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PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND
ELECTION 2012

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND – ELECTION 2012
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Measure B Parcel Tax Fund Oversight Committee
Peralta Community College District
Oakland, California

Opinion

We have audited the accompanying financial statements of the Peralta Community College District's (the "District") Measure B Parcel Tax Fund (Election of 2012) and the related notes to the financial statements as of and for the year ended June 30, 2023, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure B Parcel Tax Fund (Election of 2012) of the District at June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Peralta Community College District's and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure B Parcel Tax Fund specific to the Measure B Parcel Tax (Election of 2012), and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2023 on our consideration of the District's Measure B Parcel Tax Fund (Election of 2012) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Measure B Parcel Tax Fund (Election of 2012) internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
December 30, 2023

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND – ELECTION 2012
BALANCE SHEET
JUNE 30, 2023**

ASSETS

Investments	\$ 1,807,728
Due From Other Funds	2,008,943
Accounts receivable	<u>27,150</u>
Total Assets	<u>\$ 3,843,821</u>

LIABILITIES

Liabilities

Accrued liabilities	\$ 1,466,023
Due to Other funds	<u>2,008,943</u>
Total Liabilities	<u>3,474,966</u>

FUND BALANCE

Restricted:

Special Purposes	<u>368,855</u>
Total Fund Equity	<u>368,855</u>
Total Liabilities and Fund Balance	<u>\$ 3,843,821</u>

**PERALTA COMMUNITY COLLEGE DISTRICT
 MEASURE B PARCEL TAX FUND – ELECTION 2012
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
 YEAR ENDED JUNE 30, 2023**

REVENUES	
Local revenues	\$ 49,000
Investment income	<u>27,687</u>
Total Revenues	<u>76,687</u>
EXPENDITURES	
Employee Salaries	8,021
Employee Benefits	<u>5,902</u>
Total Expenditures	<u>13,923</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>62,764</u>
FUND BALANCE	
Beginning of the year	400,418
Prior period adjustment	<u>(94,327)</u>
End of the year	<u>\$ 368,855</u>

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND – ELECTION 2012
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Peralta Community College District (the District) Measure B Parcel Tax Fund (Election of 2012) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The Measure B Parcel Tax Fund accounts for the financial transactions in accordance with the policies and procedures of the California Community Colleges Chancellor's Office *Budget and Accounting Manual*.

Financial Reporting Entity

The audited financial statements include only the activities of the Measure B Parcel Tax Fund (Election of 2012). The Fund was established to account for the receipt of proceeds of the Measure B Parcel Tax Fund approved by the voters within the District Boundaries in June 2012. These financial statements are not intended to present fairly the financial position and changes in financial position of the District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The activities of the Measure B Parcel Tax Fund (Election of 2012) are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to, and accounted for, in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

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

Governmental funds are generally accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered), except for unmatured interest on the general obligation bonds, which are recognized when due.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The District's governing board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND – ELECTION 2012
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances lapse at June 30.

Use of Estimates

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Fund Balance

As of June 30, 2023, the fund balance of the Measure B Parcel Tax Fund (Election of 2012) was classified as follows:

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Risks and Uncertainties

The Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies and our communities. Management of the organization is taking appropriate actions to mitigate the impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of June 30, 2023.

NOTE 2 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.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND – ELECTION 2012
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 2 INVESTMENTS - continued

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 41001). The fair value of the District's investment in the pool is reported in the accounting 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. Treasure Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	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
Count Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Summary of Investments

Alameda County Treasury Investment Pool	<u>Reported Amount</u> <u>\$ 1,807,728</u>
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**PERALTA COMMUNITY COLLEGE DISTRICT
 MEASURE B PARCEL TAX FUND – ELECTION 2012
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2023**

NOTE 2 INVESTMENTS - continued

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 Alameda County Treasury Investment Pool. 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:

Cash and Investment Type	Fair Value	Weighted Average Maturity In Days
Alameda County Treasury Investment Pool	\$ 1,764,329	473 Days

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 Alameda County Investment Pool is not required to be rated nor is it rated as of June 30, 2023.

NOTE 3 FAIR VALUE MEASUREMENTS

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

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

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

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

**PERALTA COMMUNITY COLLEGE DISTRICT
 MEASURE B PARCEL TAX FUND – ELECTION 2012
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2023**

NOTE 3 FAIR VALUE MEASUREMENTS - continued

Uncategorized - Investments in the Alameda County Treasury 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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
Alameda County Treasury Investment Pool	\$ 1,764,329	\$ 1,764,329

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

NOTE 4 ACCRUED LIABILITIES

The accrued liabilities balance at June 30, 2022, represents amounts owed to employees for accrued payroll and benefits and vendors for both ongoing and completed construction projects in the amount of \$1,466,023.

NOTE 5 INTER-FUND TRANSACTIONS

The balance of \$2,008,943 due to other funds resulted from expenditures paid for by other funds. The amount due from the other funds was \$2,008,943.

NOTE 6 FUND BALANCE

The fund balance is composed of the following element:

<u>Restricted</u>	
Parcel Tax Approved Expenditures	<u>\$ 368,855</u>

NOTE 7 COMMITMENTS AND CONTINGENCIES

Construction Commitments

The District is involved with various long-term construction and renovation projects throughout the four college campuses and the District Office. The projects are in various stages of completion and are funded primarily through the voter-approved general obligation bonds.

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, 2023.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND – ELECTION 2012
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 8 PRIOR PERIOD ADJUSTMENT

A prior period adjustment, in the amount of (\$94,327) was made due to final journal entries made at the end of Fiscal year 2021-22.



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

Board of Trustees and
Measure B Parcel Tax Fund Oversight Committee
Peralta Community College District
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of Peralta Community College District's (the District) Measure B Parcel Tax Fund (Election of 2012) and the related notes to the financial statements as of and for the year ended June 30, 2023, and have issued our report thereon dated December 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over Measure B Parcel Tax Fund financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting for the Measure B Parcel Tax Fund.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Peralta Community College District, Measure B Parcel Tax Fund financial statements are free of material misstatement, we performed tests of the Bond Funds' compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance for the Measure B Parcel Tax Funds. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance for the Bond Fund. Accordingly, this communication is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 30, 2023

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND – ELECTION 2012
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

There were no findings related to the financial audit of the Measure B Parcel Tax Fund for the year ended June 30, 2023.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND – ELECTION 2012
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

There were no prior year findings related to the financial audit of the Measure B Parcel Tax Fund for the year ended June 30, 2022.