliminary; subject to change.

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the District nor the Underwriters take any responsibility for the accuracy of the CUSIP numbers, which are being provided for reference only. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

(c) Yield to call to par on August 1, 20__.

No dealer, broker, salesperson or other person has been authorized by the Rio Hondo Community College District (the "District") to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by this Official Statement does not constitute an offer to sell, the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as a representation of facts.

The District maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.

The information set forth herein has been obtained from official sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Although certain information set forth in this Official Statement has been provided by the County of Los Angeles, the County of Los Angeles has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement except for the information set forth under the caption "THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS" herein.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or the completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS, BANKS OR OTHERS AT PRICES LOWER OR HIGHER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the United States Securities Act of 1933, as amended (the "Securities Act"). Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

RIO HONDO COMMUNITY COLLEGE DISTRICT
County of Los Angeles, State of California

Board of Trustees

District Administrators

Teresa Dreyfuss, Superintendent/President*
Yulian Ligioso, Vice President, Finance & Business
Dr. Laura Ramirez, Vice President, Academic Affairs
Henry Gee, Vice President, Student Services

SPECIAL SERVICES

Financial Advisor

CFW Advisory Services, LLC
Los Angeles, California

Bond Counsel and Disclosure Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

Paying Agent

U.S. Bank National Association
Los Angeles, California

Verification Agent

Causey, Demgen & Moore P.C.
Denver, Colorado

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* Superintendent/President Dreyfuss will retire from the District effective June 30, 2019. The District has engaged a firm to conduct a search for a new Superintendent/President. As of the date of this Preliminary Official Statement, the District has selected five finalists for the position of Superintendent/President.

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$70,000,000*
RIO HONDO COMMUNITY COLLEGE DISTRICT
(County of Los Angeles, California)
General Obligation Refunding Bonds
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)
2004 Election, 2019 Series B

INTRODUCTION

The Rio Hondo Community College District (the "District") will issue $70,000,000* aggregate principal amount of General Obligation Refunding Bonds, 2004 Election, 2019 Series B (the "Bonds"). The Bonds are being issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the of the California Government Code (commencing with Sections 53550 and 53580, respectively) (the "Refunding Act") and other applicable laws and regulations of the State, and pursuant to a resolution adopted by the Board of Trustees (the "Board") on March 13, 2019 (the "Resolution").

The proceeds of the Bonds will be used to (i) refund a portion of the District's General Obligation Refunding Bonds, 2004 Election, 2005 Series A (the "2005 Series A Bonds"), (ii) refund a portion of the District's General Obligation Bonds, 2004 Election, 2009 Series B (the "2009 Series B Bonds" and together with the 2005 Series A Bonds, the "Refunded Bonds"), and (iii) pay the costs of issuance of the Bonds. See "PLAN OF REFUNDING."

The Rio Hondo Community College District, a community college district of the State of California (the "State"), was founded in 1960. The District is located in the County of Los Angeles (the "County") and provides public education within an approximately 65.5 square mile area, including in the cities of Whittier, Pico Rivera, Santa Fe Springs and South El Monte, as well as portions of Downey, La Mirada, La Puente, Industry, Norwalk, an unincorporated portion of the County and the portion of the City of El Monte south and east of the Rio Hondo River. The college campus operated by the District is located in Whittier, California.

The District's full-time equivalent student load for 2019-20 is projected at 13,544. The local secured assessed valuation of the District for 2018-19 is $37,192,425,159 and the total assessed valuation $38,790,955,088. The District has certain existing lease financing obligations as set forth herein under the caption "DISTRICT FINANCIAL INFORMATION – Certain Existing Obligations" and direct and overlapping bonded indebtedness as set forth under the caption "DISTRICT FINANCIAL INFORMATION – Direct and Overlapping Debt." Excerpts from the District's audited financial statements for the fiscal year ended June 30, 2018, are attached hereto as APPENDIX C. For further information concerning the District, see APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT."

THE BONDS

Authority for Issuance and Security for the Bonds

The Bonds are being issued under the provisions of the Refunding Act and other applicable laws and regulations of the State, and pursuant to the Resolution. Pursuant to the Refunding Act, general obligation bonds issued for the purpose of refunding outstanding general obligation bonds previously authorized by the voters that do not increase the debt service obligation of taxpayers do not require additional voter approval, either for issuance of such refunding general obligation bonds or the levy of an

* Preliminary; subject to change.

ad valorem property tax sufficient to pay principal of and interest as due on the refunding general obligation bonds.

Description of the Bonds

The Bonds shall be issued in fully registered form, in denominations of $5,000 or any integral multiple thereof and shall be dated and shall mature on the dates, in the years and in the Principal Amounts, and interest shall be computed at the rates, set forth in the Contract of Purchase. Interest on each Bond shall accrue from its dated date as set forth in the Contract of Purchase. Interest on Bonds shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date to the Owner thereof appearing on the Bond Register as of the close of business on the Record Date. Interest on each Bond will be payable from the Interest Payment Date next preceding the date of registration thereof, unless it is registered after the close of business on any Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such following Interest Payment Date; or it is registered prior to the close of business on the first Record Date, in which event interest shall be payable from its dated date; *provided, however*, that if at the time of registration of any Bond, interest thereon is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest on the Bonds will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof appearing on the Bond Register on the Record Date, or by wire transfer to any Owner of $1,000,000 aggregate principal amount or more of such Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; *provided, however*, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than fifteen days and not less than ten days prior to the date of the proposed payment of defaulted interest.

Principal on the Bonds shall be due and payable on August 1 in each of the years as set forth on the inside cover of this Official Statement

The principal of the Bonds is payable when due upon surrender of the Bonds at the office of the Paying Agent. As long as DTC (defined below) is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. The Bonds mature on August 1 in the years indicated on the inside cover page hereof.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest or premium, if any, on the Bonds are payable by wire transfer or New York Clearing House or equivalent next-day funds or by wire transfer of same day funds by U.S. Bank National Association, as paying agent (the "Paying Agent"), to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. Payments of principal, Maturity Value, and premium, if any, for any Bonds shall be made only upon the surrender of such Bonds to the Paying Agent. See "APPENDIX E – Book Entry Only System" herein.

Redemption[*]

Optional Redemption. The Bonds maturing on or before August 1, 20__ shall not be subject to redemption prior to their maturity dates. The Bonds maturing on or after August 1, 20__ may be redeemed before maturity at the option of the District, from any source of funds, on August 1, 20__ or on any date thereafter as a whole, or in part. For the purposes of such selection, Bonds will be deemed to consist of $5,000 portions by principal amount, and any such portion may be separately redeemed.

Mandatory Sinking Fund Redemption. Bonds maturing on August 1, 20__, are subject to mandatory sinking fund redemption on August 1 of each year, commencing August 1, 20__, in the following principal amounts, at a redemption price of par, plus accrued interest to the redemption date:

Redemption Date	Principal Amount
August 1, 20__	$__________
August 1, 20__	
August 1, 20__	
August 1, 20__[(1)]	

[(1)] Maturity.

In the event that a portion of the Term Bonds maturing on August 1, 20__ are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately or as otherwise directed by the District, in integral multiples of $5,000 of principal amount, in respect of the portion of such Term Bonds optionally redeemed.

Selection of Bonds for Redemption

Whenever provision is made in for the redemption of the Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given at least 45 days prior to the date designated for such redemption, shall select Bonds for redemption in the manner directed by the District.

With respect to any Bonds, the Paying Agent shall select such Bonds for redemption as directed by the District, or, in the absence of such direction, in inverse order of maturity and within a maturity, by lot. Within a maturity, the Paying Agent will select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond to be redeemed in part shall be in the Principal Amount of $5,000 or any integral multiple thereof.

In the event that a Term Bond is optionally redeemed, the Principal amount of each remaining sinking fund payment with respect to such Term Bond will be reduced as directed by the District in the aggregate amount equal to the amount so redeemed.

Notice of Redemption

When redemption is authorized or required pursuant to the Resolution or the Contract of Purchase, the Paying Agent, upon written instruction from the District given at least 45 days prior to the date designated for such redemption, shall give notice (each, a "Redemption Notice") of the redemption

[*] Preliminary; subject to change.

of the Bonds. Such Redemption Notice shall specify: the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, the date of redemption, the place or places where the redemption will be made, including the name and address of the Paying Agent, the redemption price, the CUSIP numbers (if any) assigned to the Bonds to be redeemed, the bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount of such Bond to be redeemed, and the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date, and that from and after such date, interest with respect thereto shall cease to accrue and be payable.

The Paying Agent shall take the following actions with respect to such Redemption Notice:

(a) At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the Owners of Bonds designated for redemption by first-class mail, postage prepaid, at their addresses appearing on the Bond Register and to the MSRB.

(b) In the event that the Bonds shall no longer be held in book-entry-only form, at least 35 but not more than 45 days before the redemption date, such Redemption Notice shall be given by first-class mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to each of the Securities Depositories and the MSRB.

Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

A Redemption Notice given under the Resolution may be conditioned upon the satisfaction of certain conditions and/or the receipt of sufficient moneys to pay the redemption price of the designated Bonds and may be rescinded by the District at any time prior to the scheduled date of redemption by so notifying the Owners of affected Bonds and the Information Services in the event such conditions are not met and are not expected to be met and/or such funds are not received or are not expected to be received.

Partial Redemption of Bonds

Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in Principal Amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District shall be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption

Notice having been given as required by the Resolution, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside in the Debt Service Fund or deposited with a duly appointed escrow agent, in trust, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in the Resolution and the Contract of Purchase, together with interest to such redemption date, shall be held by the Paying Agent or deposited with a duly appointed escrow agent, in trust, so as to be available therefor on such redemption date, and any conditions to such redemption described in the Redemption Notice shall be met, and if notice of redemption thereof shall have been given as provided in the Resolution, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Resolution and the Contract of Purchase shall be cancelled upon surrender thereof and delivered to or upon the order of the District. All or any portion of a Bond purchased by the District shall be cancelled by the Paying Agent upon written notice by the District given to the Paying Agent.

Transfer and Exchange

Any Bond may be exchanged for Bonds of like tenor, maturity and principal amount and transferred upon the bond registrar upon presentation and surrender of such Bond at the principal office of the Paying Agent, together with an assignment executed by the Owner or a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

The registration of any Bond may be transferred upon the Bond Register upon surrender of such Bond to the Paying Agent. Such Bond shall be endorsed or accompanied by delivery of the written instrument of transfer, duly executed by the Owner or such Owner's duly authorized attorney, and payment of such reasonable transfer fees as the Paying Agent may establish. Upon such registration of transfer, a new Bond or Bonds, of like tenor, series and maturity in the same Principal Amount and in authorized denominations, will be executed and delivered to the transferee in exchange therefor.

The Paying Agent shall deem and treat the person in whose name any Outstanding Bond shall be registered upon the Bond Register as the absolute owner of such Bond, whether the Principal of and premium, if any, or interest on such Bond shall be overdue or not, for the purpose of receiving payment of Principal of and premium, if any, and interest on such Bond and for all other purposes, and any such payments so made to any such Owner or upon such Owner's order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and the District or the Paying Agent shall not be affected by any notice to the contrary.

Bonds may be exchanged at the office of the Paying Agent for Bonds of like series, tenor and maturity of other authorized denominations. All Bonds surrendered in any such exchange shall thereupon be cancelled by the Paying Agent. The Paying Agent may charge the Owner a reasonable sum for each new Bond executed and delivered upon any exchange (except in the case of the first exchange of any Bond in the form in which it is originally delivered, for which no charge shall be imposed) and the Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Paying Agent shall not be required to register the transfer or exchange of any Bond during the period beginning at the close of business on any Record Date through the close of business on the immediately following Interest Payment Date, or that has been called or is subject to being called for redemption, during a period beginning at the opening of business 15 days before any selection of Bonds to be redeemed through the close of business on the applicable redemption date, except for the unredeemed portion of any Bond to be redeemed only in part.

Discharge and Defeasance

All or any portion of the outstanding Bonds shall be paid and discharged in any one of the following ways:

1. by paying or causing to be paid the principal of, premium, if any, and interest on such Bonds outstanding, and when the same become due and payable;

2. by depositing with the Paying Agent, or with a duly appointed escrow agent, at or before maturity, cash which, together with the amounts then on deposit in the applicable Debt Service Fund plus the interest to accrue thereon without the need for further investment, is fully sufficient to pay all Bonds outstanding at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or

3. by depositing with an institution which meets the requirements for acting as a successor Paying Agent pursuant to the Resolution selected by the District, in trust, lawful money or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United States of America and permitted under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay and discharge all Bonds outstanding at maturity thereof, including any premium and all interest thereon, for which notice has been given or provided for, notwithstanding that any Bonds shall not have been surrendered for payment;

then all obligations of the District and the Paying Agent under the applicable resolution with respect to the affected Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the District to pay the Paying Agent amounts owing to the Paying Agent under the applicable resolution.

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Debt Service Schedule

The following table summarizes the debt service requirements of the District for all its outstanding general obligation bonds and the Bonds, assuming no optional redemptions:

		The Bonds		
Bond Year Ending August 1	Debt Service for Existing Bonds[1]	Principal	Interest	Total Debt Service
2019	$ 8,315,550			
2020	10,455,250			
2021	10,556,750			
2022	10,706,000			
2023	10,859,500			
2024	11,058,163			
2025	12,760,003			
2026	13,491,340			
2027	14,266,590			
2028	15,087,540			
2029	15,956,840			
2030	16,875,790			
2031	17,842,840			
2032	18,867,840			
2033	19,957,840			
2034	21,102,840			
2035	22,317,840			
2036	23,602,840			
2037	24,957,840			
2038	26,392,840			
2039	27,910,090			
2040	29,515,530			
2041	31,215,019			
2042	30,193,276			
Total	$444,265,951			

[1] Figures include the debt service for the bonds to be refunded.

Book-Entry Only System

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners of the Bonds. For further information regarding DTC and the book-entry system, see APPENDIX D – "BOOK-ENTRY ONLY SYSTEM" hereto.

PLAN OF REFUNDING

The net proceeds of the Bonds will be applied to: (i) refund a portion of the District's General Obligation Refunding Bonds, 2004 Election, 2005 Series A (the "2005 Series A Bonds"), (ii) refund a portion of the District's General Obligation Bonds, 2004 Election, 2009 Series B (the "2009 Series B Bonds" and together with the 2005 Series A Bonds, the "Refunded Bonds"), and (iii) pay the costs of issuance of the Bonds. The specific maturities of the 2005 Series A Bonds and 2009 Series B Bonds, or portions thereof, to be refunded and which shall comprise the Refunded Bonds, shall be selected by the District on or about the date of sale of the Bonds.

On the date of delivery of the Bonds, a portion of the net proceeds of sale of the Bonds shall be transferred to U.S. Bank National Association, in capacity of Escrow Agent (the "Escrow Agent") for deposit into the Escrow Fund, established pursuant to that certain Escrow Agreement, dated as of May 1, 2019 (the "Escrow Agreement"), in an amount, which may be held as uninvested cash and/or invested in Defeasance Securities, that will be sufficient to pay and redeem the Refunded Bonds on the date selected for the redemption thereof.

Accrued interest, if any, and except as shall otherwise be directed by the District in accordance with applicable law, any original issue premium received by the District from the sale of the Bonds, shall be kept separate and apart in a separate fund designated as the "Rio Hondo Community College District 2004 Election, 2019 Series B General Obligation Refunding Bonds Debt Service Fund" (the "Debt Service Fund"). Amounts in the Debt Service Fund may be used only for payment of Principal of and interest on the Bonds. Any excess proceeds of the Bonds not needed for the authorized purposes set forth in the Resolution for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of the Principal of and interest on the Bonds. The Treasurer is directed to create any accounts and subaccounts in the Debt Service Fund as provided in the Tax Certificate and the Resolution. Except as required to satisfy the requirements of Section 148(f) of the Code or to comply with the provisions of the Tax Certificate or the Resolution, interest earned on the investment of monies held in the Debt Service Fund shall be retained in the Debt Service Fund and used to pay the Principal of and interest on the Bonds when due.

All Pledged Moneys, as defined in the Resolution, shall be deposited upon collection by the County into the Debt Service Fund and used for the payment of the principal of, premium, if any, and interest on the Bonds.

On or before the Business Day immediately preceding each Interest Payment Date, the District shall transfer, or cause to be transferred, from the Debt Service Fund to the Paying Agent, an amount, in immediately available funds, sufficient to pay all the Principal of, premium, if any, and interest on the Bonds coming due (collectively, "Debt Service") on such payment date. Debt Service on the Bonds shall be paid by the Paying Agent in the manner provided by law for the payment of Debt Service.

The District shall cause moneys to be transferred to the Rio Hondo Community College District General Obligation Refunding Bonds 2019 Rebate Fund (the "Rebate Fund") to the extent needed to comply with the Tax Certificate and the Resolution. Any amounts on deposit in the Debt Service Fund when there are no longer any Bonds of that series Outstanding shall be transferred to the General Fund of the District, subject to any conditions set forth in the Tax Certificate and the Resolution.

SUMMARY OF THE REFUNDED BONDS*

The specific maturities of the 2005 Series A Bonds and 2009 Series B Bonds, or portions thereof, to be refunded and which shall comprise the Refunded Bonds, shall be selected by the District on or about the date of sale of the Bonds.

General Obligation Refunding Bonds
2004 Election, 2005 Series A
Redemption Date: June 21, 2019*

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP Number[1] (767121)
2020	$4,285,000	5.00%	BS4
2021	4,500,000	5.00	BT2
2022	4,725,000	5.00	BU9
2023	4,965,000	4.75	BV7
2024	5,200,000	4.75	BW5

General Obligation Bonds
2004 Election, 2009 Series B
Redemption Date: August 1, 2019*

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP Number[1] (767121)
2020	$2,585,000	5.00%	CG9
2021	2,815,000	5.00	CH7
2022	3,105,000	5.00	CJ3
2023	3,410,000	5.00	CK0
2024	3,780,000	5.00	CL8
2025	4,165,000	5.25	CM6
2026	4,595,000	5.00	CN4
2030	12,875,000	5.00	CR5
2030	10,000,000	5.50	CS3

(1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the District, the Financial Advisor, nor the Underwriters take any responsibility for the accuracy of the CUSIP numbers, which are being provided for reference only. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

* Preliminary; subject to change.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the Bonds are as follows:

Sources of Funds	
Principal Amount	$
Plus Net Original Issue Premium	
Total Sources	$
Uses of Funds	
Deposit to Escrow Fund	$
Costs of Issuance[(1)]	
Total Uses	$

[(1)] Costs of issuance includes, but is not limited to, Underwriters' discount, printing and rating costs, demographics, fees and expenses of the Paying Agent, Fiscal Agent, Escrow Agent, Financial Advisor, Bond and Disclosure Counsel and the Verification Agent.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are general obligations of the District, and the Board of Supervisors of the County of Los Angeles has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on the Bonds. See " – Assessed Valuations" herein for further information regarding the assessed valuation and property tax collection information within the District.

Assessed Valuations – Constitutional and Statutory Initiatives

Article XIIIA of the California Constitution. Article XIIIA of the California Constitution limits the amount of any *ad valorem* tax on real property, to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness or 55% of voters voting on the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." The full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Legislation Implementing Article XIIIA. Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full market value on the tax rolls, with tax rates expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all general tax rates reflect the $1 per $100 of taxable value.

Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIIIA of the California Constitution.

The State-reimbursed exemption currently provides a credit of $7,000 of the full value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies.

In addition, certain classes of property such as churches, colleges, not-for-profit hospitals and charitable institutions are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

For fiscal year 2018-19, the District's total assessed valuation is $38,790,955,088. Shown in the following tables is information relating to the assessed valuation of property in the District during the current and past five fiscal years, assessed valuation and parcels by land use, and per parcel assessed valuation of single-family homes.

RIO HONDO COMMUNITY COLLEGE DISTRICT
Summary of Assessed Valuations
Fiscal Years 2014-15 through 2018-19

Fiscal Year	Local Secured	Utilities	Unsecured	Total
2013-14	$28,987,240,924	$ 7,629,624	$1,339,925,762	$30,334,796,310
2014-15	30,459,602,118	7,871,464	1,363,160,679	31,830,634,261
2015-16	31,886,897,885	7,442,692	1,369,725,110	33,264,065,687
2016-17	33,594,801,443	9,809,438	1,421,259,045	35,025,869,926
2017-18	35,205,167,447	15,529,414	1,446,532,819	36,667,229,680
2018-19	37,192,425,159	15,508,688	1,583,021,241	38,790,955,088

Source: California Municipal Statistics, Inc.

RIO HONDO COMMUNITY COLLEGE DISTRICT
2018-19 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in District	% of District[1]	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Arcadia	$ 204,798,337	0.53%	$ 16,602,075,687	1.23%
City of Baldwin Park	33,531,223	0.09	4,882,763,579	0.69
City of Downey	137,526,628	0.35	11,764,870,372	1.17
City of El Monte	6,106,101,003	15.74	7,879,938,643	77.49
City of Industry	491,198,090	1.27	9,293,155,324	5.29
City of Irwindale	163,382,872	0.42	2,567,413,272	6.36
City of La Habra Heights	126,712,913	0.33	1,462,259,761	8.67
City of La Mirada	469,669,718	1.21	6,690,574,916	7.02
City of Monrovia	1,887,515	0.00	5,695,935,492	0.03
City of Montebello	160,674	0.00	6,053,428,413	0.00
City of Norwalk	1,536,265,075	3.96	7,708,902,736	19.93
City of Pico Rivera	5,053,468,383	13.03	5,170,352,922	97.74
City of Rosemead	24,580	0.00	4,656,776,448	0.00
City of Santa Fe Springs	5,656,166,762	14.58	7,851,781,183	72.04
City of South El Monte	2,360,190,924	6.08	2,360,757,544	99.98
City of Whittier	9,147,662,993	23.58	9,901,960,799	92.38
Unincorporated Los Angeles County	7,302,207,398	18.82	107,666,068,683	6.78
Total District	$38,790,955,088	100.00%		
Total Los Angeles County			$1,518,401,584,349[2]	2.55%

[1] Totals may not add due to rounding.
[2] Assessed valuation of Los Angeles County, and is not the sum of preceding numbers in column.
Source: California Municipal Statistics, Inc.

RIO HONDO COMMUNITY COLLEGE DISTRICT
2018-19 Assessed Valuation and Parcels by Land Use

	2018-19 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total(2)
Non-Residential:				
Commercial	$ 3,802,606,619	10.22%	2,912	3.16%
Vacant Commercial	76,607,699	0.21	311	0.34
Industrial	6,430,910,912	17.29	3,322	3.60
Vacant Industrial	172,354,917	0.46	517	0.56
Recreational	103,361,935	0.28	88	0.10
Government/Social/Institutional	415,217,401	1.12	1,391	1.51
Miscellaneous	208,753,425	0.56	820	0.89
Subtotal Non-Residential	$11,209,812,908	30.14%	9,361	10.14 %
Residential:				
Single Family Residence	$20,754,530,896	55.80%	69,809	75.65%
Condominium/Townhouse	1,075,748,259	2.89	3,981	4.31
Mobile Home	17,622,405	0.05	944	1.02
Mobile Home Park	74,246,239	0.20	80	0.09
2-4 Residential Units	1,947,456,658	5.24	5,117	5.55
5+ Residential Units/Apartments	1,983,773,064	5.33	1,559	1.69
Vacant Residential	129,234,730	0.35	1,427	1.55
Subtotal Residential	$25,982,612,251	69.86%	82,917	89.86%
Total	$37,192,425,159	100.00%	92,278	100.00%

(1) Local Secured Assessed Valuation; excluding tax-exempt property.
(2) Totals may not add due to rounding.
Source: California Municipal Statistics, Inc.

RIO HONDO COMMUNITY COLLEGE DISTRICT
Per Parcel 2018-19 Assessed Valuation of Single-Family Homes

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single-Family Residential	68,809	$20,754,530,896	$297,305	$276,356

2018-19 Assessed Valuation	No. of Parcels	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	349	0.500%	0.500%	$ 1,213,777	0.006%	0.006%
$25,000 - $49,999	1,968	2.819	3.319	84,911,973	0.409	0.415
$50,000 - $74,999	5,809	8.321	11.640	356,168,690	1.716	2.131
$75,000 - $99,999	3,193	4.574	16.214	274,803,128	1.324	3.455
$100,000 - $124,999	2,047	2.932	19.147	229,692,253	1.107	4.562
$125,000 - $149,999	2,325	3.331	22.477	320,860,721	1.546	6.108
$150,000 - $174,999	2,587	3.706	26.183	420,530,860	2.026	8.134
$175,000 - $199,999	3,160	4.527	30.710	594,428,854	2.864	10.998
$200,000 - $224,999	4,220	6.045	36.755	899,794,005	4.335	15.334
$225,000 - $249,999	4,796	6.870	43.625	1,138,103,521	5.484	20.817
$250,000 - $274,999	4,210	6.031	49.655	1,104,490,279	5.322	26.139
$275,000 - $299,999	3,805	5.451	55.106	1,093,010,715	5.266	31.405
$300,000 - $324,999	3,608	5.168	60.274	1,127,919,232	5.435	36.840
$325,000 - $349,999	3,269	4.683	64.957	1,103,748,190	5.318	42.158
$350,000 - $374,999	3,190	4.570	69.527	1,156,054,750	5.570	47.728
$375,000 - $399,999	2,903	4.158	73.685	1,125,348,302	5.422	53.150
$400,000 - $424,999	2,885	4.133	77.818	1,189,611,632	5.732	58.882
$425,000 - $449,999	3,016	4.320	82.138	1,319,183,999	6.356	65.238
$450,000 - $474,999	2,788	3.994	86.132	1,288,189,176	6.207	71.445
$475,000 - $499,999	2,129	3.050	89.182	1,037,015,695	4.997	76.442
$500,000 and greater	7,552	10.818	100.000	4,889,451,144	23.558	100.000
Total	69,809	100.000%		$20,754,530,896	100.000%	

Source: California Municipal Statistics, Inc.

Tax Rates, Levies, Collections and Delinquencies

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a “floating lien date”). For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts and community college districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and ½% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the County Treasurer.

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of a fiscal year and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of 1 ½% per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

The County levies and collects all property taxes for property falling within its taxing boundaries.

Certain counties in the State operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. **The County has <u>not</u> adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as the District. The District's receipt of property taxes is therefore subject to delinquencies.**

The District is a member of the California Statewide Delinquent Tax Financing Authority (the "Authority"). The Authority is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Section 6516.6 of the California Government Code. The Authority purchases delinquent *ad valorem* property taxes from school agencies and community college districts in the County. The Authority is a pass-through entity and financial information is not available.

The following tables set forth secured tax charges levied and delinquencies in the District for fiscal years 2013-14 through 2017-18.

RIO HONDO COMMUNITY COLLEGE DISTRICT
Secured Tax Charges and Delinquencies

	Secured Tax Charge(1)	Amt. Del. June 30	% Del. June 30
2013-14	$6,364,577.03	$93,667.73	1.47%
2014-15	6,702,126.33	96,444.80	1.44
2015-16	7,023,040.71	99,515.80	1.42
2016-17	7,373,852.15	87,515.70	1.19
2017-18	7,773,519.16	96,499.84	1.24

	Secured Tax Charge(2)	Amt. Del. June 30	% Del. June 30
2013-14	$8,289,047.62	$104,493.66	1.26%
2014-15	8,513,451.55	96,685.64	1.14
2015-16	8,577,437.94	89,340.41	1.04
2016-17	9,378,002.73	173,149.84	1.85
2017-18	9,648,576.40	131,902.59	1.37

(1) 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects Countywide delinquency rate.
(2) General obligation bonds debt service levy only.
Source: California Municipal Statistics, Inc.

Tax Rates

The following table sets forth typical tax rates levied in Tax Rate Area (9665) for fiscal years 2014-15 through 2018-19:

RIO HONDO COMMUNITY COLLEGE DISTRICT
Typical Total Tax Rate Per $100 Assessed Value (TRA 9665)

	2014-15	2015-16	2016-17	2017-18	2018-19
General Tax Rate	1.000000	1.000000	1.000000	1.000000	1.000000
Whittier City School District	.057918	.057570	.054414	.047806	.055337
Whittier Union High School District	.052699	.050633	.060354	.057814	.058221
Rio Hondo Community College District	.028214	.027116	.028083	.027483	.025544
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
Total	1.142331	1.138819	1.146351	1.136603	1.142602

Source: California Municipal Statistics, Inc.

Largest Taxpayers

The 20 largest local secured taxpayers in the District and their assessed valuations for 2018-19 are shown in the following table.

RIO HONDO COMMUNITY COLLEGE DISTRICT
2018-19 Largest Local Secured Taxpayers

	Property Owner	Land Use	2018-19 Assessed Valuation	% of Total[1]
1.	BRE DDR BR Whittwood CA LLC	Shopping Center	$ 166,393,112	0.45%
2.	Teachers Insurance and Annuity Association of America	Industrial	153,220,630	0.41
3.	Rose Hills Inc.	Cemetery	137,436,654	0.37
4.	Breitburn Operating LP	Oil & Gas	135,545,897	0.36
5.	AMB US Logistics Fund LP	Industrial	127,391,620	0.34
6.	PPF Industrial 12016 Telegraph Rd LP	Industrial	114,974,604	0.31
7.	R and C Development Co.	Office Building	113,011,171	0.30
8.	Prologis USLV Newca 6 LLC	Industrial	89,817,116	0.24
9.	MGP XI El Monte Center LLC	Commercial	87,913,796	0.24
10.	McMaster Carr Supply Company	Industrial	84,330,754	0.23
11.	Vestar California XXVI LLC	Shopping Center	74,556,357	0.20
12.	Q4G Properties LP, Lessor	Industrial	66,390,589	0.18
13.	SDCO SFS Logistics Center Inc.	Industrial	64,764,900	0.17
14.	GMS Five LLC	Shopping Center	64,363,746	0.17
15.	Target Corporation	Shopping Center	55,373,755	0.15
16.	San Gabriel Valley Water Co.	Water Company	54,411,999	0.15
17.	Suburban Water Systems	Water Company	51,771,859	0.14
18.	Gateway Pointe Investors LLC	Industrial	48,968,200	0.13
19.	Hester RB LLC	Apartments	48,507,415	0.13
20.	Western B West CA LLC	Industrial	47,556,684	0.13
			$1,786,700,858	4.80%

[1] 2018-19 Local Secured Assessed Valuation: $37,192,425,159.
Source: California Municipal Statistics, Inc.

District Debt

Prior to delivery of the Bonds, the District's general obligation indebtedness as of May 1, 2019 was $142,227,824, which is approximately 0.37% of its total 2018-19 assessed valuation. The District has general obligation bonds outstanding pursuant to a bond authorization for the issuance of not more than $245 million of general obligation bonds approved by more than 55% of the voters of the District voting at an election held on March 2, 2004.

The following table is a statement of the District's direct and estimated overlapping bonded debt as of May 1, 2019. The debt report is included for general information purposes only. The District has not reviewed the debt report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

Column 1 in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in Column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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RIO HONDO COMMUNITY COLLEGE DISTRICT
DIRECT AND OVERLAPPING BONDED INDEBTEDNESS

2018-19 Assessed Valuation: $38,790,955,088

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/19
Metropolitan Water District	1.330%	639,065
Rio Hondo Community College District	**100.000**	**142,227,824**[1]
Unified School Districts	0.527-100.000	63,797,648
Union High School Districts	60.282-100.000	189,345,934
Elementary School Districts	65.016-100.000	314,121,997
Cities	Various	3,878,111
City of Whittier Community Facilities District No. 1989-1	100.000	2,050,000
City 1915 Act Bonds	100.000	1,485,000
Los Angeles County Regional Park and Open Space Assessment District	2.555	347,991
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$717,893,570
OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	2.555	55,236,970
Los Angeles County Superintendent of Schools Certificates of Participation	2.555	148,902
School District General Fund Obligations	60.282-100.000	18,609,211
City of El Monte Certificates of Participation	77.489	12,820,555
City of Norwalk General Fund Obligations	19.928	3,060,345
City of Pico Rivera General Fund Obligations	97.739	27,112,799
Other City General Fund Obligations	Various	3,186,863
Los Angeles County Sanitation District General Fund Obligations	Various	4,689,601
TOTAL OVERLAPPING GENERAL FUND DEBT		$124,865,246
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$185,446,379
COMBINED TOTAL DEBT		$1,028,205,195[2]

(1) Excludes general obligation bonds to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($142,227,824) 0.37%
Total Direct and Overlapping Tax and Assessment Debt............1.85%
Combined Total Debt..2.65%

Ratios to Redevelopment Incremental Valuation ($8,465,982,021):
Total Overlapping Tax Increment Debt 2.19%

Source: California Municipal Statistics, Inc.

Pledge of Tax Revenues

Pursuant to the Resolution, the District pledges all revenues from the property taxes collected from the levy by the County Board of Supervisors for the payment of the Bonds and amounts on deposit in the debt service fund of the District to the payment of the principal or redemption price of and interest on the Bonds.

This pledge is valid and binding from the date of adoption of the Resolution for the benefit of the owners of the Bonds and successors thereto. The Resolution provides that the property taxes and amounts held in the debt service fund of the District are immediately subject to this pledge, and the pledge constitutes a lien and security interest which immediately attaches to the property taxes and amounts held in the debt service fund of the District to secure the payment of the Bonds and is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. "Bonds" for purpose of this pledge means all bonds of the District heretofore or hereafter issued pursuant to voter approved measures of the District, including any refunding bonds thereof, as all such Bonds are required by State law to be paid from the respective debt service fund of the District.

The Resolution provides that the pledge is an agreement between the District and the bondholders to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds and each of the other bonds secured by the pledge are or were issued to finance one or more of the projects specified in the applicable voter-approved measure or to refinance outstanding general obligation bonds.

Statutory Lien for General Obligation Bonds

Pursuant to Senate Bill 222 (2015) ("SB 222") codified at State Government Code Section 53515 provides that all general obligation bonds issued by local agencies on or after January 1, 2016, including the Bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes. SB 222 provides that the lien will automatically arise, without the need for any action or authorization by the District or its governing board, and will be valid and binding from the time the bonds are executed and delivered. See also "LEGAL MATTERS – Possible Limitations on Remedies; Bankruptcy – *Statutory Lien*" herein.

***Ad Valorem* Property Tax Collection**

Factors Affecting Assessed Valuation. The annual tax rate will be based on the assessed value of taxable property in the District. Changes in the annual debt service on the District's outstanding general obligation bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District's control, such as economic recession, deflation of land values, relocation of businesses out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, mudslide, drought, fire or other natural disaster, could cause a reduction in the assessed value of taxable property in the District and, all other factors being equal, necessitate a corresponding increase in the annual tax rate. Conversely, factors such as increased assessed value of taxable property and/or an increase in the numbers of property taxpayers within the District could, all other factors being equal, cause a corresponding decrease in the annual tax rate.

Effect of Natural Disaster on Assessed Valuation. Assessed valuations are subject to change in each year, and such changes may result from a variety of factors, including natural disasters.

In recent years, there have been several notable natural disasters throughout the State. These include drought conditions throughout the State, which led to a State-wide drought State of Emergency issued in January, 2014, and certain executive orders issued in 2015 and 2016 aimed to reduce water usage in local communities. The drought was declared to have ended in 2017 due to record-level precipitation in late 2016 and early 2017, with the exception of Fresno, Kings, Tulare and Tuolumne counties, where emergency drinking water projects are currently in place to address diminished groundwater supplies.

In addition, wildfires have occurred in recent years in different regions of the State. The District did not sustain any serious property losses as a result of these recent fires. However, serious and significant property damage has resulted in other areas of the State due to fire damage. On September 21, 2018, Governor Brown signed a number of measures into law addressing issues related to increased wildfire risk in the State, including forest management, mutual aid for fire departments, emergency alerts and safety mandates.

On August 27, 2018, the California Natural Resources Agency released its Fourth Climate Change Assessment, which included as key findings that the frequency of drought and the amount of acres burned by wildfire in the State would both increase in the future. This report details significant economic impact to the State as a result of these and other natural disasters. The report is publicly available at http://www.climateassessment.ca.gov/. The reference to this internet website is shown for reference and convenience only; the information contained within the website may not be current, has not been reviewed by the District and is not incorporated herein by reference.

The District cannot predict or make any representations regarding the effects that natural disasters, such as fire, drought or extended drought conditions, earthquakes, or other related natural or man-made conditions, have or may have on the value of taxable property within the District, or to what extent the effects said natural disasters might have had on economic activity in the District or throughout the State.

Proposition 50 and Proposition 171. On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIIIA of the State Constitution to allow owners of property that was "substantially damaged or destroyed" by a disaster, as declared by the Governor (the "Damaged Property"), to transfer their existing base year value (the "Original Base Year Value") to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the "Original Cash Value"); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIIIA of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a "comparable replacement property" located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than inter-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a "reasonable size that is used as a site for a residence;" (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of "equal or lesser value" than the Original Cash Value.

Within the context of Proposition 171, "equal or lesser value" means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

TAX MATTERS

The delivery of the Bonds is subject to delivery of the opinion of Bond Counsel, to the effect that interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the "Code"), of the owners thereof pursuant to section 103 of the Code, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. The delivery of the Bonds is also subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State of California, that interest on the Bonds is exempt from personal income taxes of the State of California. A form of Bond Counsel's anticipated opinion is included as Appendix B. The statutes, regulations, rulings, and court decisions on which such opinion will be based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate of even date with the initial delivery of the Bonds pertaining to the use, expenditure and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Resolution by the District subsequent to the issuance of the Bonds. The Resolution and the Tax Certificate contain covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities and equipment financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, if required, the calculation and payment to the United States Treasury of any "arbitrage profits" and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the "Service") or the State of California with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service or the State of California. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures, the Service is likely to treat the District as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Existing law may change to reduce or eliminate the benefit to Bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. No one can predict whether this legislation will be enacted and, if so, in its current form. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

The initial public offering of certain of the Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount, allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond taking into account the semiannual compounding of accrued interest at the yield to maturity on such Discount Bond, and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, "S" corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued original issue discount on Discount Bonds and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial offering price of certain Bonds (the "Premium Bonds") may be greater than the amount payable on such bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix B.

LEGAL OPINION

The validity of the Bonds and certain other legal matters are subject to the approving opinions of Norton Rose Fulbright US LLP, Bond Counsel to the District. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix B herein. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Compensation to be paid to Bond Counsel, Disclosure Counsel, Financial Advisor and the Underwriters is contingent upon the issuance of the Bonds.

LEGALITY FOR INVESTMENT

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the investing bank, are prudent for the investment of funds of depositors. Under provisions of the California Government Code, the Bonds are eligible to secure deposits of public moneys in California.

VERIFICATION AGENT

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriters relating to the computation of the projected payments of principal and interest (i) to pay debt service coming due on the Bonds and (ii) to retire the Refunded Bonds will be verified by Causey, Demgen & Moore, P.C., as Verification Agent. Such computations will be based solely on assumptions and information supplied by the District and the Underwriters. The Verification Agent will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study to evaluate the assumptions and information on which the computations are based, and will express no opinion on the data used, the reasonableness of the assumptions or the achievability of the projected outcome. See "PLAN OF REFUNDING" herein.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), and Moody's Investors Service, Inc. ("Moody's") have assigned their municipal bond ratings of "AA" and "Aa2" to the Bonds, respectively. Such ratings reflect only the views of S&P and Moody's, respectively, and an explanation of the significance of such ratings may be obtained as follows: S&P at Municipal Finance Department, 55 Water Street, New York, New York 10041, tel. (212) 208-8000 and Moody's, at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, tel. (212) 553-0300. The District furnished each rating agency with certain information and materials relating to the Bonds that may not be included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by rating agencies. A rating may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. The District has not undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of a rating of the Bonds or to oppose any such proposed revision or withdrawal. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

LEGAL MATTERS

Continuing Disclosure

Current Undertakings. In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the SEC, the District will enter into a Continuing Disclosure Undertaking (the "Continuing Disclosure Undertaking") in the form of APPENDIX D hereto, on or prior to the sale of the Bonds in which the District will undertake, for the benefit of the Beneficial Owners of the Bonds, to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for fiscal year 2018-19, and to provide notices of the occurrence of certain listed events, as set forth therein. The covenants contained in the Continuing Disclosure Undertaking have been made to assist the Underwriters in complying with the Rule. See APPENDIX D – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" hereto.

Prior Undertakings. Within the last five years, the District failed to file in a timely manner certain portions of its annual reports required under the Rule, including assessed valuations for fiscal year ended June 30, 2017, largest local secured taxpayers for fiscal years ended June 30, 2015 and 2017, and certain general fund budget information for fiscal years ended June 30, 2014 through 2018. The District has since filed such portions of the annual reports. U.S. Bank National Association serves as the District's Dissemination Agent.

Possible Limitations on Remedies; Bankruptcy

General. Following is a discussion of certain considerations in the event that the District should become a debtor in a bankruptcy proceeding. It is not an exhaustive discussion of the potential application of bankruptcy law to the District. The discussion is based on the United States Bankruptcy Code ("the Bankruptcy Code") as now in effect and the few relevant judicial decisions to date. The Bankruptcy Code could be amended or construed differently in future judicial decisions (including as a result of possible future decisions in the pending analogous insolvency proceedings for the Commonwealth of Puerto Rico). Any such action could affect the possible application of bankruptcy law to the District.

State law contains a number of safeguards to protect the financial solvency of community college districts. See "APPENDIX A – FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT." If the safeguards are not successful in preventing a community college district from becoming insolvent, the Chancellor of the California Community Colleges (the "State Chancellor"), operating through a special trustee appointed by the State Chancellor, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the District for the adjustment of its debts, assuming that the District meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. Under current State law, the District is not itself authorized to file a bankruptcy proceeding, and it is not subject to an involuntary bankruptcy proceeding.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, bondholders may be prohibited from taking any action to collect any amount from the District (including *ad valorem* tax revenues) or to enforce any obligation of the District, without the bankruptcy court's permission, except possibly as described below in the case of pledged "special revenues." In such a proceeding, as part of its plan of adjustment in bankruptcy, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, including the obligation of the County and the District to raise taxes if necessary to pay the Bonds, if the bankruptcy court determines that the plan is fair, equitable, not unfairly discriminatory to creditors as a whole, is in the best interests of creditors and otherwise complies with the Bankruptcy Code. There also may be other possible effects of a District bankruptcy proceeding that could result in delays or reductions in payments on the Bonds. Regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Limitations on Plans of Adjustments. Chapter 9 of the Bankruptcy Code does not limit or impair the power of a state to control, by legislation or otherwise, a political subdivision of the state in the exercise of its political or governmental powers, including expenditures for the exercise. In addition, Chapter 9 prevents a bankruptcy court from interfering with the political or governmental powers of a political subdivision debtor, any of its property or revenues or the use or enjoyment of its income producing property, unless the political subdivision debtor confirms a plan of adjustment to that effect or consents to that action. State law provides that *ad valorem* taxes may be levied to pay the principal of and interest on the Bonds and other voted general obligation bonds of the District in an unlimited amount, and that proceeds of such a levy must be used for the payment of principal of and interest on the District's general obligation bonds, including the Bonds, and for no other purpose. Under State law, the District's share of the 1% limited tax imposed by the County is the only *ad valorem* tax revenue that may be raised and expended to pay liabilities and expenses of the District other than its voter-approved debt, such as its general obligation bonds. If the District should become a debtor in a Chapter 9 proceeding, then it must propose a plan of adjustment of its debts. The plan may not become effective until confirmed by the bankruptcy court.

The court may not confirm a plan unless it finds, among other conditions, that the District is not prohibited by law from taking any action necessary to carry out the plan, and that the plan is fair, equitable, does not unfairly discriminate among creditors as a whole, is in the best interests of creditors, and is feasible. If the State law restriction on the levy and expenditure of *ad valorem* taxes is respected in a bankruptcy case, then *ad valorem* tax revenue levied by the County for prepayment of the Bonds could not be used by the District for any purpose under its plan other than to make payments on the Bonds and its other voted general obligation bonds. It is possible, however, that a bankruptcy court could conclude that the restriction is not required to be respected in a confirmed plan.

Statutory Lien. Pursuant to Senate Bill 222 (2015) ("SB 222") that became effective on January 1, 2016, all general obligation bonds issued by local agencies, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes. SB 222 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are issued. As a result, the lien on debt service taxes will continue to be valid with respect to post-petition receipts of debt service taxes, should the District become a Chapter 9 debtor. The automatic stay provisions of the Bankruptcy Code would apply, however, thereby preventing bondholders from enforcing their rights to payment from such taxes (with the result that any payments becoming due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed), except as described under "--Special Revenues" below. It is also possible that the bankruptcy court could approve an alternate use of such taxes, if the bondholders are afforded protection that the court determines to be adequate.

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application by the County (or others with possession) of pledged *ad valorem* tax revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay, and bondholders may be able to compel their immediate use to pay debt service, subject to the matters discussed below, including a recent decision by the United States Court of Appeals for the First Circuit.

"Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the *ad valorem* taxes for payment of the Bonds. The Bonds and the District's other general obligation bonds were approved at elections held on propositions that described the projects for which such bonds may be issued. As noted above, State law prohibits the use of the proceeds of the District's debt service tax for any purpose other than payment of its general obligation bonds, and the bond proceeds may only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payment of general obligation bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Even if the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, bondholders may not be able to compel that they be used to pay debt service during the pendency of a Chapter 9 proceeding. While the application of special revenues is exempt from the automatic stay by Section 922(d) of the Bankruptcy Code, the United States Court of Appeals for the First Circuit recently interpreted that section to exempt only voluntary applications by the debtor and voluntary applications by creditors or others of property in their possession, and not to exempt actions by creditors to compel an application by others. *In re: The Financial Oversight and Management Board for Puerto Rico,* 2019 WL 1349223 (1st Cir. 2019). An application has been filed for the First Circuit to review the decision *en banc*. If the interpretation is upheld and applied by courts in the Ninth Circuit and the State Superintendent (or State-appointed administrator) were to file a petition to initiate a Chapter 9 proceeding in respect of the District, the bondholders would be stayed from seeking to compel the application of pledged *ad valorem* taxes to pay debt service on the Bonds during the pendency of the proceeding (in either federal or state court), if the County failed to do so as required by State law or was instructed not to do so by the District. Even if bondholder action is not stayed, a bankruptcy court may lack authority or decline to compel the application of such tax revenue, which would leave bondholders with only state court remedies. Accordingly, even if the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues," a Chapter 9 proceeding could result in a substantial delay in the payment of debt service, if the County failed to apply pledged *ad valorem* taxes to pay debt service on the Bonds.

In addition, the Bankruptcy Code provides that any consensual lien on special revenues "derived" from a project or system is subject to necessary operating expenses of the project or system. This rule applies regardless of the provisions of transaction documents. If a bankruptcy court were to conclude that the District's tax collections are "derived" from a District project or system, then even if pledged *ad valorem* tax revenues are determined to be "special revenues," the court could determine that such revenues may not be ordered (by itself or a state court) to pay debt service to the extent that they are needed to pay necessary operating expenses of the District and may lawfully be applied for that purpose.

Possession of Tax Revenues; Remedies. If the County or the District goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County or the District, as applicable, does not voluntarily pay such tax revenues to the owners of the Bonds, it is not clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

Amounts Held in County Treasury Pool. The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County's Treasury Pool, as described in "SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS" and "APPENDIX F – THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS." Should those investments suffer losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified. The proposed form of opinion of Bond Counsel, attached hereto as APPENDIX B, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights.

UNDERWRITING

Cabrera Capital Markets, LLC, Samuel A. Ramirez & Co., Inc. and RBC Capital Markets, LLC (collectively, the "Underwriters") have agreed to purchase the Bonds from the District at the purchase price of $____________ (being the aggregate principal amount of the Bonds, $[Principal Amount] plus [net] original issue premium of $____________, and less Underwriters' discount of $___________), at the rates and yields shown on the inside cover hereof.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the District. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of the offering of the Bonds or other offerings of the District; provided, however, that potential investors are advised that the offering of the Bonds is made only by means of the Official Statement. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than as contained in the Official Statement.

RBC Capital Markets, LLC made a voluntary contribution to the committee that was formed to support the election that authorized the issuance of the bonds that are being refunded.

FINANCIAL ADVISOR

CFW Advisory Services, LLC is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's compensation for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. CFW Advisory Services, LLC, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income status of the Bond, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the District has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstance of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

NO LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District's ability to issue the Bonds.

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OTHER INFORMATION

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Resolution are available upon request from the offices of the Vice President, Finance & Business, Rio Hondo Community College District, 3600 Workman Mill Rd., Whittier, California 90601. A fee may be charged for copying and handling.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not be construed as a contract or agreement between the District and the purchasers or owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the District.

RIO HONDO COMMUNITY COLLEGE DISTRICT

By:_____________________________________

Superintendent/President

APPENDIX A

FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT

This Appendix A provides information concerning the operations and finances of the Rio Hondo Community College District (the "District"). The Bonds are general obligation bonds of the District, secured and payable from ad valorem property taxes assessed on taxable properties within the District. The Bonds are not an obligation of the County, the State of California or any of its other political subdivisions or of the general fund of the District. Prospective purchasers of the Bonds should be aware that the following discussion of the financial condition of the District, its fund balances, budgets and obligations, is intended as general information only, and no implication is made that the payment of principal of or interest on the Bonds is dependent in any way upon the District's financial condition. The District neither receives nor accounts for ad valorem tax revenues collected by the County of Los Angeles (the "County") to pay debt service on the Bonds (or its other general obligation bonds) in the following tables or in its annual financial statements. Pursuant to Section 15251 of the California Education Code, all tax revenues collected for payment of debt service on the Bonds must be deposited into the County treasury to the credit of the debt service fund of the District. The Bonds are and will continue to be payable solely from ad valorem taxes levied and collected by the County within the boundaries of the District. See the body of this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

THE DISTRICT

District General Information

The District is a community college district of the State of California. The District was established in October 1960, and at such time the District's boundaries were coterminous with the Whittier Union High School District. Administration of the District was run by the Whittier Union High School District until an election in April 1962 which established the District's Board of Trustees. The District is located in the County and currently provides public education within an approximately 65.5 square mile area, including the cities of Whittier, Pico Rivera, Santa Fe Springs, South El Monte, as well as portions of Norwalk, La Mirada, Downey, La Puente and Industry, certain unincorporated areas of the County and the portion of the City of El Monte south and east of the Rio Hondo River. The college campus operated by the District is located in the City of Whittier, California. The total projected full-time equivalent students ("FTES") for Fiscal Year 2019-20 is 13,544.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District may be obtained by contacting: Rio Hondo Community College District, 3600 Workman Mill Road, Whittier, California 90601, Attention: Vice President, Finance & Business.

District Organization

The District is governed by a Board of Trustees (the "Board"). The Board consists of 5 members (and 1 student trustee) who are elected at-large to overlapping four-year terms at elections held in staggered years and a student trustee elected to a one-year term by the Rio Hondo College student body. If a vacancy arises during any term, the vacancy is filled by either an appointment by the majority vote of the remaining Board Members or by a special election. Each December, the Board elects a President and a Vice President to serve one-year terms. The years in which the current terms for each member of the Board expire are set forth below:

RIO HONDO COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES

Name	Office	Term Expires
Gary Mendez	President	December 2020
Oscar Valladares	Vice President	December 2022
Rosaelva Lomeli	Clerk	December 2020
Norma Edith Garcia	Member	December 2022
Vicky Santana	Member	December 2020
Diana Laureano	Student Trustee	May 2019

Key Personnel

The following is a listing of the key administrative personnel of the District:

Name	Title
Teresa Dreyfuss	Superintendent/President
Yulian Ligioso	Vice President, Finance & Business
Dr. Laura Ramirez	Vice President, Academic Affairs
Henry Gee	Vice President, Student Services

The Superintendent/President of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Superintendent/President Dreyfuss will retire from the District effective June 30, 2019. The District has engaged a firm to conduct a search for a new Superintendent/President. As of the date of this Preliminary Official Statement, the District has selected five finalists for the position of Superintendent/President.

Brief biographies of the Superintendent/President and the Vice President, Finance & Business follow:

Teresa Dreyfuss, Superintendent/President. Teresa Dreyfuss was appointed Superintendent/President by the Rio Hondo College Board of Trustees effective July 1, 2013. A native of Taiwan, Ms. Dreyfuss came to the college in 1987, and previously served as Interim Superintendent/President and Vice President, Finance and Business. She has also served as Chief Financial Officer, Controller/Business Manager, Business Manager, and Senior Accountant. She has been instrumental in guiding the $245 million facilities construction program, known as “Measure A” which is nearing completion and which has transformed the aging hilltop campus into a modern institution including three educational centers to provide access for underserved areas of the Rio Hondo College service area. Ms. Dreyfuss holds a MBA from the University of Laverne an a Bachelor’s degree from the University of Chinese Culture, Taipei, Taiwan. She has worked as a part-time instructor at both Rio Hondo College and Los Angeles City College, teaching accounting and business classes for 10 years. She has also worked at Riverside Community College District as Director of Business.

Yulian Ligioso, CPA, Vice President, Finance & Business. Mr. Ligioso has over three decades of experience in business and finance, with 26 years in California community college finance. Mr. Ligioso previously held the position of Vice President of Finance & Administration at Solano Community College for six years. He also served as Vice President of Administrative Services at Chabot-Las Positas and San Jose Evergreen Community College Districts, and also taught and held business/finance positions at the College of Marin and at Ventura and Modesto Colleges. Mr. Ligioso earned his Bachelor of Science in business administration/accounting from USC and became a certified public accountant two years later. He earned his MBA from University of the Pacific and is currently studying for his Ed.D. at Brandman University.

Accreditation

Rio Hondo College is fully accredited by the Accrediting Commission for Community and Junior Colleges ("ACCJC") of the Western Association of Schools and Colleges ("WASC"). ACCJC is one of seven institutional accrediting bodies recognized by the Commission on Recognition of Postsecondary Accreditation and the U.S. Department of Education. Accreditation is a voluntary system of self-regulation developed to evaluate overall educational quality and institutional effectiveness and to provide public assurance of the quality of education based upon such evaluation. Each institution affiliated with ACCJC voluntarily accepts the obligation to participate in a seven year cycle of evaluation that requires a comprehensive evaluation visit by an external team of peers. The cycle includes a mandatory midterm report in the third year as well as any other reports requested by ACCJC.

The District received its initial accreditation from the Accrediting Commission for Community Junior Colleges (the "ACCJC") in 1967. It's last comprehensive review was in 2014, and the next comprehensive review is scheduled for 2022.

District Employees

The District employs approximately 207 full-time and approximately 562 part-time certificated academic professionals as well as 223 full-time classified employees.

The certificated employees of the District have assigned the California Teachers Association ("CTA") as their exclusive bargaining agent. The certificated employees' contract with CTA was renewed for three years through June 30, 2022.

The classified employees have assigned California School Employees Association ("CSEA") as their exclusive bargaining agent and the contract with CSEA was renewed in 2017 for three years through June 30, 2020.

Insurance

The District maintains insurance or self-insurance in such amounts and with such retentions and other terms providing coverages for property damage, fire and theft, general public liability and worker's compensation as are adequate, customary and comparable with such insurance maintained by similarly situated community college districts. In addition, based upon prior claims experience, the District believes that the recorded liabilities for self-insured claims are adequate.

The District participates in two joint powers agreement ("JPA") entities: the Alliance of Schools for Cooperative Insurance Programs ("ASCIP") and the Southern California Community College Districts' Self-Fund Insurance Agency ("SELF"). The relationship between the District and the JPAs is such that none of the JPAs are a component unit of the District for financial reporting purposes. ASCIP arranges for and provides property, liability and excess workers' compensation insurance for its member districts. The District pays a premium commensurate with the level of coverage requested. SELF arranges for and provides self-funded or additional insurance for excess liability funds for approximately 1,100 public educational agencies. Each member pays an annual contribution calculated by SELF's board of directors and shares surpluses and deficits proportionately to its participation in SELF.

Based upon prior claims experience, the District believes it has adequate insurance coverage through the JPAs and its own self-insurance.

District Enrollment

The District has experienced slight population and student growth in the past several years. The table below sets forth the enrollment for Full-Time Equivalent Students ("FTES") for the District for the Fiscal Years ending June 30, 2015 through 2019 and a projection for the Fiscal Years ending June 30, 2020 through 2024.

RIO HONDO COMMUNITY COLLEGE DISTRICT
Full-Time Equivalent Students
Fiscal Years Ending 2014-15 through 2018-19

Fiscal Year	Resident and Non-Resident FTES[1]	Increase (Decrease) From Prior Year	Non-Resident FTES
2014-15	12,774	(22)	98
2015-16	13,030	255	124
2016-17	11,769	(1,261)	149
2017-18	13,456	1,687	181
2018-19	13,278	(178)	175

[1] FTES figures include California resident ("Resident") and non-resident students. The District receives apportionment from the State only for Resident students. Non-resident students are charged a higher fee per unit than Resident students, which income is independent and not subject to apportionment nor deduction by the State.

Source: The District.

The table below sets forth the projected funded FTES in the District for the next five fiscal years.

RIO HONDO COMMUNITY COLLEGE DISTRICT
Funded FTES Five-Year Projections

Fiscal Year	FTES	Increase (Decrease) From Prior Year
2019-20	13,544	266
2020-21	13,814	270
2021-22	14,090	276
2022-23	14,372	282
2023-24	14,659	287

Source: The District.

Population

The populations of the City of Whittier, the City of Pico Rivera, the City of Santa Fe Springs, the City of El Monte, the City of South El Monte, the County and the State of California during the period from 2014 through 2018 are set forth in the following table.

Population Figures
2014 through 2018

Calendar Year	City of Whittier	City of Pico Rivera	City of Santa Fe Springs	City of El Monte	City of South El Monte
2014	86,902	64,048	17,498	116,012	20,359
2015	87,122	64,220	17,742	116,472	20,727
2016	87,088	64,150	18,213	116,927	20,793
2017	87,117	64,170	18,217	116,942	20,864
2018	87,369	64,260	18,335	117,204	20,882

Figures as of January of the year indicated.
Source: California State Department of Finance.

Calendar Year	Los Angeles County	State of California
2014	10,088,458	38,568,628
2015	10,149,661	38,912,464
2016	10,180,169	39,179,627
2017	10,231,271	39,500,973
2018	10,283,729	39,809,693

Figures as of January of the year indicated.
Source: California State Department of Finance.

Employment

The following chart compares labor force, employment, civilian employment and the unemployment rate in the City of Whittier, the City of Pico Rivera, the City of Santa Fe Springs, the City of El Monte, the City of South El Monte, the County of Los Angeles, the State of California and the United States during the period from 2013 through 2017.

CITY OF WHITTIER, CITY OF PICO RIVERA, CITY OF SANTA FE SPRINGS,
CITY OF EL MONTE, CITY OF SOUTH EL MONTE, COUNTY OF LOS ANGELES
STATE OF CALIFORNIA AND UNITED STATES OF AMERICA
LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Yearly Average for Years 2013 through 2017

Year and Area	Labor Force	Civilian Employment	Civilian Unemployment	Unemployment Rate (%)
2013				
City of Whittier	42,200	38,900	3,300	7.7%
City of Pico Rivera	29,600	27,000	2,700	9.0
City of Santa Fe Springs	7,900	7,000	900	11.5
City of El Monte	51,900	45,700	6,200	12.0
City of South El Monte	8,800	8,300	500	5.3
County of Los Angeles	4,967,200	4,482,600	484,600	9.8
California	18,625,000	16,958,400	1,666,600	8.9
United States	155,389,000	143,929,000	11,460,000	7.4
2014				
City of Whittier	42,600	39,900	2,800	6.5
City of Pico Rivera	29,900	27,600	2,300	7.6
City of Santa Fe Springs	8,000	7,200	800	9.8
City of El Monte	52,100	46,800	5,300	10.2
City of South El Monte	8,900	8,500	400	4.4
County of Los Angeles	5,004,100	4,591,100	413,000	8.3
California	18,758,400	17,351,300	1,407,100	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
2015				
City of Whittier	42,700	40,500	2,200	5.2
City of Pico Rivera	29,900	28,100	1,800	6.1
City of Santa Fe Springs	7,900	7,300	600	7.9
City of El Monte	51,800	47,600	4,300	8.2
City of South El Monte	9,000	8,700	300	3.5
County of Los Angeles	5,002,300	4,671,100	331,200	6.6
California	18,896,500	17,724,800	1,171,700	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
2016				
City of Whittier	43,300	41,500	1,800	4.1
City of Pico Rivera	30,200	28,700	1,500	4.8
City of Santa Fe Springs	8,000	7,500	500	6.2
City of El Monte	52,100	48,700	3,400	6.5
City of South El Monte	9,100	8,900	300	2.8
County of Los Angeles	5,054,900	4,789,500	265,400	5.3
California	19,093,700	18,048,800	1,044,800	5.5
United States	159,187,000	151,436,000	7,751,000	4.9

Year and Area	Labor Force	Civilian Employment	Civilian Unemployment	Unemployment Rate (%)
2017				
City of Whittier	43,000	41,500	1,500	3.5
City of Pico Rivera	30,800	29,400	1,400	4.5
City of Santa Fe Springs	8,100	7,900	200	2.5
City of El Monte	51,600	49,100	2,500	4.8
City of South El Monte	9,000	8,700	300	3.7
County of Los Angeles	5,123,900	4,883,600	240,300	4.7
California	19,311,700	18,387,800	923,900	4.8
United States	160,320,000	153,337,000	6,982,000	4.4

Source: State of California Employment Development Department; U.S. Department of Labor, Bureau of Labor Statistics.

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Principal Employers

The following table lists the top 10 public sector employers in the County of Los Angeles.

COUNTY OF LOS ANGELES
Principal Public Sector Employers 2018[1]

Employer	Number of Los Angeles County Employees
1. Los Angeles County	109,881
2. Los Angeles Unified School District	60,240
3. University of California, Los Angeles	48,570
4. U.S. Government – Federal Executive Board[2]	47,200
5. City of Los Angeles[3]	33,375
6. State of California[4]	30,000
7. Los Angeles County Metropolitan Transportation Authority	9,907
8. Los Angeles Department of Water and Power	9,425
9. Los Angeles Community College District	6,893
10. Long Beach Unified School District	6,686

[1] Data as of August 27, 2018.
[2] Excludes law enforcement and judiciary employees.
[3] Excludes proprietary departments (LADWP, LAWA, Port of L.A.).
[4] Excludes education employees.
Source: Los Angeles Business Journal.

COUNTY OF LOS ANGELES
Principal Private Sector Employers 2018[1]

Employer	Description	Number of Los Angeles County Employees
1. Kaiser Permanente Southern California	Nonprofit health plan	37,468[2]
2. University of Southern California	Private university	21,055
3. Northrop Grumman Corp.	Systems and products in aerospace, electronics and information systems	16,600[2]
4. Providence Health & Services Southern California	Health care	15,952
5. Target Corp.	Retailer	15,000[2]
6. Ralphs/Food 4 Less (Kroger Co. division)	Grocery retailer	14,970[2]
7. Cedars-Sinai Medical Center	Health system	14,903
8. Walt Disney Co.	Media and entertainment	13,000[2]
9. Allied Universal	Security professionals, electronic security systems and solutions, fire and life safety services	12,879
10. NBCUniversal	Media and entertainment	12,000

[1] Data as of August 27, 2018.
[2] Los Angeles Business Journal estimate.
Source: Los Angeles Business Journal.

District Investments

The Treasurer and Tax Collector (the "Treasurer") of the County manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited with the Treasurer by County school and community college districts, various special districts, and some cities within the State. State law generally requires that all moneys of the County, school and community college districts and certain special districts be held in the County's Treasury Pool.

The composition and value of investments under management in the Treasury Pool vary from time to time depending on cash flow needs of the County and public agencies invested in the pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally.

For a further discussion of the Pooled Investment Fund, see APPENDIX F - "THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS" hereto.

Financial Statements of the District

The District's General Fund finances the legally authorized activities of the District. General Fund revenues are derived from such sources as State fund apportionments, taxes, use of money and property, charges for current services, aid from other governmental agencies and other revenue. The General Fund of the District is a combined fund comprised of moneys which are unrestricted and available to finance the legally authorized activities of the District and restricted funds and moneys which are restricted to specific types of programs or purposes. Certain information from the District's financial statements follows. The District's audited financial statements for fiscal year ended June 30, 2018 are attached hereto as APPENDIX C. The District has not requested and its auditor has not provided any review or update of such statements in connection with the inclusion thereof in this Official Statement.

The financial statements included herein were prepared by the District using information from the Annual Financial Reports which are prepared by the District and audited by independent certified public accountants each year. The data included in this Official Statement for the District beyond fiscal year 2017-18 is unaudited and has not been reviewed by the District's independent certified public accountants.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community Colleges Budget and Accounting Manual. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

The financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities. The major fund classification is the general fund, which accounts for all financial resources not required to be accounted for in another fund. The District's fiscal year begins on July 1 and ends on June 30. All governmental funds and fiduciary funds are maintained on the accrual basis of accounting, and so revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. For more information on the District's accounting method, see "APPENDIX C –AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018" hereto.

The Governmental Accounting Standards Board ("GASB") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. GASB No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts, community college districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting; (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting; and (iv) required supplementary information.

The District's Audited Financial Statements for fiscal year ended June 30, 2018 were prepared by Cossolias Wilson Dominguez Leavitt, Certified Public Accountants and are attached as APPENDIX C.

The District considers its audited financial statements to be public information, and accordingly, no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has made no representation in connection with inclusion of the audit in this Official Statement.

Budgets of District; State Chancellor Oversight

The fiscal year of the District begins on the first day of July of each year and ends on the 30th day of June of the following year. On or before July 1 of each year the District adopts a fiscal line-item budget setting forth expenditures in priority sequence so that appropriations during the fiscal year can be adjusted if revenues do not meet projections.

The District is required by provisions of the California Education Code to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed the revenues plus the carry-over fund balance from the previous year. The State Chancellor imposes a uniform budgeting format for each community college district in the State.

State law grants to the Board of Governors of the California Community Colleges and to the State Chancellor certain oversight with respect to the budget development process and financial reporting of community college districts. Pursuant to California Education Code Section 84040 *et seq.* and the California Code of Regulations Section 58310 *et seq*., the chief executive officer or other designee of the governing board of each community college district is required to regularly report the financial condition of such community college district to the governing board thereof. Further, the chief executive officer or other designee is required to submit reports showing the financial and budgetary conditions of its community college district, including outstanding obligations, to the governing board at least once every three months. Each community college district is also required to submit a copy of a certified quarterly report to the appropriate county office of education and the State Chancellor no later than forty-five days following the completion of such quarter. The State Chancellor is required to develop and maintain procedures for the administration of fiscal monitoring of community colleges districts pursuant to the California Education Code Section 84040 *et seq.*

In the event that a community college district's financial information indicates to the State Chancellor a high probability that, absent corrective actions, the district will need an emergency apportionment within three years or that the district is not in compliance with the principles of sound fiscal management as set forth in the California Code of Regulations, the State Chancellor has the authority to further intervene in the affairs of the district. The State Chancellor may, among other things, require additional reports from a community college district, require such community college district to respond to specific concerns or direct the community college district to adopt a detailed plan for fiscal stability and an educational plan which shows the impact of the fiscal plan on such community college district's educational program.

The California Code of Regulations grants the State Chancellor the authority to take certain actions if the State Chancellor determines that a community college district's plans are inadequate to solve the financial problems or to implement the principles of sound fiscal management, such community college district substantially fails to implement the plans, or if a college operated by such community college district is in imminent jeopardy of losing its accreditation which would create severe fiscal problems. The State Chancellor may, among other thing, (i) conduct a comprehensive management review of a community college district and its educational programs and an audit of the financial condition of such community college district; (ii) direct a community college district to amend and readopt the fiscal and educational plans based on the findings of the comprehensive audits; (iii) review and monitor the implementation of the plans and direct a community college district to make any further modifications to the fiscal and educational plans he or she deems necessary for such community college district's achievement of fiscal stability; (iv) appoint or assign a special trustee (a "Special Trustee"). The Special Trustee, if appointed, may review and monitor plans, reports, and other financial material, and may modify the fiscal and educational plans, review and prioritize expenditures in order to further the community college district's achievement of fiscal stability, approve or disapprove actions of such community college district which affect or relate to the implementation of the fiscal and educational plans. The Special Trustee may assume management and control of a community college district if authorized by the Board of Governors based on the recommendation of the State Chancellor. The State Chancellor may authorize the Special Trustee to exercise such powers as are approved by the Board of Governors for a period of no more than one year, unless the Board of Governors approves one or more one-year extensions.

In the event the State Chancellor deems that the aforementioned procedures have not stabilized the financial condition of a community college district, the State Chancellor may seek an appropriation for an emergency apportionment to be repaid over a period of three years. However, the State Chancellor is not authorized to approve any diversion of revenue from *ad valorem* taxes levied to pay debt service on district general obligation bonds.

In the event the State elects to provide an emergency appropriation to a community district, such appropriation may be accomplished through the issuance of "State School Fund Apportionment Lease Revenue Bonds" to be issued by the California Infrastructure and Economic Development Bank, on behalf of the community college district. State law provides that so long as such bonds are outstanding, the recipient community college district cannot file for bankruptcy.

District Finances

The following tables describe the District's audited financial results for the fiscal years 2015-16 through 2017-18 and the District's adopted budgets for the fiscal years 2017-18 and 2018-19 as well as the District's audited actual results for the fiscal year 2017-18.

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RIO HONDO COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE GENERAL FUND
Fiscal Years 2015-16 through 2017-18

	Fiscal Year 2015-16[1]	Fiscal Year 2016-17[2]	Fiscal Year 2017-18[2]
Revenues			
Operating revenues			
Tuition and fees (net)	$ 5,292,729	$ 6,404,094	$ 6,885,120
Other operating revenues	307,594	1,605,998	1,576,512
Total operating revenues	$5,600,323	$8,010,092	$8,461,632
Expenses			
Operating expenses			
Salaries and benefits	$79,538,464	$73,558,932	$93,448,076
Supplies, materials, and other operating expenses	12,765,514	26,375,866	14,468,220
Student financial aid	22,725,362	21,529,928	23,205,348
Depreciation	7,916,904	7,397,267	8,302,351
Total operating expenses	$122,946,244	$128,861,993	$139,423,995
Operating loss	(117,345,921)	(120,851,901)	(130,962,363)
Nonoperating revenues (expenses)			
State apportionments	$61,870,983	$59,656,177	$58,659,623
Local property taxes	14,981,662	16,462,586	17,470,689
Federal grants	21,602,832	19,864,536	22,128,306
State grants	--	22,417,341	16,527,421
State taxes and other revenues	27,511,099	3,073,138	11,140,298
Investment income	1,034,193	1,429,969	1,780,380
Interest expense	(10,608,928)	(6,821,909)	(13,020,246)
Other non-operating revenues	4,098,179	7,852,403	2,390,381
Net nonoperating revenues	$120,490,020	$123,934,241	$117,076,852
Other revenues (expenses)			
State capital income	--	$3,532,410	$6,569,390
Change in net position	3,144,099	6,614,750	(7,316,121)
Net position – beginning of the year	33,073,155	36,217,254	76,849,131
Prior period adjustments	--	34,017,127	(39,790,443)
Net position – end of year	$36,217,254	$ 76,849,131	$ 29,742,567

(1) Figures rounded and reflective of the data presented in the Annual Financial Report for the year ended June 30, 2017.
(2) Figures reflective of the data presented in the Annual Financial Report for the year ended June 30, 2018.
Source: The District

RIO HONDO COMMUNITY COLLEGE DISTRICT
2016-17, 2017-18 and 2018-19 Adopted Budgets and
2016-17 and 2017-18 Audited Actual Results

	2016-17 Adopted Budget	2016-17 Audited Financials	2017-18 Adopted Budget	2017-18 Audited Actuals	2018-19 Adopted Budget[(1)]
BEGINNING FUND BALANCE	$ 8,154,873	$ 8,154,873	$ 11,030,589	$ 11,030,589	$ 9,176,881
REVENUES:					
Federal	2,321,000	$ 2,011,021	$ 2,205,000	$ 2,100,394	$ 2,344,000
State	87,135,000	83,024,712	85,447,000	80,886,488	97,283,000
Local	13,551,100	15,023,942	14,956,100	16,434,205	16,685,100
Total Revenues	$103,007,100	$100,059,675	$102,608,100	$ 99,421,087	$116,312,100
Total Revenues & Beginning Fund Balance	$111,161,973	$108,214,548	$113,638,689	$110,451,676	$125,488,981
EXPENDITURES:					
Certificated Salaries	$ 38,306,000	$ 38,839,723	$ 40,056,000	$ 38,700,310	$ 42,008,000
Classified Salaries	17,858,000	17,713,772	18,924,000	18,359,702	21,479,000
Staff Benefits	25,305,000	26,455,076	26,882,000	28,818,164	30,855,000
Supplies	1,581,000	1,469,270	1,759,000	1,451,867	2,500,000
Other Operating Expenses	12,551,000	10,727,881	11,041,000	9,853,200	13,824,000
Capital Outlay	5,387,000	1,765,437	3,843,000	1,515,483	2,449,000
Interfund/Intrafund Transfers	100,000	500,000	0	500,000	500,000
Student Financial Aid	1,165,000	1,722,800	1,455,000	2,076,069	2,906,000
Total Expenditures	$102,253,000	$ 97,183,959	$102,960,000	$101,274,795	$116,521,000
ENDING FUND BALANCE	$ 8,908,973	$ 11,030,589	$ 10,676,689	$ 9,176,881	$ 8,967,981

Source: The District

Rio Hondo College Foundation

The Rio Hondo College Foundation (the "Foundation") is a separate non-profit, public benefit corporation organized under Section 501(c)(3) of the Internal Revenue Code. The Foundation was established in 1992 to secure philanthropic funding through contributions from individuals, corporations, foundations, and non-profits to assist Rio Hondo College in meeting its commitment to student success. The purpose of the Foundation is to secure financial assistance for scholarships, programs, equipment, and projects which meet the need of the College's diverse student population. Under GASB rules, the Foundation is not a component unit of the District for financial reporting purposes.] As of June 30, 2017, the Foundation had net assets valued at $2,523,977.

Operating Leases

The District has entered into an operating lease for land, building, and equipment with lease terms in excess of one year 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 (Ending June 30)	Lease Payments
2019	$ 139,056
2020	120,153
2021	39,462
2022	19,745
Total	$ 318,416

Source: The District

Certain Existing Obligations

A schedule of the District's changes in long-term debt for the year ended June 30, 2018 is shown below:

	Balance July 1, 2017	Restatement	Restated Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due within one year
General Obligation Bonds							
2005 Series A, General obligation refunding bonds	$ 35,355,000	-	$ 35,355,000	-	$3,705,000	$ 31,650,000	$3,890,000
2009 Series B, General obligation bonds	61,919,685	-	61,919,685	282,436	1,895,000	60,307,121	2,090,000
2010 Series C, General obligation bonds	90,998,752	-	90,998,752	6,408,949	-	97,407,701	-
Unamortized premium	3,417,694	-	3,417,694	-	237,061	3,180,633	-
Total general obligation bonds	$191,691,131	-	$191,691,131	$6,691,385	$5,837,061	$192,545,455	$5,980,000
Other Long-Term Liabilities							
Compensated absences	721,338	-	721,338	29,640	-	750,978	-
Net OPEB Liability	(6,437,416)	39,790,443	33,353,027	4,019,095	-	37,372,122	-
Net pension liability	73,504,506	-	73,504,506	10,281,281	-	83,785,787	-
Total other long-term liabilities	67,788,428	39,790,443	107,578,871	14,330,016	-	121,908,887	-
Total long-term obligations	$259,479,559	$39,790,443	$299,270,002	$21,021,401	$5,837,061	$314,454,342	$5,980,000

For more information on the District's existing general obligations, see "APPENDIX C - AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2018" hereto**.**

Retirement System

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the State Teacher's Retirement System ("STRS") and classified employees are members of the State Public Employees' Retirement System ("PERS").

For the fiscal year ended June 30, 2018, the District reported the net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources for each of the plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
STRS	$53,790,703	$15,167,061	$6,473,078	$5,216,602
PERS	29,995,084	9,000,286	799,541	5,861,744
Total	$83,785,787	$24,167,347	$7,272,619	$11,078,346

Source: The District.

STRS. The District participates in the State Teachers' Retirement System. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

Prior to fiscal year 2014-15, unlike typical defined benefit programs, neither the employee, employer or State contribution rate to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State recently passed legislation to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by statute to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed Assembly Bill 1469 ("AB 1469") into law as a part of the 2014-15 State Budget. A.B. 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Beginning July 1, 2014, the employee contribution rates increased over a three-year period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.15%	8.15%
July 1, 2015	9.20	8.56
July 1, 2016	10.25	9.21

Source: STRS and California Assembly Bill 1469

Pursuant to A.B. 1469, K-14 school district contribution rates will increase over a seven-year phase-in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 School District Employer Contributions
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: STRS and California Assembly Bill 1469

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, A.B. 1469 also requires the STRS Board to report to the State legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

The District's employer contributions to STRS for fiscal years ended June 30, 2016 through June 30, 2018 (together with the projection for fiscal year ended June 30, 2018) are set forth in the table below, and equal 100 percent of the required contributions for each year. See APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018 for additional information.

RIO HONDO COMMUNITY COLLEGE DISTRICT
STRS CONTRIBUTIONS

Fiscal Years Ended June 30	District Employer Contributions
2016	$2,677,144
2017	4,191,757
2018	5,003,031
2019[1]	5,803,900

[1] Projected.
Source: The District

PERS. The District also participates in the State Public Employees' Retirement System ("PERS"). The District's employer contribution to PERS for fiscal years ended June 30, 2016 through June 30, 2018 (together with the projection for fiscal year ended June 30, 2019) are set forth in the table below, and equal 100 percent of the required contributions for each year. See APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018 for additional information.

RIO HONDO COMMUNITY COLLEGE DISTRICT
PERS CONTRIBUTIONS

Fiscal Years Ended June 30	District Employer Contributions
2016	$1,664,052
2017	2,270,696
2018	2,725,352
2019[1]	3,229,400[1]

[1] Projected.
Source: The District

Both PERS and STRS are operated on a Statewide basis and, based on available information, both PERS and STRS have unfunded actuarial accrued liabilities. (Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282.) The amounts of the pension/award benefit obligation (PERS) or actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution. See "State Pension Trusts" below. The District is unable to predict what the amount of liabilities will be in the future, or the amount of the contributions which the District may be required to make.

California Public Employees' Pension Reform Act of 2013. The Governor signed the California Public Employee's Pension Reform Act of 2013 (the "Reform Act") into law on September 12, 2012. The Reform Act affects both STRS and PERS, most substantially as they relate to new employees hired after January 1, 2013 (the "Implementation Date"). As it pertains to STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age, increasing the eligibility for the 2% "age factor" (the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. For non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

The Reform Act also implements certain other changes to PERS and STRS including the following: (a) all new participants enrolled in PERS and STRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) STRS and PERS are both required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for STRS members who retire with 25 years of service), and (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for STRS and PERS members not participating in social security.

On April 17, 2013 the PERS Board of Administration (the "PERS Board") approved new actuarial policies aimed to fully fund the pension system's obligations within 30 years. The new policies included a rate-smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented in respect of the State, K-14 school district and all other public agencies in Fiscal Year 2015-16.

In 2014, PERS completed a 2-year asset liability management study incorporating actuarial assumptions and strategic asset allocation. On February 19, 2014, the PERS Board adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of returns. The adopted asset allocation is expected to have a long-term blended return that continues to support a discount rate assumption of 7.5 percent. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS discount rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS discount rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS discount rate to 7.0% over the next three years in accordance with the following schedule: 7.375% in fiscal year 2017-18, 7.25% in fiscal year 2018-19 and 7.00% in fiscal year 2019-20. The new discount rate will go into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS discount rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act will also see their contribution rates rise. The three-year reduction of the discount rate to 7.0% is expected to result in average employer rate increases of approximately 1-3% of normal cost as a percent of payroll for most miscellaneous retirement plans and a 2-5% increase for most safety plans. The PERS Board also approved several changes to the demographic assumptions that more closely align with actual experience. The most significant of these changes is the inclusion of mortality improvement to acknowledge the greater life expectancies among PERS membership and expected continued improvements.

Pursuant to the PERS Board's decision in February 2014, the new actuarial assumptions will be incorporated in the June 30, 2015 valuation for the schools portion of the PERS pool (the "School's Pool"). The increase in liability due to the new actuarial assumptions will be amortized over 20 years and phased in over 5 years in accordance with PERS Board policy, beginning with the contribution requirement for fiscal year 2016-17. The projected impact of the assumption change on the Schools Pool rate is estimated to be an increase of 1.6 percent of payroll in 2016-17 with approximate annual increases of 0.8 percent of payroll in each of the next 4 years with an estimated total increase of 4.8 percent of payroll by 2020-21.

In February 2018, the PERS Board voted to shorten the period over which PERS amortized actuarial gains and losses from 30 years to 20 years for new pension liabilities, effective for the June 30, 2019 actuarial valuations. Amortization payments for all unfunded accrued liability bases will be computed to remain at a level dollar amount throughout the amortization period, and certain 5-year ramp-up and ramp-down periods will be eliminated. As a result of the shorter amortization period, the contribution required to be made by employers may increase beginning in fiscal year 2020-21.

In February 2017, the STRS Board voted to adopt revised actuarial assumptions to reflect the increasing life expectancies of its members and the then-current economic trends. The revisions to the actuarial assumptions included changes to the generational mortality methodology that reflect prior improvements in life expectancies and more dynamic assessments of future life spans. In addition, the STRS Board determined to decrease the investment return assumption over a two-year period as follows: (i) a decrease from 7.50% to 7.25% for the June 30, 2016 actuarial valuation that is to be presented to the STRS Board in April 2017 and (ii) a decrease from 7.25% to 7.00% for the June 30, 2017 actuarial valuation to be presented to the STRS Board at the April/May 2018 meeting. The changes reflect the less than 50% probability that the then-current return assumptions would be met over the long term. The STRS Board also decreased some of the economic-related assumptions to reflect continued trends. As a result, the wage-growth assumption was reduced to 3.50% from 3.75% while the price inflation factor was also reduced to 2.75% from 3.00%.

State Pension Trusts

The following information on the State Pension Trusts has been obtained from publicly available sources and has not been independently verified by the District, is not guaranteed as to the accuracy or completeness of the information and is not to be construed as a representation by the District or the Underwriter. Furthermore, the summary data below should not be read as current or definitive, as recent losses on investments made by the retirement systems generally may have increased the unfunded actuarial accrued liabilities stated below.

Both STRS and PERS have substantial Statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The PERS Schools Pool had an unfunded liability, based on the market value of assets, of $21.7 billion as of June 30, 2016, and STRS had unfunded actuarial liabilities of $96.7 billion as of June 30, 2016. The amount of unfunded actuarially accrued liability will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution.

STRS and PERS each issue separate comprehensive annual financial reports that include financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, P.O. Box 15275, Sacramento, California 95851-0275 and copies of the PERS annual financial report and actuarial valuations may be obtained from the PERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information presented in these reports is not incorporated by reference in this Official Statement.

GASB Statement Nos. 67 and 68

On June 25, 2012, the Governmental Accounting Standards Board ("GASB") approved two new standards ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

For more information, See the fiscal year 2017-18 audited financial statements of the District included in Appendix C hereto.

Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board ("GASB") pronounced Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions. The pronouncement required public agency employers providing other postemployment benefits ("OPEB") to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits ("GASB 45"). In June 2015, GASB issued Statement Nos. 74 and 75, respectively, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pension Plans and Pensions, respectively*. The objectives of these statements are to (i) improve the usefulness of information related to postemployment benefits other than pensions (other postemployment benefits or "OPEB") included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability and (ii) improve accounting and financial reporting by State and local governments for OPEB, respectively. GASB Statement No. 74 replaces Statements No. 43 and 57 and Statement No. 75 replaces GASB Statement No. 45.

GASB Statements No. 74 and No. 75 require biennial actuarial valuations for all plans. An actuarial study for the District's OPEB plan was most recently completed in June 2017, with a valuation date of June 30, 2017 and a measurement date of June 30, 2017 (the "2017 Actuarial Report"). As of July 1, 2017, the Total OPEB Liability of the District was estimated to be $55,647,152. The District has set aside funds to cover retiree health liabilities in a GASB 75 qualifying trust. The Fiduciary Net Position of the trust was $10,081,872 at July 1, 2017, resulting in a Net OPEB Liability of $45,565,280. Under GASB 74 and 75, OPEB Expense includes service cost, interest cost, change in Total OPEB Liability due to plan changes, as adjusted for deferred inflows and outflows.

Plan Description. 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 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.

The following table is a description of the current retiree benefit plan:

	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 dependent: PERS Choice With no dependent: PERS Care	None	With one dependent: PERS Choice With no dependent: PERS Care Hired after 5/10/2005: CalPERS statutory minimum

The Plan provides medical insurance to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the Plan. The Governing Board has the authority to establish and amend the benefit terms as contained with the negotiated labor agreements. As of June 30, 2018, there were 788 plan participants total, with 309 of those plan participants being inactive employees or dependents receiving benefits, and the remaining 479 plan participants being active employees.

Contribution Information. 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 2017-18, the District contributed $13,500,000 to the Plan, of which $13,500,000 was deposited in the District's irrevocable OPEB Trust. 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 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 to the Trust.

Net OPEB Liability. As of June 30, 2018, the District has a net OPEB liability of $37,372,122. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan:

Service cost	2,005,362
Interest	2,886,839
Employer contributions	(12,212,253)
Actual investment income	(969,430)
Administrative expense	96,324
Benefit Payments	--
Net Changes in Total OPEB Liability	(8,193,158)
Net OPEB Liability, beginning of year	45,565,280
Net OPEB Liability, end of year	**$37,372,122**

Source: The District.

For additional information, see "Appendix C – Annual Financial Report for the Year Ended June 30, 2018 – Note 11" hereto.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

Major Revenues

General. California community college districts (other than community-funded community college districts, as described below) receive operating income from the State, from local sources derived from the community college district's share of the county-wide property tax, revenues generated from the community college district's operations, consisting of student fees and miscellaneous sources, and federal government grants and transfers. State funds include general apportionment, categorical funds, capital construction, the State lottery, and other minor sources.

SB 361. California community college districts apportionments were previously funded pursuant to a system established by Senate Bill 361, which was signed by the Governor on September 29, 2006 ("SB 361"). SB 361 reformed the formulas for allocating general-purpose apportionments to California community college districts beginning fiscal year 2006-07. The system included allocation of State general apportionment revenues to community college districts based on criteria developed by the Board of Governors of the California Community Colleges (the "Board of Governors") in accordance with prescribed statewide minimum requirements. In establishing these minimum requirements, the Board of Governors was required to acknowledge community college districts' need to receive an annual allocation based on the number of colleges and comprehensive centers in each district, plus funding received based on the number of credit, noncredit and enhanced noncredit FTES in each district. SB 361 also specified that the minimum funding per FTES would be: (a) not less than $4,367 per credit FTES (subject to cost of living adjustments funded through the budget act in subsequent fiscal years); (b) at a uniform rate of $2,626 per noncredit FTES (adjusted for the change in cost of living provided in the budget act in subsequent fiscal years); and (c) set at $3,092 per enhanced noncredit FTES (adjusted for the change in cost of living provided in the budget act in subsequent fiscal years) for a new instructional category of "career development and college preparation."

The major local revenue source is local property taxes that are collected from within district boundaries. Student enrollment fees from the local community college district generally account for the remainder of local revenues of the district. Property taxes and student enrollment fees are applied towards fulfilling the District's financial need. Once these sources are exhausted, State funds are used. State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the State legislature to the District. The sum of the property taxes, student enrollment fees, and State aid generally comprises the District's funding allocation. Community-funded community college districts are those districts whose local property tax and student enrollment fee collections exceed the revenue allocation determined by the program-based model. Community-funded community college districts do not receive any funds from the general State appropriation. See also, "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 30 and Proposition 55." The implication for community-funded community college districts is that the legislatively determined annual cost of living adjustment and other politically determined factors are less significant in determining such districts' primary funding sources. Rather, property tax growth and the local economy become the determinant factors. The District is not a community-funded community college districts.

A small part of a community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations and sales of property. Every community college district receives the same amount of lottery funds per pupil from the State; however, a majority of these are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery does require a portion of the funds to be used for instructional purposes, and prohibits their use for capital purposes.

The District's final budget for fiscal year 2018-19 has been developed on the assumption that the District will receive funding based on 12,800 FTES, adjusted for the 2.71% cost of living adjustment ("COLA") provided for in the 2018-19 State budget.

New Community College Funding Formula. As part of the 2018-19 State Budget (see "State Assistance—2018-19 State Budget below), a new "Student-Centered Funding Formula" ("SCFF") was adopted for California community colleges pursuant to a higher education trailer bill, Assembly Bill 1809, passed by the State legislature and subsequently codified in Title 3, Division 7, Part 50, Chapter 5, Article 2 of the California Education Code. The SCFF is intended by the State legislature is provide encouragement for under-represented students to access the system, and also, in recognition of the need to provide additional support for low-income students, to provide additional funding to California community colleges. In addition, the SCFF is designed to improve overall equity and predictability so that California community colleges may more readily plan and implement instructions and programs, and also rewards the progress of individual community colleges for improvement to their student success metrics.

The SCFF includes three specific components: first, a "Base Allocation" which is calculated primarily based on by enrollment, secondly, a "Supplemental Allocation" which is funded based on the number of certain types of low-income students, and, thirdly, a "Student Success Allocation" which is calculated based upon achievement-based metrics.

Each *Base Allocation* is composed of (i) the Base Allocation, determined consistent with the prior funding formula, as well as (ii) funding for credit, non-credit and Career Development College Preparation ("CDCP") FTES. In fiscal year 2018-19, the Base Allocation is expected to constitute approximately 70% of Statewide funding for community college districts, then 65% of Statewide funding for community college districts in fiscal year 2019-20, and 60% of Statewide funding for community college districts in fiscal years 2020-21 and onward. The SCFF provides minimum funding levels for credit FTES for the first three fiscal years, as follows: (a) $3,727 for fiscal year 2018-19, (b) $3,387 for fiscal year 2019-20, adjusted for COLAs and other base adjustments, and (c) $3,046 for fiscal year 2020-21, adjusted for COLAs and other base adjustments in both the then-current and prior fiscal year. The SCFF provides higher credit FTES funding rates for certain community college districts, notwithstanding the Base Allocation formula. These districts do not include the District.

Commencing in fiscal year 2021-22, each annual State budget will provide for COLAs and other adjustments to be subject to appropriation. Accordingly, total funding for credit FTES will be based on a rolling three-year average of funded FTES from the current year, the prior year, and the year prior to that. The determination of funding levels for non-credit and CDCP FTES will be consistent with the prior funding formula and the total funding for these categories will be based on actual non-credit and CDCP FTES for the most recent fiscal year. The table below sets forth the District's FTES figures for the years shown, including a projection for fiscal year 2018-19.

RESIDENT FULL TIME EQUIVALENT STUDENTS
Fiscal Years 2010-11 through 2018-19
Rio Hondo Community College District

Fiscal Year	Funded FTES	Unfunded FTES	Actual FTES
2013-14	12,721	3	12,717
2014-15	12,676	0	12,676
2015-16	12,905	0	12,905
2016-17	11,619	0	11,619
2017-18	13,275	0	13,275
2018-19[1]	12,054[2]	0	13,102

[1] Period 1.
[2] Three-year average after change in funding formula.
Source: The District

Each *Supplemental Allocation* is to be distributed to community college districts based on the number of students served by each district that is a recipients of: (i) a Federal Pell Grant, (ii) an exemption from nonresident tuition pursuant to California Education Code 68130.5, or (iii) student fee waivers under Section 76300 of the California Education Code. The Supplemental Allocation is expected to account for approximately 20% of Statewide funding.

While the SCFF provides $919 per qualifying student for fiscal year 2018-19, beginning in fiscal year 2019-20, the provision of COLAs and other adjustments to this amount will be subject to appropriation in the annual State budget. For this purpose, headcounts of students will be duplicated, so that community college districts will receive twice the supplemental funding for students falling into more than one of the above-referenced categories.

Each *Student Success Allocation* is to be distributed to community college districts based on performance in a number of student "outcome metrics," including (i) obtaining various degrees and certificates, (ii) completing transfer-level math and English courses within a student's first year, (iii) successfully transferring students to four-year universities, and (iv) students obtaining a regional living wage within a year of completing community college. Each of these metrics is assigned a point value, with some being assigned more weight than others and a single student outcome with higher points will result in an increase in funding. The outcome metrics for students receiving Federal Pell Grant program aid or who receive a fee waiver pursuant to Section 76300 of the California Education Code are also eligible for additional funding.

In fiscal year 2018-19, the Student Success Allocation is expected to account for 10% of statewide funding for community college districts, then 15% of statewide funding for community college districts in fiscal year 2019-20, and 20% of statewide funding for community college districts in fiscal year 2020-21 and thereafter. The SCFF provides a rate for all students of $440 per point For fiscal year 2018-19, plus an additional $111 per point for students that received financial aid under the Federal Pell Grant program or received a fee waiver pursuant to Section 76300 of the California Education Code. In fiscal year 2019-20, subject to COLAs and other base adjustments, these rates increase to $660 per point and $167 per point, respectively, and for fiscal year 2020-21, subject to COLAs and other base adjustments, the rates increase to $880 per point and $222 per point, respectively.

In addition, the SCFF includes hold-harmless provisions which are intended to provide increased financial stability to California community colleges in the transition to the SCFF formula. As a minimum, all community college districts will receive in fiscal years 2018-19 and 2019-20, the total computational revenue such district received in fiscal year 2017-18. This amount is defined as a community college district's final entitlement for general apportionment purposes based on FTES and the number of colleges and comprehensive centers the community college district operates. Beginning with fiscal year 2020-21 and for each year thereafter, community college districts will receive the higher of the following: (i) the funding level determined by the formula established by the SCFF, or (ii) the level of funding determined by multiplying the community college district's FTES by the associated credit, noncredit, and career development and college preparation rate received by the community college district in fiscal year 2017-18. The funding level is to be adjusted to include a basic allocation which is based on the number of colleges and comprehensive centers in the community college district consistent with the basic allocation rates used in fiscal year 2017-18 for such community college.

Ad Valorem Property Taxes

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and locally assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional voter-approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll secured by the assessee's fee ownership of land with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Those properties on the secured roll that become tax-defaulted on June 30 of the fiscal year that are not secured by the assessee's fee ownership of land are transferred to the unsecured roll and are then subject to the Treasurer's enforcement procedures (*i.e.*, seizures of money and property, liens and judgments). Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Treasurer.

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of a fiscal year and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (6) a civil action against the taxpayer; (7) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (8) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (9) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

The County levies and collects all property taxes for property falling within its taxing boundaries.

State Assistance

The District's principal funding formulas and revenue sources are derived from the budget of the State of California. ***The following information concerning the State of California's budgets has been obtained from publicly available information which the District believes to be reliable; however, the State has not entered into any contractual commitment with the District, the County, the Underwriters, Bond and Disclosure Counsel nor the Owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the State sources of information listed above are reliable, none of the District, the County, Bond and Disclosure Counsel nor the Underwriters assume any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein. Additional information regarding State budgets is available at various State-maintained websites including www.ebudget.ca.gov, which website is not incorporated herein by reference.***

2018-19 State Budget. On June 27, 2018, Governor Brown approved the final 2018-19 State Budget (the "2018-19 Budget"), a $201.4 billion plan which includes funding of $97.2 billion ($56.1 billion General Fund and $41.1 billion other funds) for K-12 education programs and a $6.16 billion increase in one-time and ongoing appropriations for K-12 school districts in Fiscal Year 2018-19. The 2018-19 Budget provides each university system with an ongoing increase and California community colleges ("CCC's") with a total increase of $609 million (4 percent). Since 2011, the State has made significant investments in the CCC's with overall growth of $2.6 billion Proposition 98 General Fund. The State has also made targeted investments to improve student success. This has included $285 million for the Student Success and Support Program, which provides education planning services for matriculated students, and $155 million to mitigate disproportionate impacts on access and achievement in underrepresented groups. The 2018-19 Budget also includes $500 million in grants for cities to use to address homelessness and anticipates placing the $2 billion 'No Place Like Home' bond on the November 2018 ballot to accelerate the delivery of housing projects to serve individuals with mental illness. Altogether, the 2018-19 Budget includes $5 billion related to affordable housing and homelessness, across multiple State departments and programs and increases the value of welfare grants through the CalWORKS program by approximately $360 million. The 2018-19 Budget also includes $79 million for programs to help those in the U.S. illegally by funding legal services programs and assistance for young adults who signed up with the Deferred Action for Childhood Arrivals program.

For CCC's, the 2018-19 Budget adopted a new funding formula that provides supplemental funding to those districts that serve low-income students and provides funding to districts for each student who meets specified student success metrics, including completion of a degree or certificate with additional funding for low-income students. As the formula is implemented, no district will receive less funding than currently provided. The formula will be implemented over the next three years. Core features of the funding formula include:

- ***Formula Structure and Transition*** — In 2018-19, 70 percent of funding will be distributed based on enrollment, 20 percent based on enrollment of low-income students, and 10 percent based on student success metrics. In 2019-20, 65 percent of funding will be distributed based on enrollment, 20 percent based on enrollment of low-income students, and 15 percent based on student success metrics. In 2020-21, 60 percent of funding will be distributed based on enrollment, 20 percent based on enrollment of low-income students, and 20 percent based on student success metrics.

- ***Hold Harmless Provision*** — In 2018-19, 2019-20 and 2020-21, no district will receive less funding than they received in 2017-18, and each will receive an increase to reflect a cost-of-living adjustment. In 2021-22 and future years, districts will receive no less in apportionment funding than is currently provided. Additionally, the funding formula includes stability provisions that provide districts with additional revenue protection by allowing them to receive greater of their past-year or current-year total revenue.

- ***Advisory Committee*** – Corresponding with the implementation of the Student-Focused Funding Formula, an advisory committee will be established to monitor the implementation of the funding formula and report back to the Legislature and Administration on potential improvements.

The 2018-19 Budget's specific funding for CCC's include the following:

- ***Student-Focused Funding Formula*** — An increase of $522.8 million Proposition 98 General Fund to implement a new student-focused funding formula, which includes the following:

  - An increase of $151.3 million to support a base augmentation for apportionments.

  - An increase of $173.1 million for a 2.71-percent cost-of-living adjustment for total apportionment growth.

  - An increase of $58.7 million, of which $35 million is one-time, to support hold harmless provisions and ensure all districts grow by at least the 2018-19 cost-of-living adjustment.

  - An increase of $138.7 million to reflect the amounts earned back by community colleges declining in enrollment during the previous three years.

  - An increase of $59.7 million for enrollment growth of 1 percent.

  - A decrease of $58.7 million to reflect unused growth provided in 2016-17.

- ***California Online Community College*** — An increase of $100 million one-time and $20 million ongoing Proposition 98 General Fund to establish an online community college.

- ***Student Success Completion Grant*** — An increase of $40.7 million Proposition 98 General Fund that consolidates two existing financial aid programs and establishes the Student Success Completion Grant to provide grants of $649 per semester to qualifying students who enroll in 12 to 14 units and $2,000 per semester to qualifying students who enroll in 15 or more units per semester.

- ***Full-Time Faculty Hiring*** — An increase of $50 million Proposition 98 General Fund to hire new full-time faculty for community college districts to move toward meeting the 75-percent full-time faculty target.

- ***Part-Time Faculty Office Hours*** — An increase of $50 million one-time Proposition 98 General Fund to compensate part-time faculty for providing and holding office hours.

- ***K-12 Strong Workforce Program*** — An increase of $164 million Proposition 98 General Fund in grants to K-12 local educational agencies to expand and align their career technical education programs with programs offered by higher education institutions, and with regional labor market demand, as referenced in the K-12 Education Chapter.

- ***California College Promise*** — An increase of $46 million Proposition 98 General Fund to support the implementation of the California College Promise, pursuant to Chapter 735, Statutes of 2017 (AB 19).

- ***Apprenticeship Programs*** — An increase of $3.65 million one-time and $22.7 million ongoing Proposition 98 General Fund to support apprenticeship programs.

- ***Online Education Initiative Competitive Grants*** — An increase of $35 million one-time Proposition 98 General Fund for community college districts to develop online programs and courses that lead to short-term, industry-valued credentials, or enable to student enrolled in a pathway developed by the California Online Community College to seek continued education through pathways offered by an existing community college.

- ***Adult Education Program*** — An increase of $26.6 million Proposition 98 General Fund, which includes a cost-of-living adjustment and $5 million for investments in a data collection and accountability system to endure comprehensive and shared data reporting by regional consortia members. The formerly named Adult Education Block Grant program was renamed the Adult Education Program.

- ***Financial Aid Technology Improvements*** — An increase of $13.5 million one-time and $5 million ongoing Proposition 98 General Fund to upgrade colleges' financial aid management systems for more efficient processing.

- ***Legal Services for Undocumented and Immigrant Students, Faculty and Staff*** — $10 million Proposition 98 General Fund to provide legal services to undocumented and immigrant students, faculty and staff on community college campuses.

- ***Reentry of Incarcerated Individuals Program Grants*** — An increase of $5 million one-time Proposition 98 General Fund to provide support for currently and formerly incarcerated students, focused on reentry into their communities.

Proposed 2019-20 State Budget. The Governor released his proposed State budget for fiscal year 2019-20 (the "Proposed 2019-20 Budget") on January 10, 2019 which, for fiscal year 2018-19, projects total expenditures of $144.1 billion and total general fund revenues and transfers of $136.9 billion. The Proposed 2019-20 Budget projects that at the end of the 2018-19 fiscal year the State will have total available general fund reserves of $18.3 billion, including $3.9 billion in the traditional general fund reserve, $13.5 billion in the State's Budget Stabilization Account ("BSA") and $900 million in the Safety Net Reserve Fund. The Proposed 2019-20 Budget also projects total general fund revenues and transfers of $142.6 billion for fiscal year 2019-20 and authorizes expenditures of $144.2 billion, and projects that the State will end the 2019-20 fiscal year with total available general fund reserves of $18.5 billion, including $2.3 billion in the traditional general fund reserve, $15.3 billion in the BSA and $900 million in the Safety Net Reserve Fund. The Proposed 2019-20 Budget notes that additional deposits to the BSA are premised on a recent opinion by the California Office of Legislative Counsel which concluded that supplemental payments to the BSA made in prior fiscal years do not count towards calculating its constitutional maximum of 10%. Under such new estimates, mandatory deposits to the BSA represent only 8.1% of State general fund taxes.

The Proposed 2019-20 Budget revises the Proposition 98 minimum funding guarantees for fiscal years 2017-18 and 2018-19 due to lower ADA than previously anticipated and declines in State general fund revenue growth. The Proposition 98 minimum funding guarantee for fiscal year 2017-18 included in the Proposed 2019-20 Budget is $75.5 billion, a decrease of $120.1 million from fiscal year 2016-17. In addition, the Proposed 2019-20 Budget revises the minimum funding guarantee for fiscal year 2018-19 at $77.9 billion, reflecting a decrease of $525.7 million from fiscal year 2017-18. The Proposed 2019-20 Budget nonetheless maintains level funding for K-14 education in these years by maintaining a $44 million over-appropriation to the fiscal year 2017-18 minimum guarantee and using settle-up payments to offset otherwise unfunded obligations in fiscal year 2018-19. The Proposed 2019-20 Budget sets the minimum funding guarantee for fiscal year 2019-20 at $80.7 billion, reflecting an increase of $2.8 billion from the revised level for fiscal year 2018-19. In connection therewith, fiscal year 2019-20 is projected to be a "Test 3" year.

With respect to CCCs, the Proposed 2019-20 Budget provides $40 million Proposition 98 General Fund to support a second year of free tuition for students. This proposal extends the "California College Promise" to waive enrollment fees for first-time, full-time students for a second academic year. Other significant features with respect to CCC education funding include the following:

- ***First-Year Implementation of the Student Centered Funding Formula ("SCFF")***— The Proposed 2019-20 Budget proposes the following revised implementation plan to further the goals of the SCFF, addressing its long-term fiscal stability and to improve the accuracy of data reported by CCCs:

    - *Maintain Current Rates for Student Success Allocation Factors in 2019-20* — by funding outcomes included in the student success allocation at current rates, adjusted for inflation in fiscal year 2019-20, pending further review.

    - *Fund Reasonable Growth within the Student Success Allocation* — by establishing reasonable limits on the year-over-year increases in resources a CCC could receive through the Student Success Allocation and capping those year-over-year increases to 10 percent.

    - *Clarify the Definition of Transfer Students* — by providing that the transfer outcome measure in the Student Success Allocation reflects an unduplicated count of students.

- ***California State Teachers' Retirement System Employer Contribution Rate*** — A $3 billion, one-time payment from non-Proposition 98 funds to CalSTRS, to reduce long-term liabilities for K-14 school districts, $700 million of which would be provided to buy down employer contribution rates in fiscal years 2019-20 and 2020-21 with the remaining $2.3 billion to be paid towards employers' long-term unfunded liability.

- ***Apportionments Cost-of-Living Adjustment*** — An increase of $248.3 million Proposition 98 General Fund for a 3.46 percent COLA.

- ***Apportionments Enrollment Growth*** — An increase of $26 million in Proposition 98 available for enrollment growth.

- ***Local Property Tax Adjustment*** — A decrease of $211.4 million Proposition 98 General Fund as a result of increased offsetting local property tax revenues.

- ***Adult Education Block Grant Program*** — An increase of $18 million Proposition 98 General Fund to fund the cost-of-living adjustment of 3.46 percent.

- ***Legal Services*** — An increase of $10 million Proposition 98 General Fund to provide legal services to undocumented and immigrant students, faculty, and staff on CCC campuses, for services including: assisting applicants seeking Deferred Action for Childhood Arrivals, assisting applicants seeking naturalization, assisting applicants seeking other immigration remedies, legal training and technical assistance services, education and outreach activities, and assisting individuals with removal defense.

- ***CCC Facilities*** — An increase of $358.7 million in general obligation bond funding for 12 new and 15 continuing projects, representing the next installment of the $2 billion available for the CCC's under Proposition 51, intended to address critical fire and other safety issues at campuses statewide.

May Revision to the Proposed 2019-20 Budget. The May Revision to the Proposed 2019-20 Budget (the "May Revision") is scheduled to be released by the Governor in early to mid-May of 2019. Depending on the amount of tax receipts received by the State in April 2019 and the level of State revenues, the Proposed 2019-20 Budget figures affecting California community college districts may be revised by the May Revision and the final 2019-20 State Budget. For additional information regarding the State's Proposed Budget, the May Revision and the Final Budget, see the State Department of Finance website at www.ebudget.ca.gov. However, the information presented on such website is not incorporated herein by reference.

Future Budgets. The District cannot predict how State income or State education funding will vary over the term of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Future State budgets will be affected by national and State economic conditions, over which the District has no control, and other factors over which the District will have no control. To the extent that the State budget process results in reduced revenues deferred revenues or increased expenses for the District, the District will be required to make adjustments to its budget and cash management practices. In the event current or future State Budgets decrease the District's revenues or increase required expenditures by the District from the levels assumed by the District, the District will be required to generate additional revenues, curtail programs or services, or use its reserve funds to ensure a balanced budget.

Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget" or www.ebudget.ca.gov. An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Article XIIIA of the California Constitution. On June 6, 1978, California voters approved Proposition 13, which added Article XIIIA to the California Constitution ("Article XIIIA"). Article XIIIA limits the amount of any ad valorem tax on real property to one percent of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and (as a result of an amendment to Article XIIIA approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property that has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness and (as a result of a constitutional amendment approved by California voters on November 7, 2000) on bonded indebtedness for school facilities and equipment approved by 55 percent of the voters voting on the bond measure. See "Proposition 39" below. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-1976 tax bill under full 'cash value,' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed two percent per year to account for inflation. This system results in widely varying amounts of tax on similarly situated properties based on differences in the taxpayer's date of acquisition of the property. On June 18, 1992, the United States Supreme Court issued a decision upholding the constitutionality of Article XIIIA (Nordlinger v. Hahn, 112 S. Ct. 2326, 120 L. Ed. 2d 1 (1992)).

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Legislation Implementing Article XIIIA. Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Article XIIIB of the California Constitution. An initiative to amend the California Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979 thereby adding Article XIIIB to the California Constitution ("Article XIIIB"). Under Article XIIIB state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the appropriations limit. Article XIIIB does not affect the appropriations of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1,1979, or bonded indebtedness subsequently approved by the voters. In general terms, the appropriations limit is to be based on certain 1978-1979 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Article XIIIC and Article XIIID of the California Constitution. On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges. Among other things, XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes); prohibits special purpose government agencies such as school districts from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote. Article XIIIC also provides that no tax may be assessed on property other than ad valorem property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

Article XIIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Legislation adopted in 1997 provides that Article XIIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure that would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIIID deals with assessments and property-related fees and charges. Article XIIID explicitly provides that nothing in Article XIIIC or XIIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District.

Proposition 62. In 1986, California voters adopted Proposition 62, a statutory initiative which amended the California Government Code by the addition of Sections 53720-53730. Proposition 62 requires that (i) any local tax for general governmental purposes (a "general tax") must be approved by a majority vote of the electorate; (ii) any local tax for specific purposes (a "special tax") must be approved by a two-thirds vote of the electorate; (iii) any general tax must be proposed for a vote by two-thirds of the legislative body; and (iv) proceeds of any tax imposed in violation of the vote requirements must be deducted from the local agency's property tax allocation. Provisions applying Proposition 62 retroactively from its effective date to 1985 are unlikely to be of any continuing importance; certain other restrictions were already contained in the Constitution.

Most of the provisions of Proposition 62 were affirmed by the 1995 California Supreme Court decision in Santa Clara County Local Transportation Authority v. Guardino, which invalidated a special sales tax for transportation purposes because fewer than two-thirds of the voters voting on the measure had approved the tax. Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62, which was passed in November 1986. On June 4, 2001, the California Supreme Court released its decision in one of these cases, Howard Jarvis Taxpayers Association v. City of La Habra, et al. ("La Habra"). In this case, the court held that public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

Proposition 98. In 1988, California voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit, primarily by guaranteeing State funding for K-12 school districts and community college districts (collectively, "K-14 districts").

Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 districts are guaranteed the greater of (b) in general, a fixed percent of the State's General Fund (the "State General Fund") revenues ("Test 1"), (c) the amount appropriated to K-14 schools in the prior year, adjusted for changes in the cost-of-living (measured as in Article XIIIB by reference to State per capita personal income) and enrollment ("Test 2"), or (d) a third test, which would replace Test 2 in any year when the percentage growth in per capita State General Fund revenues from the prior year plus one-half of one percent is less than the percentage growth in State per capita personal income ("Test 3"). Under Test 3, schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 would become a "credit" to schools which would be the basis of payments in future years when per capita State General Fund revenue growth exceeds per capita personal income growth. Legislation adopted prior to the end of the 1988-89 fiscal year, implementing Proposition 98, determined the K-14 districts' funding guarantee under Test 1 to be 40.3% of the State General Fund tax revenues, based on 1986-87 appropriations. However, that percentage has been adjusted to 35% to account for a subsequent redirection of local property taxes whereby a greater proportion of education funding now comes from local property taxes.

Proposition 98 permits the State Legislature by a two-thirds vote of both houses, with the Governor's concurrence, to suspend the K-14 districts' minimum funding formula for a one-year period. In the fall of 1989, the Legislature and the Governor utilized this provision to avoid having 40.3% of revenues generated by a special supplemental sales tax enacted for earthquake relief go to K-14 districts. Proposition 98 also contains provisions transferring certain State tax revenues in excess of the Article XIIIB limit to K-14 districts.

The 2018-19 Budget revises the Proposition 98 minimum funding guarantees for both fiscal years 2016-17 and 2017-18, as a result of higher general fund revenues. The 2018-19 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2016-17 at $71.6 billion, an increase of $252 million from the prior year. The 2018-19 Budget revises the minimum funding guarantee for fiscal year 2017-18 at $75.6 billion reflecting an increase of $1.1 billion from the prior year. As part of the 2017-18 increase, the State is making an additional maintenance factor payment of $789 million, on top of a previous $536 million payment. After making the approximately $1.3 billion total payment, the State will have eliminated all remaining maintenance factor for the first time since 2005-06. In both 2016-17 and 2017-18, the State is spending at the calculated minimum guarantee.

Application of Proposition 98

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. One major reason is that Proposition 98 minimum funding levels under Test 1 and Test 2 are dependent on State General Fund revenues. In past fiscal years, the State made actual allocations to K-14 districts based on an assumption of State General Fund revenues at a level above that which was ultimately realized. In such years, the State has considered the amounts appropriated above the minimum as a loan to K-14 districts, and has deducted the value of these loans from future years' estimated Proposition 98 minimum funding levels. The State determined that there were loans to K-14 districts of $1.3 billion during fiscal year 1990-91, $1.1 billion during fiscal year 1991-92, $1.3 billion during fiscal year 1992-93 and $787 million during fiscal year 1993-94. These loans have been combined with the K-14 1992-93 loans into one loan totaling $1.760 billion. The State proposed that repayment of this loan would be from future years' Proposition 98 entitlements, and would be conditioned on maintaining current funding levels per pupil for K-12 schools.

In 1992, a lawsuit, California Teachers' Association et al. v. Gould, was filed, which challenged the validity of the off-budget loans. As part of the negotiations leading to the 1995-96 Budget Act, an agreement was reached to settle this case. The agreement provides that both the State and K-14 districts share in the repayment of prior years' emergency loans to schools. Of the total $1.76 billion in loans, the State will repay $935 million, while K-14 districts will repay $825 million. The State share of the repayment will be reflected as expenditures above the current Proposition 98 base calculation. The K-14 districts' share of the repayment will count as appropriations that count toward satisfying the Proposition 98 guarantee, and thus are treated as from "below" the current base. Repayments are spread over the eight-year period of 1994-95 through 2001-02 to mitigate any adverse fiscal impact. In April 1996, a court settlement was reached and $360 million in appropriations from the 1995-96 fiscal year was disbursed to districts in August 1996.

Substantially increased State General Fund revenues, above initial budget projections, in the fiscal years 1994-95 and thereafter have resulted or will result in retroactive increases in Proposition 98 appropriations from subsequent fiscal years' budgets. Because of the State's increasing revenues, per-pupil funding at the K-12 level has increased by about 42% from the level in place from 1991-92 through 1993-94. A significant amount of the "extra" Proposition 98 moneys in the last few years has been allocated to special programs, most particularly an initiative to allow each classroom from grades K-3 to have no more than 20 pupils by the end of the 1997-98 school year. There are also new initiatives to improve reading skills and to upgrade technology in high schools, as well as numerous programs approved by the State Budget Act for Fiscal Year 1999-2000 and proposed for Fiscal Year 2001-02. The economy of the State has slowed and the State is experiencing severe budget shortfalls. For a discussion of State funding of the District, see "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA." See also "RISK FACTORS – Economic Conditions in California" and "– Future State Budgets."

Proposition 39

On November 7, 2000, voters approved Proposition 39 called the "Smaller Classes, Safer Schools and Financial Accountability Act" (the "Smaller Classes Act"). The Smaller Classes Act amends Section 1 of Article XIIIA, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code. With respect to school districts, community colleges and county offices of education and effective upon its passage, Section 18(b) of Article XVI allows an alternative means of seeking voter approval for bonded indebtedness by 55 percent of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The reduced 55 percent voter requirement applies only if the bond measure submitted to the voters includes, among other items: 1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," 2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list"; and 3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIIIA has been added to except from the one percent *ad valorem* tax limitation under Section 1(a) of Article XIIIA of the Constitution levies to pay bonds approved by the 55 percent of the voters, subject to the restrictions explained above.

The Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39. AB 1908 amends various sections of the Education Code. Under amendments to Sections 15268 and 15270 of the Education Code, the following limits on *ad valorem* taxes apply in any single election: 1) for a school district, indebtedness shall not exceed $30 per $100,000 of taxable property; 2) for a unified school district, indebtedness shall not exceed $60 per $100,000 of taxable property; and, 3) for a community college district, indebtedness shall not exceed $25 per $100,000 of taxable property. Finally, AB 1908 requires that a citizens' oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

Beginning in fiscal year 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a Statewide ballot initiative intended to eliminate the practice. In response, the Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of an initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting or diverting revenues to any other local government, including school and community college districts, or from temporarily shifting property taxes from cities, counties and special districts to K-14 schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment is to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies. Redevelopment agencies, through the California Redevelopment Association ("CRA") engaged in litigation to block the transfer of payments and recoup certain payments already made under certain legislation passed in July 2009 that is beyond the reach of Proposition 22, known as "ABX4 26." Because Proposition 22 reduced the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State has to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State are more directly dependent upon the State's general fund.

Redevelopment Agency Dissolution. On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and K-14 school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling $1.7 billion statewide. The District is unable to predict what affect the implementation of ABx1 26 will have on the District's future receipt of tax increment revenues. As a result of the dissolution of California redevelopment agencies and ABx1 26, the tax increment previously paid to redevelopment agencies shall first be used to pay pass-through payments to other taxing entities and second to pay the redevelopment agencies enforceable obligations; with the remaining revenue (if any) paid to the taxing entities by the County Auditor-Controller in the same proportion as other tax revenue.

Proposition 30 and Proposition 55

The passage of the Governor's November Tax Initiative ("Proposition 30") on November 6, 2012 ballot resulted in an increase in the State sales tax by a quarter-cent for four years and, for seven years, raising taxes on individuals after their first $250,000 in income and on couples after their first $500,000 in earnings. These increased tax rates affect approximately 1 percent of California personal income tax filers and became effective in the 2012 tax year, ending at the conclusion of the 2018 tax year. The LAO estimates that, as a result of Proposition 30, additional State tax revenues of about $6 billion annually from 2012–13 through 2016–17 will be received by the State with lesser amounts of additional revenue available in fiscal years 2011–12, 2017–18, and 2018–19. These additional monies were available to fund programs in the 2012-13 State Budget and prevented certain "trigger cuts" included in the 2012-13 State Budget from going into effect. Proposition 30 also placed into the State Constitution certain requirements related to the transfer of certain State program responsibilities to local governments, mostly counties, including incarcerating certain adult offenders, supervising parolees, and providing substance abuse treatment services.

Revenues generated by Proposition 30 accounted for an increase of approximately 14 percent over fiscal year 2011–12 in funding for schools and community colleges as set forth in the 2012–13 State Budget. Almost all of this increase was used to pay K–14 expenses from the previous year and reduce delays in certain State K–14 payments. Proposition 30 also provides for additional tax revenues aimed at balancing the State's budget through 2018–19, providing several billion dollars annually through fiscal year 2018–19 available for purposes including funding existing State programs, ending K–14 education payment delays, and paying other State debts. Future actions of the State Legislature and the Governor will determine the use of these funds. According to the LAO, revenues raised by Proposition 30 could be subject to multibillion-dollar swings, above or below the revenues projections, due to the majority of the additional revenue coming from the personal income tax rate increases on upper-income taxpayers. These fluctuations in incomes of upper-income taxpayers could impact potential State revenue and complicate State budgeting in future years. After the proposed tax increases expire, the loss of the associated tax revenues could also create additional budget pressure in subsequent years.

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, was approved by State voters on November 8, 2016. Proposition 55 extends the increase to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through the year 2030. Tax revenues received under Proposition 55 are allocated as follows: 89% to K-12 schools and 11% to community colleges. Proposition 55 did not extend the sales tax rate increase enacted under Proposition 30.

Proposition 2

Proposition 2, also known as The Rainy Day Budget Stabilization Fund Act ("Proposition 2") was approved by California voters on November 4, 2014. Proposition 2 provides for changes to State budgeting practices, including revisions to certain conditions under which transfers are made into and from the State's Budget Stabilization Account (the "Stabilization Account") established by the California Balanced Budget Act of 2004 (also known as Proposition 58). Commencing in Fiscal Year 2015-16 and for each fiscal year thereafter, the State is required to make an annual transfer to the Stabilization Account in an amount equal to 1.5% of estimated State general fund revenues (the "Annual Stabilization Account Transfer"). For a Fiscal Year in which the estimated State general fund revenues allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues, supplemental transfers to the Stabilization Account (a "Supplemental Stabilization Account Transfer") are also required. Such excess capital gains taxes, which are net of any portion thereof owed to K-14 school districts pursuant to Proposition 98, are required to be transferred to the Stabilization Account.

In addition, for each fiscal year, Proposition 2 increases the maximum size of the Stabilization Account to 10% of estimated State general fund revenues. Such excess amounts are to be expended on State infrastructure, including deferred maintenance, in any Fiscal Year in which a required transfer to the Stabilization Account would result in an amount in excess of the 10% threshold. For the period from Fiscal Year 2015-16 through Fiscal Year 2029-30, Proposition 2 requires that half of any such transfer to the Stabilization Account (annual or supplemental), shall be appropriated to reduce certain State liabilities, including repaying State interfund borrowing, reimbursing local governments for State mandated services, making certain payments owed to K-14 school districts, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. After Fiscal Year 2029-30, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the Stabilization Account to the reduction of such State liabilities and any amount not so applied shall be transferred to the Stabilization Account or applied to infrastructure, as set forth above.

Accordingly, the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the Stabilization Account are impacted by Proposition 2. Unilateral discretion to suspend transfers to the Stabilization Account are not retained by the Governor. Neither does the Legislature retain discretion to transfer funds from the Stabilization Account for any reason, as was previously provided by law. Instead, the Governor must declare a "budget emergency" (defined as an emergency within the meaning of Article XIIIB of the Constitution) or a determination that estimated resources are inadequate to fund State general fund expenditure, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years, and any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the Stabilization Account are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of the funds on deposit in the Stabilization Account, unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also provides for the creation of a Public School System Stabilization Account (the "Public School System Stabilization Account") into which transfers will be made in any fiscal year in which a Supplemental Stabilization Account Transfer is required, requiring that such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. Transfers to the Public School System Stabilization Account are only to be made if certain additional conditions are met, including that: (i) the minimum funding guarantee was not suspended in the immediately preceding Fiscal Year, (ii) the operative Proposition 98 formula for the Fiscal Year in which a Public School System Stabilization Account transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the Fiscal Year in which a Public School System Stabilization Account transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the Fiscal Year in which a Public School System Stabilization Account transfer might be made is higher than the immediately preceding Fiscal Year, as adjusted for ADA growth and cost of living. Under Proposition 2, the size of the Public School System Stabilization Account is capped at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Any reductions to a required transfer to, or draws upon, the Public School System Stabilization Account, are subject to the budget emergency requirements as described above. However, in any Fiscal Year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living, Proposition 2 also mandates draws on the Public School System Stabilization Account.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school districts lack sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for state loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities.

For career technical education facilities, state grants are capped at $3 million for a new facility and $1.5 for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the State legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and State legislature will select among eligible projects as part of the annual state budget process.

The District makes no guarantees that it will either pursue or qualify for Proposition 51 State facilities funding.

Sanctuary Jurisdictions and Federal Funding

On January 25, 2017, President Trump issued an Executive Order (the "Executive Order") aimed at enhancing public safety in the interior of the United States. The Executive Order includes a provision directing the Attorney General and the Secretary of Homeland Security, in their discretion, to ensure that state and local jurisdictions that willfully refuse to comply with 8 U.S.C. 1373 (a federal law concerning the provision of information on individuals' immigration status), will not be eligible to receive federal grants except as deemed necessary for law enforcement purposes. Although the District has neither adopted, nor plans to adopt, a resolution declaring itself a sanctuary jurisdiction, it could, nevertheless, be deemed to be a sanctuary jurisdiction if an agent of the federal government determines that the District willfully refuses to comply with any provision of 8 U.S.C. 1373, for example, if the District or an official of the District were to restrict the sending to or receipt from the United States Citizenship and Immigration Services ("USCIS") of any information regarding the citizenship or immigration status of a student or employee. The Executive Order states that it is the policy of the executive branch to ensure that jurisdictions that fail to comply with applicable federal law do not receive federal funds, except as mandated by law. The District is unable to predict the extent to which this threat will be enforced by the federal government, the extent of the impact that enforcement of the Executive Order would have on the District's financial condition, or what other actions, if any, the District might take in response to the Executive Order or any action under it.

Federal funding comprises a portion of the District's general fund revenue. Although the general fund is not a pledged source of repayment for general obligation bonds, including the Bonds, a loss of all federal revenues may have a material effect on the overall fiscal health of the District and on the District's ability to meet its financial obligations in each budget year.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 1A, 22, 26, 30, 39, 98, 51 and 55 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

APPENDIX B

FORM OF BOND COUNSEL OPINION

Upon issuance and delivery of the Bonds, Norton Rose Fulbright US LLP, Bond Counsel, proposes to deliver its final approving opinion with respect to the Bonds substantially in the following form:

[Closing Date]

Board of Trustees
Rio Hondo Community College District
3600 Workman Mill Road
Whittier, CA 90601

Re: Rio Hondo Community College District General Obligation Refunding Bonds, 2004 Election, 2019 Series B

Ladies and Gentlemen:

We have acted as Bond Counsel to the Rio Hondo Community College District (the "District"), in connection with the issuance by the District of $[_________] aggregate principal amount of its General Obligation Refunding Bonds, 2004 Election, 2019 Series B (the "Bonds"). The Bonds are issued pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Sections 53550 and 53580, respectively) (the "Refunding Act"), and the resolution adopted by the Board of Trustees of the District on March 13, 2019 (the "Resolution"). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As bond counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the District for the authorization and issuance of the Bonds, including the Resolution and the Tax Exemption Certificate of the District dated the date hereof (the "Tax Certificate"). Our services as such bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection we have also examined such certificates of public officials and officers of the District as we have considered necessary for the purposes of this opinion.

Certain agreements, requirements and procedures contained or referred to in the Resolution, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, the defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolution and the Tax Certificate may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security or the marketability of the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding obligations of the District, payable as to principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

2. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District.

3. It is further our opinion, based upon the foregoing, that pursuant to section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance with the provisions of the Resolution and the Tax Certificate and in reliance upon representations and certifications of the District made in the Tax Certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, when the Bonds are delivered to and paid for by the initial purchasers thereof, interest on the Bonds for federal income tax purposes (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof.

In our opinion, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California.

We express no other opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, owners of an interest in a financial asset securitization investment trust, individuals otherwise qualifying for the earned income tax credit, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service or the State of California; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

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APPENDIX C

AUDITED FINANCIAL STATEMENTS
OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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RIO HONDO
COMMUNITY COLLEGE DISTRICT

WHITTIER, CALIFORNIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2018

COSSOLIAS | WILSON
DOMINGUEZ | LEAVITT
CERTIFIED PUBLIC ACCOUNTANTS

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COSSOLIAS | WILSON
DOMINGUEZ | LEAVITT
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Rio Hondo Community College District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

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 the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 2 to the financial statements, the District implemented the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, "Accounting for Financial Reporting for Postemployment Benefits Other than Pensions". This Statement replaces the requirements of GASB Statements No. 45, "Accounting and Reporting for Employers Post-Employment Benefits Other than Pensions", as amended, and GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." Note disclosures and required supplementary information requirements about OPEB are also discussed. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 4 through 11 and the Other Required Supplementary Information as listed in the table of contents to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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), and other supplementary information as listed in the table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements.

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CalCPA

The accompanying supplementary 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 5, 2018, 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 5, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2018. 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, 2018. 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.

OVERVIEW OF THE FINANCIAL STATEMENTS

Rio Hondo Community College 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 nonoperating, 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.

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 $6.3 million primarily due to decrease in cash balance with the fiscal agent as a result of transfer of $10 million to the OPEB Trust. Accounts receivable increased from prior year by approximately $4 million.

- Noncurrent assets decreased by $6.6 million primarily due to a decrease of OPEB assets of $6.4 million due to implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*.

- Deferred outflows of resources increased by $22.2 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 and inflows of resources related to OPEB in the District-wide financial statements of $13.5 million. Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, the District recognized deferred outflows and inflows of resources related to pensions in the District-wide financial statements. The deferred outflows related to pension obligations increased by $9 Million from prior year.

- Current liabilities increased by $6.3 million as a result of increase in unearned revenue by approximately $3.2 million primarily due deferral of special categorical programs such as Student Success and Support Program, Student Equity, Strong Workforce, Guided Pathway, Prop 39, and fees collected for summer 2018. Accrued expenses increased by $2.8 million for unpaid salaries and wages and local vendors at year end.

STATEMENT OF NET POSITION, continued

- Non-current liabilities increased by $48 million primarily due to increase in OPEB liability by $37 million as a result of implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. 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 $10.2 million during the year primarily because of lower than projected investment earnings.

- Deferred inflows of resources increased by approximately $2 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 outflows and inflows of resources related to pensions in the District-wide financial statements.

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**2018**	**2017**	**Change**
Current assets	$ 139,404,652	$ 145,696,754	$ (6,292,102)
Non-current assets	208,194,016	214,798,601	(6,604,585)
Deferred outflows of resources	38,627,306	16,351,981	22,275,325
Total Assets and Deferred Outflows of Resources	386,225,974	376,847,336	9,378,638
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	40,736,446	34,412,612	6,323,834
Non-current liabilities	308,474,342	260,316,975	48,157,367
Deferred inflows of resources	7,272,619	5,268,618	2,004,001
Total Liabilities and Deferred Inflows of Resources	356,483,407	299,998,205	56,485,202
NET POSITION			
Invested in capital assets, net of related debt	37,874,686	78,519,760	(40,645,074)
Restricted	39,329,238	36,135,301	3,193,937
Unrestricted	(47,461,357)	(37,805,930)	(9,655,427)
Total Net Position	$ 29,742,567	$ 76,849,131	$ (47,106,564)

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 nonoperating revenues earned whether received or not by the District, the operating and nonoperating 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. Nonoperating revenues are those received or pledged for which goods and services are not provided; for example, State apportionments, while budgeted for operations, are considered nonoperating 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 increase of $0.5 million due to more students paying their fees upfront compared with previous year. In addition, the District was able to collect past due tuition and fees through the Chancellor's Office Tax Offset Program (COTOP).

- Other operating revenues decreased from prior year due to less revenues received this year. These revenues consist of rental and leases incomes, retirees' contributions to health premiums, and other miscellaneous incomes.

- The overall increase in salaries and benefits due to increased costs of step and column, negotiated salary increases, rise in medical premiums, and an increase in class section offerings and higher pension contribution rates for STRS and PERS amounting to $8.7 million. Due to implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, a total of $11 million OPEB expense was allocated to salaries and benefits during the year.

- Net change in supplies and maintenance costs is due reclassification of expenditures within the financial statements. The cost of supplies and maintenance has continued to increase primarily due to additional spending in non- capitalized expenses, increased contracted services, instructional supplies for use in the classroom, supply, inventory purchases and maintenance by the Facilities Department, and non-instructional supplies for use in offices and support departments.

- Student financial aid expenditures in the form of Pell and SEOG grants, along with Federal Student Loans, increased from prior year due to more awards to students.

- Depreciation has increased by $0.9 million due to increase in completed works-in-progress projects during 2017-18.

- State apportionment decreased by approximately $1.0 million primarily due to increase in local property taxes that compute total state apportionment. In addition, there was a decreased in funding of Proposition 30 Education Protection Account from prior year.

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

- The increase of $1 million in local property tax reflects the growth trend of the local property tax base.
- Federal grants have increased by $2.2 million due to increase in student financial award in form of Pell and SEOG grants along with Federal Student loans, while state grants and contracts have decreased by $5.8 million due to increase in deferred revenues.
- State taxes and other revenues have increased due to increase in lottery revenues, on-behalf payment for pension and state financial aid programs.
- Investment income and net investment expense have increased due to improved interest.
- Interest expense represents the accreted interest charges for the long-term bonds.
- State capital income increased due to capital outlay reimbursements for the L-Tower seismic project.

OPERATING REVENUES	2018	2017	Change
Tuition and fees (net)	$ 6,885,120	$ 6,404,094	$ 481,026
Other operating revenues	1,576,512	1,605,998	(29,486)
Total Operating Revenues	8,461,632	8,010,092	451,540
OPERATING EXPENSES			
Salaries and benefits	93,448,076	73,558,932	19,889,144
Supplies, materials, and other operating expenses	14,468,220	26,375,866	(11,907,646)
Student financial aid	23,205,348	21,529,928	1,675,420
Depreciation	8,302,351	7,397,267	905,084
Total Operating Expenses	139,423,995	128,861,993	10,562,002
Operating Loss	(130,962,363)	(120,851,901)	(10,110,462)
NON-OPERATING REVENUES (EXPENSES)			
State apportionments	58,659,623	59,656,177	(996,554)
Local property taxes	17,470,689	16,462,586	1,008,103
Federal grants	22,128,306	19,864,536	2,263,770
State grants	16,527,421	22,417,341	(5,889,920)
State taxes and other revenues	11,140,298	3,073,138	8,067,160
Investment income	1,780,380	1,429,969	350,411
Interest expense	(13,020,246)	(6,821,909)	(6,198,337)
Other non-operating revenues	2,390,381	7,852,403	(5,462,022)
Total Non-Operating Revenues (Expenses)	117,076,852	123,934,241	(6,857,389)
OTHER REVENUES (EXPENSES)			
State capital income	6,569,390	3,532,410	3,036,980
CHANGE IN NET POSITION	(7,316,121)	6,614,750	(13,930,871)
NET POSITION -- BEGINNING OF YEAR	76,849,131	36,217,254	40,631,877
PRIOR PERIOD ADJUSTMENTS (SEE NOTE 15)	(39,790,443)	34,017,127	(73,807,570)
NET POSITION -- END OF YEAR	$ 29,742,567	$ 76,849,131	$ (47,106,564)

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	Financial Aid	Depreciation	Total
Instructional activities	$ 52,244,957	$ 2,587,556	$ -	$ -	$ 54,832,513
Academic support	8,892,742	1,151,548	-	-	10,044,290
Student services	17,591,433	1,144,572	-	-	18,736,005
Operation & maintenance of plant	3,929,394	2,136,873	-	-	6,066,267
Institutional support services	9,203,732	1,833,221	-	-	11,036,953
Community services & economic development	137,849	101,074	-	-	238,923
Ancillary services & auxiliary operations	657,842	463,832	-	-	1,121,674
Childcare Center	790,127	60,706	-	-	850,833
Physical property & related acquisitions	-	4,988,838	-	-	4,988,838
Student Aid	-	-	23,205,348	-	23,205,348
Depreciation expenses	-	-	-	8,302,351	8,302,351
Total	$ 93,448,076	$ 14,468,220	$ 23,205,348	$ 8,302,351	$ 139,423,995

STATEMENT OF CASH FLOWS

CASH PROVIDED BY (USED IN)	2018	2017	Change
Operating activities	$ (127,820,327)	$ (123,210,841)	$ (4,609,486)
Non-capital financing activities	118,319,897	120,381,496	(2,061,599)
Capital financing activities	(1,783,794)	(2,026,623)	242,829
Investing activities	1,780,380	1,115,556	664,824

CAPITAL ASSETS

As of June 30, 2018, the District had $285.8 million in capital assets, less $77.6 million accumulated depreciation for net capital assets of $208.2 million. The District continues to work on the facilities projects that are part of the $254.0 million bond facility master plan. The District spent approximately $10.5 million on capital assets during the year, the majority of which relate to bond project expenses. Depreciation expenses totaled $8.3 million during the year. Additional information related to capital assets is found in Note 6 of the financial statements.

	2018	2017	Change
Capital Assets not being depreciated	$ 18,742,874	$ 14,903,195	$ 3,839,679
Capital Assets being depreciated	267,091,882	262,796,379	4,295,503
Accumulated depreciation	(77,640,740)	(69,338,389)	(8,302,351)
Total Capital Assets	$ 208,194,016	$ 208,361,185	$ (167,169)

DEBT ADMINISTRATION

At June 30, 2018, the District had $192.5 million in outstanding long-term obligations compared to $191.7 million at June 30, 2017. The overall net increase of $0.9 million is due to accretion of interest of $6.7 million, repayments of General Obligation Bonds of $5.6 million and amortization of bond premium by $0.2 million. Other Postemployment Benefits (OPEB) obligation increased from $37.4 million to $33.4 million. Compensated absences increased by $29,640 whereas the District's share of Net Pension Liability for CalSTRS and CalPERS increased by $10.3 million. Additional information related to long-term obligations is found in Note 10 of the financial statements.

	2018	2017	Change
General obligation and revenue bonds	$ 192,545,455	$ 191,691,131	$ 854,324
Net pension liability	83,785,787	73,504,506	10,281,281
Net OPEB liability, restated	37,372,122	33,353,027	4,019,095
Compensated absences	750,978	721,338	29,640
Total Long-term Liabilities	$ 314,454,342	$ 299,270,002	$ 15,184,340
Amount due within one year	5,980,000	5,600,000	380,000
Total due after one year	$ 308,474,342	$ 293,670,002	$ 14,804,340

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget for fiscal year 2017-2018 was approved by the board on June 13, 2018.

ECONOMIC FACTORS AFFECTING THE FUTURE OF RIO HONDO COMMUNITY COLLEGE DISTRICT

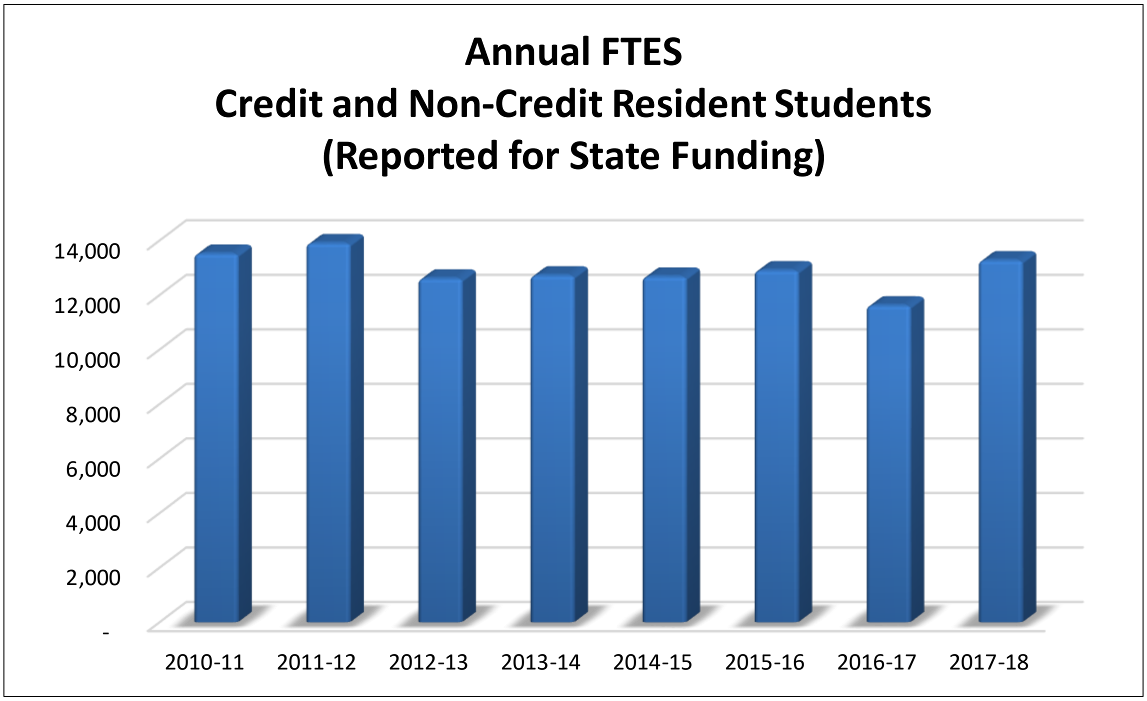
The District's economic condition is directly affected by the economic well-being of the State of California. Through the California Community College Chancellor's Office, the District receives over 90 percent of its combined General Fund revenues from State apportionments, local property taxes including 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 expectation of Cost of Living Adjustments (COLAs) remaining low in the foreseeable future, growth of Full-Time Equivalent Students remaining tenuous and continuing cost increases related to pension obligations 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 8 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.

RIO HONDO COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION – PRIMARY GOVERNMENT
JUNE 30, 2018

ASSETS	
Current Assets:	
Cash and cash equivalents	$ 113,656,009
Restricted cash and cash equivalents	15,000,000
Accounts receivable, net	10,483,916
Inventory	59,332
Due from other funds	91,063
Prepaid expenditures and other assets	114,332
Total Current Assets	139,404,652
Noncurrent Assets:	
Capital assets, net	208,194,016
Total Noncurrent Assets	208,194,016
TOTAL ASSETS	347,598,668
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	959,959
Deferred outflows - OPEB	13,500,000
Deferred outflows - pensions	24,167,347
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 386,225,974
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued expenses	$ 17,461,040
Interest payable	1,741,708
Unearned revenue	15,537,698
Due to other funds	16,000
Long-term debt, current portion	5,980,000
Total Current Liabilities	40,736,446
Noncurrent Liabilities:	
Compensated absences	750,978
Net OPEB liability	37,372,122
Net pension liability	83,785,787
Long-term debt, non-current portion	186,565,455
Total Noncurrent Liabilities	308,474,342
TOTAL LIABILITIES	349,210,788
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pensions	7,272,619
NET POSITION	
Net investment in capital assets	37,874,686
Restricted for:	
Debt service	8,367,658
Capital projects	26,777,857
Other special purposes	4,183,723
Unrestricted	(47,461,357)
TOTAL NET POSITION	29,742,567
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 386,225,974

RIO HONDO COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN THE NET POSITION – PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2018

OPERATING REVENUES	
Tuition and fees	$ 16,039,118
Less: Scholarship discounts and allowances	(9,153,998)
Net tuition and fees	6,885,120
Other operating revenues	1,576,512
TOTAL OPERATING REVENUES	8,461,632
OPERATING EXPENSES	
Salaries	57,612,990
Employee benefits	35,835,086
Supplies, materials, and other operating expenses and services	14,468,220
Student aid	23,205,348
Depreciation	8,302,351
TOTAL OPERATING EXPENSES	139,423,995
OPERATING INCOME (LOSS)	(130,962,363)
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	58,659,623
Local property taxes	7,307,804
Federal grants	22,128,306
State grants	16,527,421
State taxes and other revenues	11,140,298
Investment income - noncapital	1,780,380
Interest expense on capital asset-related debt	(13,020,246)
Other non-operating revenues	2,390,381
TOTAL NON-OPERATING REVENUES (EXPENSES)	106,913,967
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(24,048,396)
State apportionments, capital	6,569,390
Local property taxes and revenues, capital	10,162,885
CHANGE IN NET POSITION	(7,316,121)
NET POSITION -- BEGINNING OF YEAR	76,849,131
PRIOR YEAR ADJUSTMENT (SEE NOTE 15)	(39,790,443)
NET POSITION -- END OF YEAR	$ 29,742,567

RIO HONDO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS – PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 6,885,120
Payments to or on behalf of employees	(99,549,378)
Payments to vendors for supplies and services	(13,436,170)
Payments to students	(23,296,411)
Other operating receipts	1,576,512
Net Cash Used by Operating Activities	(127,820,327)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	58,659,623
Property taxes	7,307,804
Grants and contracts	38,821,791
State taxes and other revenues	11,140,298
Other nonoperating receipts	2,390,381
Net Cash Provided by Non-capital Financing Activities	118,319,897
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(8,135,182)
Local property tax, capital projects	16,732,275
Principal paid on capital debt	(5,600,000)
Interest paid on capital debt	(4,780,887)
Net Cash Provided (Used) by Capital Financing Activities	(1,783,794)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	1,780,380
Net Cash Provided by Investing Activities	1,780,380
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(9,503,844)
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	138,159,853
CASH & CASH EQUIVALENTS, END OF YEAR	$ 128,656,009

RIO HONDO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS – PRIMARY GOVERNMENT - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	$ (130,962,363)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation expense	8,302,351
Changes in Assets and Liabilities:	
Inventory	(38,894)
Prepaid items	(80,555)
Due from other funds	(91,063)
Deferred outflows - OPEB	(13,500,000)
Deferred outflows - pensions	(8,935,319)
Accounts payable and accrued liabilities	1,151,499
Net OPEB liability	4,019,095
Net pension liability	10,281,281
Deferred inflows - pensions	2,004,001
Compensated absences	29,640
Total Adjustments	3,142,036
Net Cash Flows From Operating Activities	$ (127,820,327)

RIO HONDO COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

	Associated Student Body Fund	Auxiliary Services Organization Fund	Retiree OPEB Trust
ASSETS			
Cash and cash equivalents	$ 472,043	$ 916,709	$ -
Investments	-	-	35,075,676
Accounts receivable	240	29,360	-
Due from other funds	16,500	-	-
Total Assets	488,783	946,069	35,075,676
LIABILITIES			
Accounts payable	147,541	869,501	-
Total Liabilities	147,541	869,501	-
NET POSITION			
Held in Trust for Student Groups	341,242	76,568	-
Restricted for postemployment benefits other than pensions	-	-	35,075,676
Total Net Position	$ 341,242	$ 76,568	$ 35,075,676

RIO HONDO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Associated Student Body Fund	Auxiliary Services Organization Fund	Retiree OPEB Trust
OPERATING REVENUES:			
Local revenue	$ 205,159	$ 323,495	$ -
Interest and investment income	-	-	779,066
Total Operating Revenues	205,159	323,495	779,066
OPERATING EXPENSES:			
Salaries	47,500	-	-
Employee benefits	2,500	-	-
Services and operating expenditures	121,333	345,529	158,368
Total Operating Expenses	171,333	345,529	158,368
OTHER FINANCING SOURCES			
Other sources - District trust contributions	-	-	13,500,000
Net Change in Net Position	33,826	(22,034)	14,120,698
Net Position -- Beginning of Year	307,416	98,602	20,954,978
Net Position -- End of Year	$ 341,242	$ 76,568	$ 35,075,676

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

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.

Nonexchange 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 nonoperating. 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 the Financial Statements

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2018, 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 Assets

Restricted assets 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 assets 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 Expenses

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

Inventories

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.

Capital Assets and Depreciation

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the entity-wide financial statements.

Debt Issuance Costs, Premiums, and Discounts

Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method.

Deferred Charge on Refunding

Deferred charge on refunding is amortized using the straight-line method over the remaining life of the debt.

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.

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

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 .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.

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.

Noncurrent Liabilities

Noncurrent liabilities include bonds payable, compensated absences, and the aggregate net pension obligation with maturities greater than one year.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 entity-wide financial statements report $39,329,235 of restricted net position.

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.

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.

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.

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.

Change in Accounting Principles

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

New Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements, continued

The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

NOTE 3 - DEPOSITS AND INVESTMENTS

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.

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

NOTE 3 - DEPOSITS AND INVESTMENTS, continued

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.

Summary of Deposits and Investments.

Deposits and investments of the Primary Government as of June 30, 2018, consist of the following:

Cash in county treasury	$ 116,301,229
Cash on hand and in banks	1,061,860
Cash with fiscal agent	96,355
Total	$ 117,459,444

Deposits and investments of the Fiduciary Funds as of June 30, 2018, consist of the following:

Cash on hand and in banks	$ 1,388,752
Investments	35,075,676
Total	$ 36,464,428

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.

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	$ 116,301,229	$ 114,743,490	609 Days
Mutual Funds	35,075,676	35,075,676	N/A
Total Investments	$ 151,376,905	$ 149,819,166	

NOTE 3 - DEPOSITS AND INVESTMENTS, continued

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, 2018

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, 2018, the District's bank balance of $1,061,860 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.

NOTE 4 - FAIR VALUE MEASUREMENTS, continued

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

The District's fair value measurements are as follows at June 30, 2018:

Investment Type	Fair Value	Level 1 Inputs	Uncategorized
Los Angeles County Investment Pool	$ 114,743,490	$ -	$ 114,743,490
Mutual Funds	35,075,676	35,075,676	-
Total Investments	$ 149,819,166	$ 35,075,676	$ 114,743,490

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
Federal Government	
Categorical aid	$ 719,388
State Government	
Categorical aid	7,263,986
Lottery	272,736
Local Sources	
Interest	640,216
Other local sources	1,587,590
Total	$ 10,483,916

	Fiduciary Funds
Other local sources	$ 29,600

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2018, was as follows:

	Beginning Balance July 1, 2017	Additions	Deductions	Beginning Balance June 30, 2018
Capital Assets not being Depreciated				
Land	$ 7,710,208	$ -	$ -	$ 7,710,208
Construction in progress	7,192,987	6,221,802	2,382,123	11,032,666
Total Capital Assets not being Depreciated	14,903,195	6,221,802	2,382,123	18,742,874
Capital Assets being Depreciated				
Buildings and improvements	250,355,374	3,225,850	-	253,581,224
Equipment and furniture	10,698,972	1,069,653	-	11,768,625
Capitalized equipment	1,742,033	-	-	1,742,033
Total Capital Assets being Depreciated	262,796,379	4,295,503	-	267,091,882
Total Capital Assets	277,699,574	10,517,305	2,382,123	285,834,756
Less Accumulated Depreciation				
Buildings and improvements	59,355,296	7,791,911	-	67,147,207
Equipment and furniture	8,241,060	510,440	-	8,751,500
Capitalized equipment	1,742,033	-	-	1,742,033
Total Accumulated Depreciation	69,338,389	8,302,351	-	77,640,740
Net Capital Assets	$ 208,361,185	$ 2,214,954	$ 2,382,123	$ 208,194,016

Depreciation expense for the year was $8,302,351.

Interest expense on capital related debt for the year ended June 30, 2018, was $10,817,752. Of this amount, $373,576 was capitalized.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	Primary Government
Accrued payroll and benefits	$ 8,050,653
Construction	1,810,257
JPA payments	3,000,000
Other vendor payables	4,600,130
Total	$ 17,461,040

	Fiduciary Funds
Other	$ 1,017,042

NOTE 8 – UNEARNED REVENUE

Unearned revenue consisted of the following:

	Primary Government
Federal financial assistance	$ 34,637
State apportionment	3,796,648
State categorical aid	8,037,142
Other state	2,747,168
Student fees	922,103
Total	$ 15,537,698

NOTE 9 - 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. As of June 30, 2018, the primary government owed the fiduciary funds $16,600.

NOTE 9 - INTERFUND TRANSACTIONS, continued

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 2018 fiscal year, no funds were transferred between the primary government and the fiduciary funds.

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2018 fiscal year consisted of the following:

	Balance July 1, 2017	Restatement	Restated Restated Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
General Obligation Bonds							
2005 Series A, General obligation refunding bonds	$ 35,355,000	$ -	$ 35,355,000	$ -	$ 3,705,000	$ 31,650,000	$ 3,890,000
2009 Series B, General obligation bonds	61,919,685	-	61,919,685	282,436	1,895,000	60,307,121	2,090,000
2010 Series C, General obligation bonds	90,998,752	-	90,998,752	6,408,949	-	97,407,701	-
Unamortized premium	3,417,694	-	3,417,694	-	237,061	3,180,633	-
Total general obligation bonds	191,691,131	-	191,691,131	6,691,385	5,837,061	192,545,455	5,980,000
Other Long-Term Liabilities							
Compensated absences	721,338	-	721,338	29,640	-	750,978	-
Net OPEB liability	(6,437,416)	39,790,443	33,353,027	4,019,095	-	37,372,122	-
Net pension liability	73,504,506	-	73,504,506	10,281,281	-	83,785,787	-
Total Other Long-Term Liabilities	67,788,428	39,790,443	107,578,871	14,330,016	-	121,908,887	-
Total Long-Term Obligations	$ 259,479,559	$ 39,790,443	$ 299,270,002	$ 21,021,401	$ 5,837,061	$ 314,454,342	$ 5,980,000

Description of 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 obligation will be paid by the fund for which the employee worked. The OPEB obligation will be paid by the General Fund.

Bonded Debt

On September 26, 2005, the District adopted a resolution to issue general obligation refunding bonds (the Refunding Bonds) to finance the advance refunding of a portion of the District's outstanding Series A Bonds starting August 1, 2015. On November 3, 2005, Refunding Bonds in the amount of $47,117,244 were issued which consisted of current interest bonds of $43,750,000 and capital appreciation bonds of $3,367,244. The Refunding Bonds, rated "AAA" by Standard & Poor's at the time of issuance, will mature on August 1, 2024. The total proceeds from the bond issuance amounted to $51,103,479.

NOTE 10 - LONG-TERM OBLIGATIONS, continued

Concurrent with the issuance of the Refunding Bonds, the District deposited part of the proceeds in the amount of $46,371,376 from the Refunding Bonds in trust into an escrow agent securing the respective maturities of the Series A General Obligation Bonds. The remaining portion in the amount of $4,732,103 was deposited to the revenue bond construction fund. The advanced refunding met the requirements of an in-substance defeasance. Accordingly, the refunded portion of the Series A General Obligation Bonds was removed from the District's financial statements. The defeasance of the Series A General Obligation Bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt.

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 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.

The outstanding general obligation bonded debt is as follows:

Series	Issue Date	Yield	Maturity Date	Original Issue	Bonds Outstanding July 1, 2017	Additions	Redeemed	Bonds Outstanding June 30, 2018
2005 Series A Refunding	11/3/2005	3.00-5.00%	8/1/2024	$ 47,117,244	$ 35,355,000	$ -	$ 3,705,000	$ 31,650,000
2009 Series B	3/11/2009	3.00-6.69%	8/1/2033	64,996,844	61,919,685	282,436	1,895,000	60,307,121
2010 Series C	12/21/2010	6.62-6.99%	8/1/2042	60,040,980	90,998,752	6,408,949	-	97,407,701
					$ 188,273,437	$ 6,691,385	$ 5,600,000	$ 189,364,822

NOTE 10 - LONG-TERM OBLIGATIONS, continued

The 2005 Series A General Obligation Bonds mature through 2025 as follows:

Fiscal Year	Principal	Interest	Total
2019	$ 3,890,000	$ 1,459,838	$ 5,349,838
2020	4,085,000	1,260,462	5,345,462
2021	4,285,000	1,051,212	5,336,212
2022	4,500,000	831,587	5,331,587
2023	4,725,000	600,962	5,325,962
2024-2025	10,165,000	488,419	10,653,419
Total	$ 31,650,000	$ 5,692,480	$ 37,342,480

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

Fiscal Year	Principal	Interest	Accreted Interest	Total
2019	$ 2,090,000	$ 2,570,762	$ -	$ 4,660,762
2020	2,290,000	2,472,712	-	4,762,712
2021	2,585,000	2,362,287	-	4,947,287
2022	2,815,000	2,227,287	-	5,042,287
2023	3,105,000	2,079,287	-	5,184,287
2024-2028	20,915,000	7,558,757	-	28,473,757
2029-2033	21,186,990	1,454,300	11,303,009	33,944,299
2034	1,529,853	-	6,085,147	7,615,001
Accretion	3,790,278	-	(3,790,278)	-
Total	$ 60,307,121	$ 20,725,392	$ 13,597,878	$ 94,630,392

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

Fiscal Year	Principal	Interest	Accreted Interest	Total
2019	$ -	$ -	$ -	$ -
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024-2028	250,978	24,334,940	1,424,021	26,009,939
2029-2033	3,237,446	34,764,200	12,217,555	50,219,201
2034-2038	12,626,603	34,764,200	56,933,397	104,324,200
2039-2043	43,925,954	21,455,335	76,369,048	141,750,335
Accretion	37,366,720	-	(37,366,720)	-
Total	$ 97,407,701	$ 115,318,675	$ 109,577,301	$ 322,303,675

NOTE 10 - LONG-TERM OBLIGATIONS, continued

Compensated Absences

At June 30, 2018, the liability for compensated absences was $750,978.

Aggregate Net Pension Obligation

At June 30, 2018, the liability for the aggregate net pension obligation amounted to $83,785,787. See Note 13 for additional information.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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.

The following is a description of the current retiree benefit plan:

	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 staturory 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.

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.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

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 2017-2018, the District contributed $13,500,000 to the Plan, of which $13,500,000 was deposited in the District's irrevocable OPEB Trust. 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.

Employees Covered by Benefit Term

The following is a table of plan participants at June 30, 2018:

	Number of Participants
Inactive Employees/Dependents Receiving Benefits	309
Active Employees	479
	788

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 roleis 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.

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 of $37,372,122 as of June 30, 2018.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Investments

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, 2018:

Asset Class	Percentage of Portfolio	Assumed Gross Return
Equities	25%	8%
Fixed Income	70%	4%
Real Estate	5%	8%
Total	100%	

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2017
Measurement date	June 30, 2017
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.75%
Investment rate of return	5.20%
Discount rate	5.20%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used.

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $4,019,095. At June 30, 2018, the District reported deferred outflows of resources for OPEB contributions subsequent to measurement date of $13,500,000.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Total OPEB Liability (a) - (b)
Balance July 1, 2017	$ 55,647,152	$ 10,081,872	$ 45,565,280
Changes for the year:			
Service cost	2,005,362	-	2,005,362
Interest	2,886,839	-	2,886,839
Employer contributions	-	12,212,253	(12,212,253)
Actual investment income	-	969,430	(969,430)
Administrative expense	-	(96,324)	96,324
Benefit payments	(2,212,253)	(2,212,253)	-
Net change	2,679,948	10,873,106	(8,193,158)
Balance June 30, 2018	$ 58,327,100	$ 20,954,978	$ 37,372,122

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability as June 30, 2018 was 35.9%.

Sensitivity of the Net Pension Liability to Assumptions

The following presents the net OPEB liability calculated using the discount rate of 5.20 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (4.20 percent) and 1 percent higher (6.20):

	Discount Rate 1% Lower (4.20%)	Current Discount Rate (5.20%)	Discount Rate 1% Higher (6.20%)
Net OPEB liability	$ 45,683,961	$ 37,372,122	$ 30,585,814

The following table presents the net OPEB liability calculated using the heath care cost trend rate of 4.0 percent. The schedule also shows what the net OPEB liability 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 Rates 1% Lower (3.00%)	Healthcare Cost Trend Rates Current Rate (4.00%)	Healthcare Cost Trend Rates 1% Higher (5.00%)
Net OPEB liability	$ 30,638,581	$ 37,372,122	$ 45,313,350

NOTE 12 – RISK MANAGEMENT

The District participates in three joint powers authority (JPA) entities: the Southern California Community College Districts (SCCCD), the Alliance of Schools for Cooperative Insurance Programs (ASCIP), and the West San Gabriel Valley Benefits (WSGVB). The relationship between the District and the JPAs is such that none of the JPAs are a component unit of the District for financial reporting purposes.

SCCCD arranges for and provides a self-funded or additional insurance for excess liability fund for approximately 1,100 public educational agencies. SCCCD is governed by a board of 16 elected voting members, elected alternates, and two ex-officio members. The board controls the operations of SCCCD, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the board. Each member pays an annual contribution based upon that calculated by SCCCD's board of directors and shares surpluses and deficits proportionately to its participation in SCCCD.

ASCIP arranges for and provides property, liability, and excess workers' compensation insurance for its member school districts. The District pays a premium commensurate with the level of coverage requested. WSGVB 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 13 – 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, 2018, the District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow 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	$ 53,790,703	$ 15,167,061	$ 6,473,078	$ 5,216,602
CalPERS	29,995,084	9,000,286	799,541	5,861,744
Total	$ 83,785,787	$ 24,167,347	$ 7,272,619	$ 11,078,346

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.

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

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, 2016, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

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.

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 nonemployer 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, 2018, 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%	9.205%*
Required employer contribution rate	14.43%	14.43%
Required state contribution rate	9.328%	9.328%

*The rate imposed on CalSTRS 2% at 62 members assuming no change in the normal cost of benefits.

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

Contribution

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution 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, 2018, are presented above, and the District's total contributions were $5,003,031.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, 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:

Total net pension liability, including State share:

District's proportionate share of the net pension liability	$ 53,790,703
State's proportionate share of the net pension liability associated with the District	31,822,385
Total	$ 85,613,088

The net pension liability was measured as of June 30, 2017. 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, 2017 and June 30, 2016, was 0.0582 percent and 0.0604 percent, respectively, resulting in a net decrease in the proportionate share of 0.0022 percent.

For the year ended June 30, 2017, the District recognized pension expense of $5,216,602. In addition, the District recognized pension expense and revenue of $1,674,875 for support provided by the State. At June 30, 2017, 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	$ -	$ 2,178,404
Differences between expected and actual experience	198,923	993,024
Changes in assumptions	9,965,107	-
Net changes in proportionate share of net pension liability	-	3,301,650
District contributions subsequent to the measurement date	5,003,031	-
Total	$ 15,167,061	$ 6,473,078

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

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.

The deferred outflows of resources related to the difference between projected and actual earning on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 185,775
2020	185,775
2021	185,777
2022	(55,781)
2023	1,495,401
Thereafter	1,694,005
	$ 3,690,952

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015 and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 2010, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

The long-term expected rate of return on pension plan investments 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 general investment consultant. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on the Teachers' Retirement Board of the California State Teachers' Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Cash/Liquidity	2%	-1.00%
Absolute Return/Risk Mitigation Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
	100%	

*20-year geometric average

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	$ 78,981,830	$ 53,790,703	$ 33,346,397

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS) Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under 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, 2017, 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.

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 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 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 50 (or age 52 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, 2018, 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	7.000%	6.000%
Required employer contribution rate	13.89%	13.89%

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

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, 2018, are presented above, and the total District contributions were $2,725,352.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $29,995,084. The net pension liability was measured as of June 30, 2017. 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, 2017 and June 30, 2016, was 0.1256 percent and 0.1248 percent, respectively, resulting in a net increase in the proportionate share of 0.0008 percent.

For the year ended June 30, 2018, the District recognized pension expense of $5,861,744. At June 30, 2018, 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	$ 596,434	$ -
Differences between expected and actual experience	1,191,659	-
Changes in assumptions	4,343,807	485,310
Net changes in proportionate share of net pension liability	143,034	314,231
District contributions subsequent to the measurement date	2,725,352	-
Total	$ 9,000,286	$ 799,541

The deferred outflow 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.

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 2,098,672
2020	2,087,647
2021	1,821,517
2022	(532,443)
	$ 5,475,393

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997, through June 30, 2011
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long- term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10*	Real Return Years 11+**
Global Equity	47%	4.90%	5.38%
Fixed Income	19%	0.80%	2.27%
Inflation Assets	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%
	100%		

*An expected inflation of 2.5% used for this period
**An expected inflation of 3.0% used for this period

Discount Rate

The discount rate used to measure the total pension liability was 7.15 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 (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	$ 44,132,381	$ 29,995,084	$ 18,267,013

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2018, which amounted to $2,785,605. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2018. 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 nonoperating revenue and employee benefit expense.

NOTE 14 - 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, 2018.

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, 2018.

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
2019	$ 139,056
2020	120,153
2021	39,462
2022	19,745
Total	$ 318,416

NOTE 14 - COMMITMENTS AND CONTINGENCIES, continued

Construction Commitments

As of June 30, 2018, 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	$ 6,407,274	$ 23,012,454	9/30/2019
Pico Rivera Educational Center	615,672	40,284	12/31/2018
HVAC - Data Center Upgrade	1,341,880	67,094	9/30/2018
Totals	$ 8,364,826	$ 23,119,832	

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

NOTE 15 – PRIOR PERIOD ADJUSTMENT

The beginning net position decreased by $39,790,443. This was due to adjustments made to bring on the net OPEB liabilities following the District's implementation of GASB Statements No. 75 during the year ended June 30, 2018. See Note 2, Summary of Significant Accounting Policies, Change in Accounting Principles for further details on the implementation of GASB Statements No. 75.

NOTE 16 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2018 through December 5, 2018, the date the financial statements were issued. In August 2018, the District transferred $15 million to the OPEB irrevocable trust. The District noted no additional subsequent events that have occurred which would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

RIO HONDO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

		2018
Total OPEB liability		
Service cost	$	2,005,362
Interest on Total OPEB Liability		2,886,839
Benefit payments		(2,212,253)
Net change in total OPEB liability		2,679,948
Total OPEB liability, beginning of year		55,647,152
Total OPEB liability, end of year (a)	$	58,327,100
Plan fiduciary net position		
Employer contributions	$	12,212,253
Net investment income		969,430
Administrative expense		(96,324)
Benefit payments		(2,212,253)
Change in plan fiduciary net position		10,873,106
Fiduciary trust net position, beginning of year		10,081,872
Fiduciary trust net position, end of year (b)	$	20,954,978
Net OPEB liability(asset), ending (a) - (b)	$	37,372,122
Covered payroll	$	54,781,403
Plan fiduciary net position as a percentage of the total OPEB liability(asset)		35.93%
Net OPEB liability(asset) as a percentage of covered payroll		68.22%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

RIO HONDO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2018

		2018
Actuarially determined contribution	$	2,300,743
Contributions in relations to the actuarially determined contribution		12,212,253
Contribution deficiency (excess)	$	(9,911,510)
Covered-employee payroll	$	54,781,403
Contribution as a percentage of covered-employee payroll		4.20%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

RIO HONDO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

CalSTRS	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability	0.058%	0.060%	0.065%	0.065%
District's proportionate share of the net pension liability	$ 53,790,703	$ 48,849,511	$ 43,760,600	$ 37,984,050
State's proportionate share of the net penesion liability associated with the District	31,822,385	27,809,155	23,128,021	22,812,498
Total	$ 85,613,088	$ 76,658,666	$ 66,888,621	$ 60,796,548
District's covered - employee payroll	$ 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	155.15%	195.79%	142.41%	131.91%
Plan fiduciary net position as a percentage of the total pension liability	69.00%	70.04%	74.02%	76.52%

CalPERS	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability	0.126%	0.125%	0.128%	0.129%
District's proportionate share of the net pension liability	$ 29,995,084	$ 24,654,995	$ 18,947,983	$ 14,621,936
District's covered - employee payroll	$ 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	152.87%	175.53%	130.67%	108.18%
Plan fiduciary net position as a percentage of the total pension liability	71.90%	73.90%	79.43%	83.38%

RIO HONDO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2018

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

	Reporting Fiscal Year			
CalPERS	2018	2017	2016	2015
Statutorily required contribution	$ 2,725,352	$ 2,270,696	$ 1,664,052	$ 1,706,770
District's contributions in relation to the statutorily required contribution	2,725,352	2,270,696	1,664,052	1,706,770
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 19,620,965	$ 16,350,058	$ 14,046,189	$ 14,501,020
District's contributions as a percentage of covered-employee payroll	13.89%	13.89%	11.85%	11.77%

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the net OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the net OPEB liability. 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.

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

Changes in Benefit Terms – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes in Assumptions – The discount rate for CalPERS was 7.65% as of June 30, 2017 and 7.15% as of June 30, 2018. The discount rate for CalSTRS was 7.60% as of June 30, 2017 and 7.10% as of June 30, 2018. The change in discount rate increased the total net pension liability for each plan.

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

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, 2018, the Board of Trustees and District Executive Officers are composed of the following members:

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Madeline Shapiro	President	December 2018
Vicky Santana	Vice President	December 2020
Mary Ann Pacheco	Clerk	December 2018
Norma Edith Garcia	Member	December 2018
Gary Mendez	Member	December 2020
Diana Laureano	Student Trustee	May 2019

DISTRICT ADMINISTRATION

Teresa Dreyfuss
Superintendent/President

Yulian Ligioso
Vice President, Finance and Business

Dr. Laura Ramirez
Vice President, Academic Affairs

Henry Gee
Vice President, Student Services

RIO HONDO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER*	FEDERAL EXPENDITURES
U.S. Department of Education			
Direct			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063	N/A	$ 18,983,907
Federal Supplemental Education Opportunity Grants	84.007	N/A	408,060
Federal Work Study Program	84.033	N/A	472,876
Federal Direct Student Loans	84.268	N/A	372,260
Postsecondary Educational Scholarship For Veteran's Dependents	84.408	N/A	74,858
Total Student Financial Aid Cluster			20,311,961
TRIO Cluster			
Student Support Services	84.042	N/A	246,547
SSS STEM Program	84.042A	N/A	231,132
Total TRIO Cluster			477,679
The "Avance" Project (TAP)	84.031S	N/A	533,701
Hispanic Serving Institutions	84.031S	N/A	28,976
Passed Through California Community Colleges Chancellor's Office			
Title I, Part C	84.048A	N/A	535,494
Total U.S. Department of Education			21,887,811
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child and Adult Care Food Program	10.558	CSPP-7247	38,021
Total U.S. Department of Agriculture			38,021
U.S. Department of Health and Human Services			
Passed Through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families	93.558	N/A	72,035
Foster and Kinship Care Education	93.658	N/A	81,835
Total U.S. Department of Health and Human Services			153,870
Research and Development Cluster			
National Science Foundation			
Auto Transit	47.076	N/A	63,932
Scholarships to Aid Rio Hondo STEM Students (STARSS)	47.076	N/A	36,220
Total Research and Development Cluster			100,152
AmeriCorps Student Ambassador Program			
Pass through from Foundation for California Community Colleges Student Services			
Corporation for National and Community Service (CNCS)	94.006	N/A	5,624
Total AmeriCorps Student Ambassador Program			5,624
Total Federal Programs			$ 22,185,478

* 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, 2018

	Program Revenues				Total
	Cash	Accounts	Deferred		Program
Program Name	Received	Receivable	Revenue	Total	Expenditures
State Categorical Aid Programs					
Disabled Student Program and Services	$ 985,168	$ -	$ -	$ 985,168	$ 985,168
Access to Print and Electronic Information	11,284	-	-	11,284	11,284
Deaf and Hard of Hearing	7,563	-	-	7,563	7,563
Extended Opportunity Program and Services	1,606,617	-	-	1,606,617	1,606,617
CARE Program	196,296	-	-	196,296	196,296
Cal Grant	2,160,400	-	-	2,160,400	2,160,400
CalWorks	433,095	-	-	433,095	433,095
Childcare Tax Bailout	12,455	-	-	12,455	12,455
Student Success (Credit)	3,276,463	-	310,897	2,965,566	2,965,566
Student Success (Noncredit)	81,918	-	13,102	68,816	68,816
Student Equity	1,671,850	-	376,017	1,295,833	1,295,833
Equal Employment Opportunity	50,000	-	-	50,000	50,000
Nursing Education- Enrollment Growth	-	79,200	3,550	75,650	75,650
Nursing Education- Retention	-	68,400	4,205	64,195	64,195
Apprenticeship	1,409,085	-	5,710	1,403,375	1,403,375
Part-time Faculty	242,929	-	-	242,929	242,929
Temporary Assistance to Needy Family (TANF)	77,686	18,645	-	96,331	96,331
Physical Plant and Instructional Support	758,836	-	-	758,836	758,836
Prop 39	-	423,221	423,221	-	-
Manadated Block grant	350,572	-	350,572	-	-
Manadated Block grant (One-Time)	344,284	-	344,284	-	-
Adult Education Block Grant Program	424,911	302,371	302,371	424,911	424,911
Basic Skills	506,956	-	275,619	231,337	231,337
Basic Skills Partnership Grant	424,445	-	53,932	370,513	370,513
Basic Skills Transormation Grant	363,224	104,163	13,981	453,406	453,406
Deputy Sector Navigator- Health	290,124	-	11,604	278,520	278,520
Deputy Sector Navigator- Energy	274,032	59,773	-	333,805	333,805
Foster Care Education	101,022	-	-	101,022	101,022
MESA Grant	77,399	13,936	-	91,335	91,335
Career Technical Education -Teacher Prep Pipeline	-	98,651	-	98,651	98,651
Career Technical Education -Pathway Program	225,788	60,000	155,907	129,881	129,881
Full Time Student Success Grant	896,000	-	290,942	605,058	605,058
S.F.A.A.	529,976	-	-	529,976	529,976
Veteran Resource Center	45,926	-	-	45,926	45,926
Strong Workforce	1,410,150	-	-	1,410,150	1,410,150
Guided Pathway	355,037	-	247,522	107,515	107,515
Safety Campus	23,536	-	23,536	-	-
Nonresident Dreamer	36,336	-	-	36,336	36,336
Hunger Free Campus	27,450	-	25,715	1,735	1,735
Community College Completion Grant	254,195	1,305	-	255,500	255,500
Subtotal	$ 19,943,008	$ 1,229,665	$ 3,232,687	$ 17,939,986	$ 17,939,986

RIO HONDO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT – ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2018

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2017 only)			
1. Noncredit	39.39	-	39.39
2. Credit	1,448.41	-	1,448.41
B. Summer Intersession (Summer 2018 - Prior to July 1, 2018)			
1. Noncredit	-	-	-
2. Credit	257.05	-	257.05
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	8,048.48	-	8,048.48
(b) Daily Census Contact Hours	815.56	-	815.56
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	449.93	-	449.93
(b) Credit	915.40	-	915.40
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	891.28	-	891.28
(b) Daily Census Contact Hours	409.84	-	409.84
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	13,275.34	-	13,275.34
Supplemental Information (subset of above information)			
E. In-service Training Courses	379.62	-	379.62
F. Basic Skills Courses and Immigrant Education			
1. Credit	868.62	-	868.62
2. Noncredit	175.96	-	175.96
Total Basic Skills FTES	1,044.58	-	1,044.58

RIO HONDO COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2018

		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	$ 12,753,998	$ -	$ 12,753,998	$ 12,787,091	$ -	$ 12,787,091
Other	1300	13,897,669	-	13,897,669	14,366,542	-	14,366,542
Total Instructional Salaries		26,651,667	-	26,651,667	27,153,633	-	27,153,633
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	6,236,677	-	6,236,677
Other	1400	-	-	-	471,546	-	471,546
Total Non-Instructional Salaries		-	-	-	6,708,223	-	6,708,223
Total Academic Salaries		26,651,667	-	26,651,667	33,861,856	-	33,861,856
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	10,686,197	-	10,686,197
Other	2300	-	-	-	777,897	-	777,897
Total Non-Instructional Salaries		-	-	-	11,464,094	-	11,464,094
Instructional Aides							
Regular Status	2200	1,546,177	-	1,546,177	1,589,540	-	1,589,540
Other	2400	529,573	-	529,573	529,573	-	529,573
Total Instructional Aides		2,075,750	-	2,075,750	2,119,113	-	2,119,113
Total Classsified Salaries		2,075,750	-	2,075,750	13,583,207	-	13,583,207
Employee Benefits	3000	15,108,894	-	15,108,894	24,725,398	-	24,725,398
Supplies and Materials	4000	-	-	-	761,724	-	761,724
Other Operating Expenses	5000	112,604	-	112,604	6,850,361	-	6,850,361
Equipment Replacement	6420	-	-	-	11,472	-	11,472
Total Expenditures Prior to Exclusions		43,948,915	-	43,948,915	79,794,018	-	79,794,018
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	3,552,214	-	3,552,214	3,552,214	-	3,552,214
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	1,699,779	-	1,699,779
Object to Exclude							
Rents and Leases	5060	-	-	-	27,758	-	27,758
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	1,280,987	-	1,280,987	1,280,987	-	1,280,987
Supplies and Materials	4000						
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	328,039	-	328,039
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	328,039	-	328,039
Other Operating Expenses and Services	5000	-	-	-	310,356	-	310,356
Capital Outlay	6000						
Library Books	6300	-	-	-	49,310	-	49,310
Equipment	6400				-		
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	48,192	-	48,192
Total Equipment		-	-	-	48,192	-	48,192
Total Capital Outlay		-	-	-	97,502	-	97,502
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		$ 4,833,201	$ -	$ 4,833,201	$ 7,296,635	$ -	$ 7,296,635
Total for ECS 84362, 50% Law		$ 39,115,714	$ -	$ 39,115,714	$ 72,497,383	$ -	$ 72,497,383
Percent of CEE (Instructional Salary Cost/Total CEE)		53.95%	0.00%	53.95%	100.00%	0.00%	100.00%
50% of Current Expense of Education		$ -	$ -	$ -	$ 36,248,692	$ -	$ 36,248,692

RIO HONDO COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311)
WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

June 30, 2018	Unrestricted General Fund	Restricted General Fund	Child Development Fund
Annual Financial and Budget Report (CCFS-311)			
Fund Balance	$ 5,816,313	$ 3,360,568	$ 791,021
Adjustments and reclassifications increasing (decreasing) the fund balance:			
Decrease in accounts payable and accrued expenses	4,731,749	823,155	236,295
Change in cash with fiscal agent	-	-	-
Net Adjustments and Reclassifications	4,731,749	823,155	236,295
Audited Financial Statements Fund Balance	$ 10,548,062	$ 4,183,723	$ 1,027,316
	$ -	$ -	$ -

June 30, 2018	Capital Outlay Projects Fund	Revenue Bond Construction Fund	Workers' Compensation and Retiree Self-Insurance Fund
Annual Financial and Budget Report (CCFS-311)			
Fund Balance	$ 22,227,032	$ 21,203,356	$ 17,657,227
Adjustments and reclassifications increasing (decreasing) the fund balance:			
Decrease in accounts payable and accrued expenses	212	153,470	15,000,000
Increase in cash with fiscal agent	-	-	11,292,920
Net Adjustments and Reclassifications	212	153,470	26,292,920
Audited Financial Statements Fund Balance	$ 22,227,244	$ 21,356,826	$ 43,950,147

See accompanying note to supplementary information.

RIO HONDO COMMUNITY COLLEGE DISTRICT
DETAILS OF THE EDUCATION PROTECTION ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018

EPA Revenue	$ 9,588,210

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	$ 9,588,210	-	-	$ 9,588,210
Total		$ 9,588,210	-	-	$ 9,588,210

See accompanying note to supplementary information.

RIO HONDO COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF FUND EQUITY TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total Fund Equity - District Funds Included in the Reporting Entity		$ 106,389,914
Assets recorded within the statements of net position not included in the District fund financial statements:		
Nondepreciable capital assets	$ 18,742,874	
Depreciable capital assets	267,091,882	
Accumulated depreciation	(77,640,740)	208,194,016
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred loss on refunding		959,959
Deferred outflows - OPEB		13,500,000
Deferred outflows - pensions		24,167,347
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:		
Compensated absences		(750,978)
Net OPEB liability		(37,372,122)
Net pension liability		(83,785,787)
Long-term debt		(192,545,455)
Unmatured Interest		(1,741,708)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred inflows - pensions		(7,272,619)
Net Position Reported Within the Statements of Net Position		$ 29,742,567

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.

INDEPENDENT AUDITORS' REPORTS

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 the aggregate remaining fund information of Rio Hondo Community College District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2018.

Emphasis of Matter – Change in Accounting Principles

As discussed in Note 2 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. Our opinion is not modified with respect to this matter.

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. However, material weaknesses may exist that have not been identified.

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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*.

Rio Hondo Community College District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 5, 2018

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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

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, 2018. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

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, 2018.

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Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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 5, 2018

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Rio Hondo Community College District
Whittier, California

Report on State Compliance

We have audited Rio Hondo Community College District's (the District) compliance with the types of compliance requirements as identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in 2018 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws and regulations, and the terms and conditions identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in 2017-18.

Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance with the state laws and regulations based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *California Community Colleges Contracted District Audit Manual 2017-18*, published by the California Community Colleges Chancellor's Office. Those standards and the *California Community Colleges Contracted District Audit Manual 2017-18*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on compliance with the state laws and regulations described in the schedule below occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination of the District's compliance with those requirements.

Opinion

In our opinion, the District complied, in all material respects, with the state compliance requirements referred to above that are applicable to the District for the year ended June 30, 2018.

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Other Matters

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 421 – Salaries of Classroom Instructors (50 Percent Law)
Section 423 – Apportionment for Instructional Service Agreements/Contracts
Section 424 – State General Apportionment Funding System
Section 425 – Residency Determination for Credit Courses
Section 426 – Students Actively Enrolled
Section 427 – Dual Enrollment (CCAP and Non-CCAP)
Section 428 – Student Equity
Section 429 – Student Success and Support Program (SSSP)
Section 430 – Scheduled Maintenance Program
Section 431 – Gann Limit Calculation
Section 435 – Open Enrollment
Section 439 – Proposition 39 Clean Energy
Section 440 – Intersession Extension Programs
Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475 – Disabled Student Programs and Services (DSPS)
Section 479 – To Be Arranged Hours (TBA)
Section 490 – Proposition 1D and 51 State Bond Funded Projects
Section 491 – Education Protection Account Funds

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 *California Community Colleges Contracted District Audit Manual (CDAM) 2017-18*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 5, 2018

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FINDINGS AND QUESTIONED COSTS SECTION

RIO HONDO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section I – Summary of Auditors' Results

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
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 reported
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:	

CFDA Numbers	Name of Federal Program of Cluster
84.007, 84.033 84.063, 84.268, 84.408	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for State programs:	Unmodified

Section II – Financial Statement Findings

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 findings or questioned costs identified during 2017-18.

Section III – Federal Award Findings and Questioned Costs

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 identified during 2017-18.

Section IV – State Award Findings and Questioned Costs

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 2017-18.

2017-001 – Overall Closing Process

Criteria or Specific Requirement

Best practices require a review and reconciliation of all account balances to reflect proper activity at year end in accordance with Generally Accepted Accounting Principles (GAAP).

Condition

Material Weakness - Accounts payable balances recorded in the governmental funds contained carry-over balances from prior years. It was determined that these balances represent liabilities that are noncurrent in nature and do not follow the economic resources measurement focus as specified in the California Community Colleges Chancellor's Office *Budget and Accounting Manual*.

A cash balance held in a "Retiree Health Insurance Fund" with the Southern California Community College District JPA for the benefit of the District was not recorded on the District's general ledger. These funds were not held in an irrevocable trust. Also, the District had a balance with the same JPA as part of the Workers' Compensation Program. This balance is identified by the JPA as a "Safety Credit Balance" and represents funds available to the District for payment of premiums and claims. The District has control of all amounts deposited and withdrawn from these accounts.

Several Federal and State categorical programs were not properly closed at year end. GASB Statement No. 33 requires that revenues equal expenses, up to the award amount, for categorical programs subject to unearned revenue accruals.

Questioned Costs

Material adjustments to the financial statements were reviewed with management and accepted for posting. No questioned costs were associated with this finding.

Context

The accounts payable balance associated with the long-term accruals was approximately $22.7 million at the beginning of the year.

The cash and cash equivalent balance for the District at year end associated with the JPA accounts not recorded on the general ledger was approximately $11.3 million.

For the 2016-2017 fiscal year, the District had miscellaneous differences throughout several programs.

Effect

Material adjustments to the general ledger were proposed as a result of audit procedures. These adjustments were accepted by management to ensure the financial statements were presented fairly.

2017-001 – Overall Closing Process, continued

Cause

The oversight and monitoring controls over the asset and liability accounts and the closing process appear not have been adhered to.

Recommendation

As part of the closing process, the District should develop a procedure to review all accruals recorded in the governmental funds to ensure that they meet economic resources measurement focus recognition criteria. Carry-over balances from prior years should be analyzed to determine if the transaction still represents a valid liability to the fund.

The District should review the general ledger to ensure that all cash accounts held by the District, and for the benefit of the District, are reflected in the accounting records.

Per GASB Statement No. 33, categorical programs subject to unearned revenues recognize revenue when the qualifying expenditure is made. Revenue received, but not expended by the end of the fiscal year, must be reported as deferred revenue. For these types of programs, revenues are required to match qualifying expenditures. As part of the closing process, an accounts receivable or unearned revenue should be booked to properly close out the categorical programs for the difference between revenues and expenses.

Management's Response and Corrective Action Plan

The accounts payable and the cash balance comments are related to a change in accounting for pension obligations as called for under the new Governmental Accounting Standards Board (GASB) Statement No. 74 which was implemented by Rio Hondo College during fiscal year 2016-2017, the year under audit.

GASB Statement No. 74 requires that all funds designated to meet Other Postemployment Benefits (OPEB) obligations be held in an irrevocable fund rather than accounted for as an internal or external set aside, even with another Joint Powers Agency (JPA). Up until this point, Rio Hondo College accrued and accounted for balances to meet and address its institutional OPEB liabilities as local set asides.

Regarding the comment on several Federal and State categorical programs, the differences are deemed immaterial in comparison with the size of the General Fund.

2017-001 – Overall Closing Process, continued

These issues have already been addressed as follows:

1) Accounts payable balances in the governmental funds were transferred from the General Fund to retirees' health contribution under internal service fund in November 2017.

2) Cash balance with Southern California Community College JPA "Retiree Health Insurance Fund" was transferred in November 2017 to irrevocable trust with the Futuris Public Trust fund managed by Keenan & Associates.

3) There were small and insignificant differences between revenues and expenditures under categorical grants/programs, but these were both individually and in the aggregate immaterial to cause any material misstatement of the overall financial statements. We will do our best to equalize revenues and expenditures during the year-end closing process.

Current Status

Implemented

2017-002 – Section 424 - State General Apportionment Funding System

Criteria or Specific Requirement

California Code of Regulations, Title 5, Section 58003.1(b) states, "The governing board of each community college district shall, for each of its colleges or its district, select and establish a single primary term length for credit courses that are scheduled regularly with respect to the number of days of the week and the number of hours the course meets each week, inclusive of holidays."

Condition

The District incorrectly utilized a 17.5 term length multiplier (TLM) for alternative method daily credit courses utilizing the alternative attendance accounting census method. The District's approved TLM for the 2016-2017 year was 16.7. This was noted for both the P2 and Annual CCFS- 320 reports.

Questioned Costs

The District's P2 and Annual CCFS-320 reports were overstated by 35.94 credit FTES.

Context

The District reported 433.02 credit FTES for daily alternative attendance census based courses on the Annual CCFS-320 report.

Effect

Due to the incorrect TLM being utilized by the District for these courses, FTES were materially overstated. Of the 25 courses tested, the auditors calculated a 1.23 FTES overstatement. The District performed a 100 percent recalculation using the correct TLM and arrived at a total overstatement of 35.94 credit FTES.

Cause

During an upgrade of the District's Banner system, tables were changed to reflect a TLM of 17.5 for alternative daily attendance method courses.

Recommendation

It is recommended that the District review the methods used by their system for calculating and reporting FTES. In addition, it is recommended that the District amend their Annual CCFS-320 report to reflect the results of their internal recalculation. This amendment was electronically certified by the District on November 3, 2017.

2017-002 – Section 424 - State General Apportionment Funding System, continued

Management's Response and Corrective Action Plan

This error was already corrected before the submission of the 2016-2017 Apportionment Attendance Report for the Recalc Period and the affected FTES adjusted.

Current Status

Implemented

2017-003 – Section 475 - Disabled Student Programs and Services (DSPS)

Criteria or Specific Requirement

California Code of Regulations (CCR) Title 5, Section 56062 states, "A community college district will be deemed to have "provided academic adjustments, auxiliary aids, services and/or instruction" to a student with a disability, as required by Section 56060, if the student is enrolled in an educational assistance class or is enrolled in a general class and received one or more service contacts each semester the student attends."

Condition

Out of the 25 DSPS student files reviewed, 2 of the files did not contain evidence of a service contact for the 2016-2017 fiscal year.

Questioned Costs

Based on reports received by the District, a combined 1,631 students were served in the Fall 2016 and Spring 2017 semesters. Extrapolation of the error percentage noted in the audit results in that up to 130 claimed students may be unsupported with evidence of a service contact.

Context

The District reported a total of 1,631 students served in the Fall 2016 and Spring 2017 semesters. The District reported $908,173 in DSPS revenues for the 2016-2017 fiscal year.

Effect

The special funding for the DSPS program could be affected if program guidelines are not adhered to.

Cause

Student files are not being reviewed and updated on a regular basis to determine whether all necessary documentation is included within the student file.

Recommendation

The District should implement a control procedure for monitoring compliance issues related to this program to ensure that compliance requirements are met and proper contacts are being reported.

2017-003 – Section 475 - Disabled Student Programs and Services (DSPS), continued

Management's Response and Corrective Action Plan

Management agrees with this finding and has implemented various systems, controls, and procedures to strengthen the tracking and reporting of one or more service contacts received for each semester student with a disability attends. Additionally, we have examined all the student files to ensure their reporting accuracy and compliance with State DSPS regulations. From our examination, we have concluded that these two were isolated incidences and should not be viewed to represent the whole affairs and operation of the program.

Systems implemented include:

1) SARS (Schedule and Reporting System) with the SARS Grid representing a crucial tool for tracking services.

2) The DSPS Department also maintains a parallel student data base that is compared to the MIS report to resolve any discrepancies prior to filing the MIS report.

3) The DSPS Department has included in its annual program plan the need and request for "AIM-Accessible Information Management", a scheduling and database management software to facilitate DSPS service provision and improve MIS reporting systems.

Current Status

Implemented

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APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this "Disclosure Undertaking") is executed and delivered by Rio Hondo Community College District (the "District") as of ________, 2019 in connection with the execution and delivery of its General Obligation Refunding Bonds, 2004 Election, 2019 Series B (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted by the Board of Trustees of the District on March 13, 2019 (the "Resolution"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriters described below, the District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the District for the benefit of the Bondholders and in order to assist Cabrera Capital Markets, LLC, Samuel A. Ramirez & Co., Inc. and RBC Capital Markets, LLC (the "Underwriters") in complying with Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolution, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Undertaking.

"Bondholder" or "Holder" means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" shall U.S. Bank National Association, or, any alternate or successor dissemination agent, designated in writing by the Superintendent/President or the Vice President, Finance & Business (or otherwise by the District), which Dissemination Agent has evidenced its acceptance in writing.

"Financial Obligation" as used in this Disclosure Undertaking is defined in the Rule as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Event" means any of the events listed in Section 6 of this Disclosure Undertaking.

"MSRB" shall mean the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access ("EMMA") website located at http://emma.msrb.org, or any other entity designated or authorized by the Commission.

SECTION 3. CUSIP Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated [_______], 2019.

SECTION 4. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent (if other than the District), not later than 240 days after the end of the District's fiscal year (currently ending June 30), commencing on or prior to February 24, 2020 with the report for the fiscal year ending June 30, 2019, to provide to the MSRB, in a format prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 5 of this Disclosure Undertaking. As of the date of this Certificate, the format prescribed by the MSRB is the Electronic Municipal Market Access system. Information regarding requirement for submissions to EMMA is available at http://emma.msrb.org.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Undertaking; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report. If the District does not have audited financial statements available when it submits the relevant Annual Report, it shall submit unaudited financial statements, as described in Section 5(a) below.

(b) Not later than 15 Business Days prior to the filing date required in paragraph (a) above for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in paragraph (a) above, the District shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent (if other than the District) shall:

(i) determine each year prior to the date for providing the Annual Report the format for filing with the MSRB; and

(ii) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided to the MSRB.

SECTION 5. Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the following:

(a) Financial information including the general purpose financial statements of the District for the preceding fiscal year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the MSRB as soon as practical after it has been made available to the District.

(b) Operating data, including the following information with respect to the District's preceding fiscal year (to the extent not included in the audited financial statements described in paragraph (a) above):

(i) Outstanding indebtedness and lease obligations;

(ii) General fund budget for the then-current fiscal year;

(iii) Full-time equivalent students, or equivalent information, as may be reasonably available;

(iv) Assessed valuations; and

(v) Largest local secured taxpayers.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB or to the Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each other document so incorporated by reference.

SECTION 6. Reporting of Designated Listed Events.

(a) The District agrees to provide or cause to be provided to the MSRB notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) Business Days after the occurrence of the event:

(i) Principal and interest payment delinquencies;

(ii) Unscheduled draws on any debt service reserves reflecting financial difficulties;

(iii) Unscheduled draws on any credit enhancements reflecting financial difficulties;

(iv) Substitution of credit or liquidity providers, or their failure to perform;

(v) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) Tender offers;

(vii) Defeasances;

(viii) Rating changes;

(ix) Bankruptcy, insolvency, receivership or similar event of the District; or

(x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

For purposes of item (ix) above, the described event shall be deemed to occur when any of the following shall occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or other governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority have supervision or jurisdiction over substantially all of the assets or business of the District.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

(i) Unless described in paragraph 6(a)(v) hereof, other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) Modifications to rights of Owners;

(iii) Optional, unscheduled or contingent Bond calls;

(iv) Release, substitution or sale of property securing repayment of the Bonds, if applicable;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(vii) Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent; or

(viii) Incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4 hereof, as provided in Section 4(b) hereof.

(d) If the District determines that the occurrence of a Listed Event described in Section 6(b) hereof is material under applicable federal security laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(vii) or (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Undertaking shall terminate when the District is no longer an obligated person with respect to the Bonds, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The Superintendent/President or Vice President, Finance & Business may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is no other designated Dissemination Agent in place, the District shall act as the Dissemination Agent.

The Dissemination Agent, if other than the District, shall be paid compensation for its services provided hereunder, and reimbursement for its costs and expenses. The Dissemination Agent shall not be responsible for the form or content of any document provided by the District hereunder.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Undertaking, the District may amend this Disclosure Undertaking under the following conditions, provided no amendment to this Disclosure Undertaking shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person, or type of business conducted;

(b) This Disclosure Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as the Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Undertaking, the District shall have no obligation under this Disclosure Undertaking to update such information or to include it in any future disclosure or notice of occurrence of a Designated Material Event.

Nothing in this Disclosure Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Designated Material Event, in addition to that which is required by this Disclosure Undertaking.

SECTION 11. Default. The District shall give notice to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Undertaking, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the District to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriters and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Record Keeping. The District shall maintain records of all Annual Reports and notices of material Listed Events including the content of such disclosure, the names of the entities with whom the such disclosure were filed and the date of filing such disclosure.

SECTION 14. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of California, applicable to contracts made and performed in such State of California.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, Rio Hondo Community College District has executed this Continuing Disclosure Undertaking as of the date first set forth herein.

RIO HONDO COMMUNITY COLLEGE DISTRICT

By:____

Superintendent/President

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Rio Hondo Community College District

Name of Issue: $___________ General Obligation Refunding Bonds, 2004 Election, 2019 Series B

Date of Issuance: ___________, 2019

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Disclosure Undertaking dated ____________, 2019. The Issuer anticipates that the Annual Report will be filed by _______________.

Dated: _______________________________

[ISSUER/DISSEMINATION AGENT]

By:____

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

The Depository Trust Company ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants").DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.*The foregoing internet address is included for reference only, and the information on this internet site is not incorporated by reference herein.*

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Paying Agent on behalf thereof) as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered in such principal amount or amounts, in authorized denominations, and registered in whatever name or names DTC shall designate.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository).Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, printed certificates for the Bonds will be printed and delivered in such principal amount or amounts, in authorized denominations, and registered in whatever name or names DTC shall designate.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, transfer and exchange of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially located in Los Angeles, California. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least $1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for a Bond of any authorized denomination of like tenor upon presentation and surrender at the office of the Paying Agent, initially located in Los Angeles, California, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to exchange or transfer any Bond during the period from the Record Date through the next Interest Payment Date.

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APPENDIX F

THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The following information concerning the Los Angeles County Pooled Surplus Investments Fund has been provided by the Treasurer and has not been confirmed or verified by the District. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

The Treasurer and Tax Collector (the "Treasurer") of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (the "Treasury Pool"). As of February 28, 2019, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	$12.656
Schools and Community Colleges	15.331
Discretionary Participants	2.652
Total	$30.639

The Treasury Pool participation composition is as follows:

Non-Discretionary Participants	91.35%
Discretionary Participants:	
Independent Public Agencies	8.21
County Bond Proceeds and Repayment Funds	0.44
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State, and by a more restrictive Investment Policy (the "Investment Policy") developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 19, 2019, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the "Investment Report") summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the County Board of Supervisors. According to the Investment Report dated March 31, 2019, the February 28, 2019 book value of the Treasury Pool was approximately $30.639 billion and the corresponding market value was approximately $30.391 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside independent auditor (External Auditor) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of February 28, 2019:

Type of Investment	% of Pool
Certificates of Deposit	6.69
U.S. Government and Agency Obligations	67.64
Bankers Acceptances	0.00
Commercial Paper	25.25
Municipal Obligations	0.11
Corporate Notes & Deposit Notes	0.31
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of February 28, 2019, approximately 38.37% of the investments mature within 60 days, with an average of 555 days to maturity for the entire portfolio.