

PERALTA COMMUNITY COLLEGE DISTRICT
REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
YEAR ENDED JUNE 30, 2021



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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Peralta Community College District
Oakland, California

Report on the Financial

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Peralta Community College District (the District) as of and for the year ended June 30, 2021, 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 misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions 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 auditors' 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matters

The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the District reported a restatement for the change in accounting principle (See Note 20). Our auditor's opinion is not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required supplementary information schedules as listed in the aforementioned table of contents 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 an opinion on the District's financial statements as a whole. The supplementary schedules as referenced in the table of contents, including the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, schedule of state financial assistance, as required by *2020-21 Contracted District Audit Manual*, and the continuing disclosure information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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.

Board of Trustees
Peralta Community College District

The history and organization has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 14, 2022, 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.



CliftonLarsonAllen LLP

Glendora, California
March 14, 2022

**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

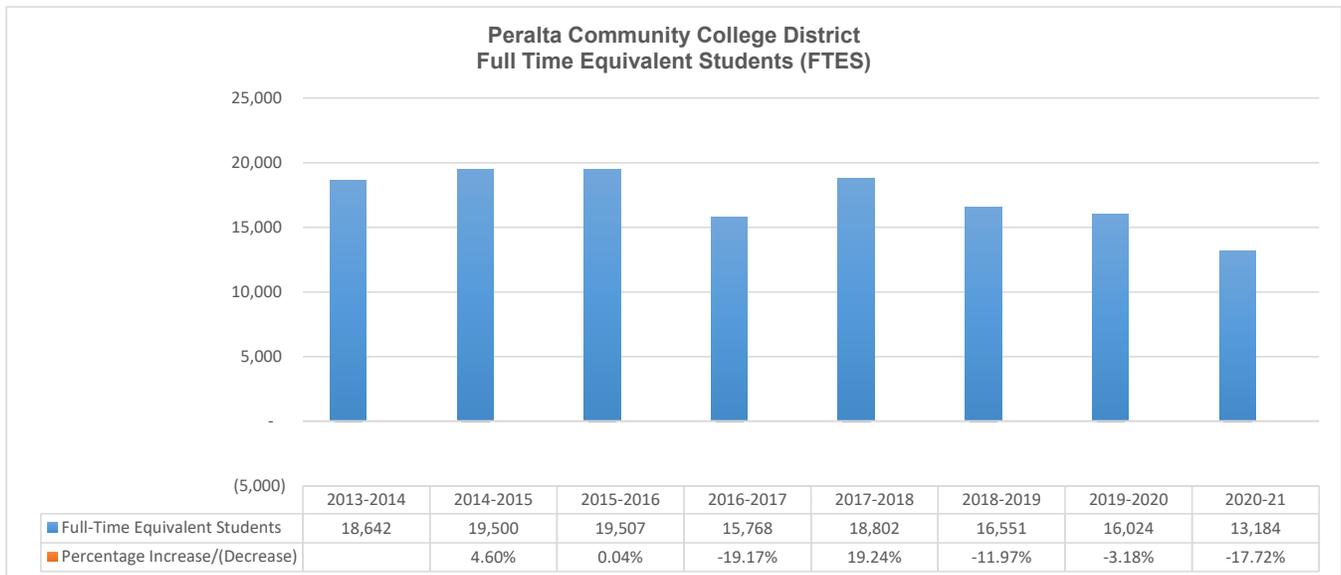
Introduction

The following discussion and analysis provides an overview of the financial position and activities of Peralta Community College District (the District) for the year ended June 30, 2021. The discussion has been prepared by management and should be read in conjunction with the financial statements and notes which follow this section.

The Peralta Community College District was founded in 1964 and serves six cities in the East Bay Area, including Albany, Alameda, Berkeley, Emeryville, Oakland, and Piedmont. The four colleges comprising the District include: Berkeley City College, College of Alameda, Laney College, and Merritt College. The District has a reputation for developing effective approaches to serving the varied interests and needs of its vibrant community. The District serves over 22,105 students a semester, and is one of the top community college districts in California in transferring students into the UC system. Currently, 979 full time employees and over 1401 part-time faculty and staff are employed by the District.

Selected Highlights

- The District's primary funding source is based upon apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). During the fiscal year 2020-2021, Peralta Colleges generated 13,184 FTES (including credit and noncredit FTES), as compared to 16,024 in the fiscal year 2019-20. This represents an 17.72 percent decrease. FTES is generated at the District's four colleges: Berkeley City College, College of Alameda, Laney College, and Merritt College.
- FTES claimed by the District in 2020-21, 13,184 included utilizing all of summer enrollment/FTES, a decrease in the FTES claimed in 2019-2020 of 16,024 which also included prior year summer enrollment.



**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Selected Highlights (Continued)

- Unrestricted General Fund revenues for the year were \$143,296,144 a decrease of 2.62 percent from prior year's revenue of \$147,153,473. This was due, in large part, to the base increase community colleges received in the current year.
- Unrestricted General Fund expenditures for the year were \$142,015,781, decrease of .17 percent over prior year's expenditures of \$142,261,867.
- The District received approximately \$2,211,442 in Student Success and Support Program funding allocated to the four Colleges.
- The District received approximately \$8,252,725 in Student Equity funding that was distributed among the four Colleges and the District Office.
- The District received approximately \$ 0 in one-time Scheduled Maintenance and Instructional Equipment funding that was distributed among the four Colleges and the District Office.
- Medical benefit rates for both employees and retirees increased by zero percent for Kaiser and remained flat for the Self-Insurance plan over the prior year. The District continues to provide retirees who were hired prior to July 1, 2004, with lifetime medical benefits. For employees hired after July 1, 2004, medical benefits upon retirement are provided until age 65 or Medicare eligibility. The District's aggregate net OPEB liability (TOL) as of June 30, 2021, is \$247,060,126 (\$230,404,727 for those employees hired prior to July 1, 2004, and \$16,655,399 for employees hired after July 1, 2004 and \$506,460 for the Medicare Premium Payment (MPP) Program). In December 2005, the District issued \$153 million in Other Postemployment Benefits (OPEB) Bonds. The proceeds of the bonds have been placed in a revocable trust fund, which may be used only to pay or reimburse the District for payment of retiree health benefit costs or related debt service costs.
- The District will continue to use Measures A and G bonds to pay for various capital improvements to our educational facilities including where progress was subjected to interruption in spring 2020 as a result of the pandemic. They include, but are not limited to, the following:
 - Investment in technology infrastructure District-wide, including wifi at the Colleges.
 - Renovate and improve classrooms, laboratories, and other instructional facilities.
 - District-wide safety systems including disaster preparedness, campus security, and hazardous and toxic waste handling.
 - Renovation of student service buildings and facilities at Laney College, Merritt College, and College of Alameda.
 - Cabling and power upgrades.
 - Construction of a multi-level urban campus for Berkeley City College in Berkeley.
- The District utilizes Measure B proceeds, its special parcel tax, as approved by the voters in June 2012 in the following manner:
 - Restore and maintain core academic programs such as Math, Science, and English.
 - Train students for careers.
 - Prepare students to transfer to four-year universities.

**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the District as of the end of the fiscal year and was prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a point-of-time financial statement whose purpose is to present to the reader a fiscal snapshot of the District. The Statement of Net Position presents end-of-year data concerning assets, liabilities, and net position.

From the data presented, the reader of the Statement of Net Position is able to determine the assets available to continue operations of the District. The reader is also able to determine how much the District owes to vendors and employees. Finally, the Statement of Net Position provides a picture of the assets and their availability for expenditure by the District.

The difference between total assets, deferred outflows, total liabilities, and deferred inflows is one indicator of the current financial condition of the District; the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost, less accumulated depreciation.

The net position is divided into three major categories. The first category, invested in capital assets, provides the equity amount in property, plant, and equipment owned by the District. The second category is expendable restricted assets; these assets are available for expenditure by the District, but must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position, which is available to the District for any lawful purpose of the District.

**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

A summary of the Statement of Net Position as of June 30, 2021 and June 30, 2020, is presented below:

	2021	2020*
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$ 17,629,523	\$ 15,030,205
Accounts Receivable, Net	65,278,875	32,532,506
Other Current Assets	899,355	3,709,505
Total Current Assets	83,807,753	51,272,216
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents	363,659,723	361,834,723
Capital Assets, Net	443,261,193	450,280,251
Total Noncurrent Assets	806,920,916	812,114,974
Total Assets	890,728,669	863,387,190
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding	14,080,768	15,047,106
Interest Rate SWAP	34,705,775	48,844,006
Deferred Outflows of Resources Related to Pensions	39,606,328	36,492,543
Deferred Outflows of Resources Related to OPEB	1,566,187	560,496
Total Deferred Outflows of Resources	89,959,058	100,944,151
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	38,324,144	45,216,506
Unearned Revenue	18,275,195	13,385,727
SWAP Liability	-	42,824
Current Portion of Long-Term Obligations	51,545,613	57,994,343
Total Current Liabilities	108,144,952	116,639,400
NONCURRENT LIABILITIES		
Bonds Payable	475,542,174	475,542,174
Other Long-Term Obligations	618,959,804	631,944,481
LONG-TERM OBLIGATIONS		
	1,094,501,978	1,107,486,655
Total Liabilities	1,202,646,930	1,224,126,055
DEFERRED INFLOWS OF RESOURCES		
Interest Rate SWAP	34,705,775	48,844,006
Deferred Inflows of Resources Related to Pensions	10,524,045	16,799,796
Deferred Inflows of Resources Related to OPEB	1,821,707	1,836,678
Total Deferred Inflows of Resources	47,051,527	67,480,480
NET POSITION		
Net Investment in Capital Assets	35,587,399	39,174,217
Restricted for:		
Debt Service	62,950,496	49,423,291
Capital Projects	7,801,409	3,515,756
Other Activities	6,423,994	7,079,427
Unrestricted Deficit	(381,787,111)	(426,467,885)
Total Net Position	\$ (269,023,813)	\$ (327,275,194)

* Certain reclassifications have been made to the 2020 amounts to conform with the 2021 presentation.

**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

- Approximately 97 percent of the cash equivalent balance per the Statement of Cash Flows is cash deposited in the Alameda County Treasury Pool, and approximately 3 percent is cash deposited in local financial banking institutions. All funds are invested in accordance with Board Policy, which emphasizes prudence, safety, liquidity, and return on investment. The Statement of Cash Flows contained within these financial statements provides greater detail regarding the sources and uses of cash, and the net increase in cash during the 2020-21 fiscal year.
- The majority of the accounts receivable balance is from Federal and State sources for grant and entitlement programs, and student receivables. Receivables totaling \$39,618,272 for reimbursements from Federal and State agencies related to grant awards, \$13,961,317 from miscellaneous sources, and \$18,393,389 for student receivables.
- Capital assets had a net decrease of \$7,019,058. The District had additions of \$16,621,0480 related to construction in progress. Depreciation expense of \$23,640,105 was recognized during 2020-21. Additional information related to capital assets is found in Note 6 of the financial statements.
- Accounts payable are amounts due as of the fiscal year end for goods and services received as of June 30, 2021. Total accounts payable are \$9,992,431; \$5,438,896 of the balance was accrued in the Capital Projects fund, Bond fund, and Special Revenue fund related to capital outlay, \$552,885 is related to Federal and State categorical programs, with the remaining \$4,000,650 due to vendors and suppliers in the normal course of business.
- The District's noncurrent liabilities primarily consist of bonds payable, related to the issuance of Election 2000 Series B, C, and D of the District General Obligation Bonds; Election 2006 Series A, B, and C of the District General Obligation Bonds; Election 2018 Series A of the District General Obligation Bonds and Other Post-Employment Benefit Bonds. The face value of these General Obligation Bonds at the time of initial sale totaled \$727.7 million, and \$669.5 million represents the remaining long-term debt to satisfy these obligations. Additional information related to long-term obligations is found in Note 10 of the financial statements.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the financial results of the District's operations, as well as its nonoperating activities. The distinction between these two activities involves the concepts of exchange and nonexchange. Operating activities are those in which a direct payment or exchange is made for the receipt of specified goods or services. For example, tuition fees paid by the student are considered an exchange for instructional services. The receipt of State apportionments and property taxes, however, do not include this exchange relationship between the payment and receipt of specified goods or services. These revenues and related expenses are classified as nonoperating activities. It is because of the methodology used to categorize between operating and nonoperating, combined with the fact that the primary source of funding that supports the District's instructional activities comes from State apportionment and local property taxes, results in a net operating loss for the District's operations.

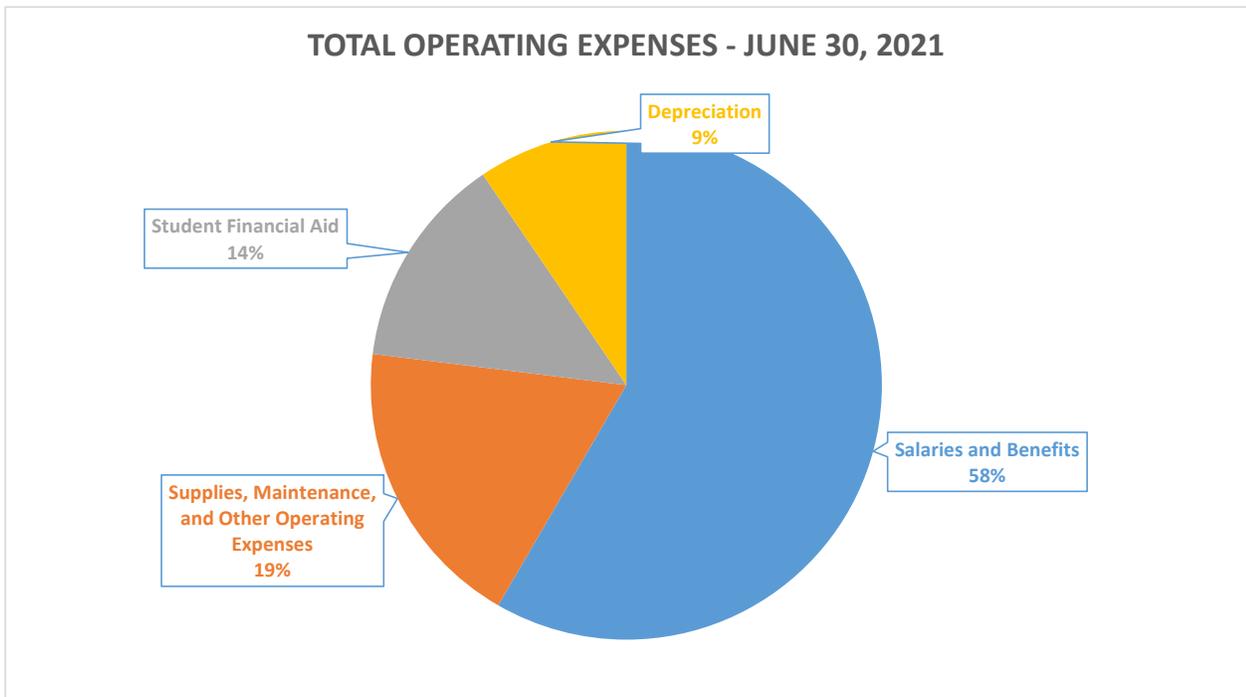
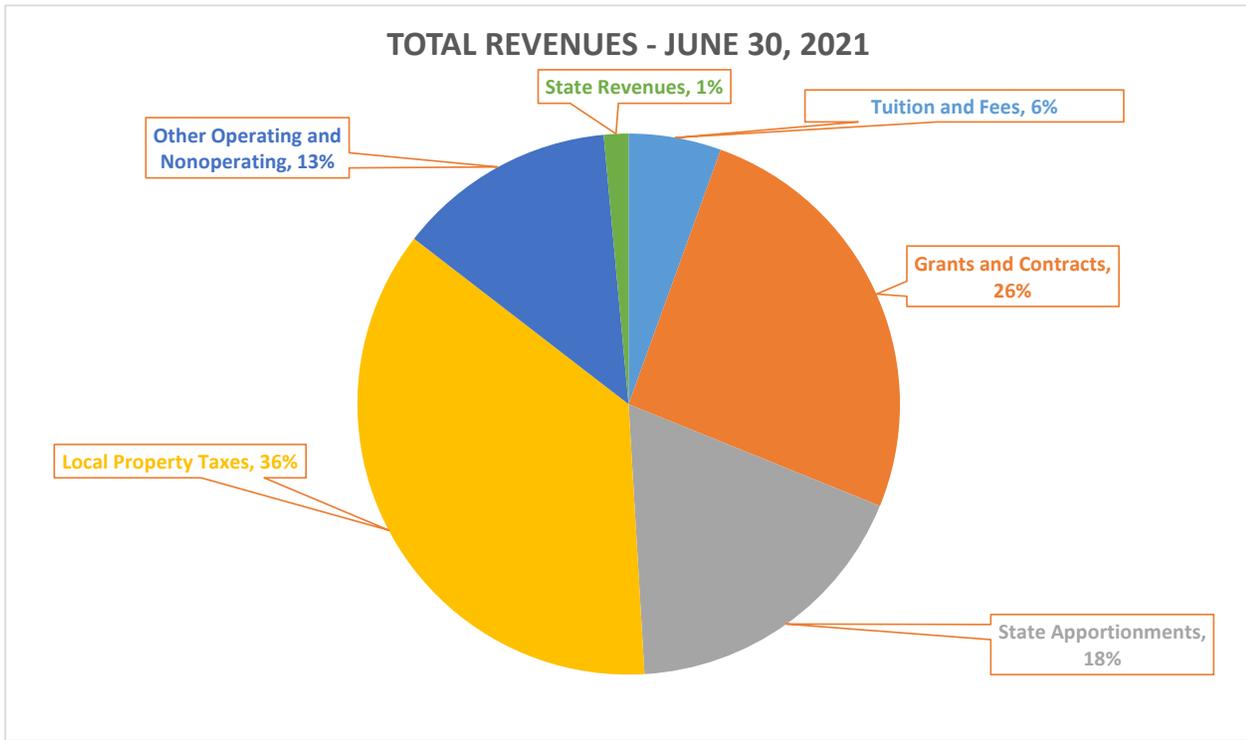
**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

The Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2021 and June 30, 2020, is summarized below:

	<u>2021</u>	<u>2020*</u>
OPERATING REVENUES		
Tuition and Fees	\$ 18,476,088	\$ 16,495,452
Grants and Contracts, Noncapital	55,205,369	54,222,418
Total Operating Revenues	<u>73,681,457</u>	<u>70,717,870</u>
OPERATING EXPENSES		
Salaries and Benefits	145,377,089	210,660,845
Equipment, Supplies, and Maintenance	46,329,686	47,954,365
Student Financial Aid	33,759,232	35,573,198
Depreciation	23,640,105	22,789,129
Total Operating Expenses	<u>249,106,112</u>	<u>316,977,537</u>
OPERATING LOSS	(175,424,655)	(246,259,667)
NONOPERATING REVENUES AND (EXPENSES)		
Federal Grants and Contracts, Noncapital	28,043,570	28,787,638
State Grants and Contracts, Noncapital	2,560,637	3,118,428
State Apportionments, Noncapital	59,979,690	63,223,237
Local Property Taxes	65,421,970	63,654,812
State Taxes and Other Revenues	4,920,904	4,068,267
Interest and Investment Income	42,748,947	9,715,823
Interfund Transfers Out to Fiduciary Funds	-	(350,000)
Total Nonoperating Revenues (Expenses)	<u>203,675,718</u>	<u>172,218,205</u>
OTHER REVENUES AND EXPENSES		
State Apportionments, Capital	-	203,035
Local Property Taxes and Revenues, Capital	56,485,616	30,921,271
Interest and Investment Income, Capital	955,259	906,127
Loss on Disposal of Fixed Assets	-	(5,133,391)
Interest Expense and Costs of Issuing Capital Asset-Related Debt	(29,245,749)	(32,118,707)
Total Other Revenues, Expenses, Gains and Losses	<u>28,195,126</u>	<u>(5,221,665)</u>
Net Decrease in Net Position	<u>\$ 56,446,189</u>	<u>\$ (79,263,127)</u>

* Certain reclassifications have been made to the 2020 amounts to conform with the 2021 presentation.

**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**



**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

- The primary components of tuition and fees are the \$46 per unit enrollment fee that is charged to all students registering for classes and the additional \$258 per unit fee that is charged to all non-resident students.
- Personnel costs across all funds account for 60 percent of operating expenses in fiscal year 2021 compared to 67 percent in 2020. The balance of operating expenses is for supplies, materials, other operating expenses, financial aid, equipment, maintenance, and depreciation expense.
- The principal components of the District's nonoperating revenue are: capital Federal and State grants, State apportionment, local property taxes, other State funding, and interest income. With the exception of interest income, the majority of this revenue is received to support the District's instructional activities. The amount of State general apportionment received by the District is dependent upon the number of FTES generated and reported to the State, less amounts received from enrollment fees and local property taxes. Increases in either of the latter two revenue-categories lead to a corresponding decrease in apportionment.

A schedule of functional expenses is displayed below:

	Salaries	Employee Benefits	Supplies, Material, and Other Operating Expenses and Services	Student Financial Aid	Depreciation	Total
(1) Instructional (0100-5900)	\$ 46,663,768	\$ 16,418,975	\$ 1,913,922	\$ -	\$ -	\$ 64,996,665
(2) Academic Support (6000-6100)	12,090,426	4,358,548	851,623	4,513	-	17,305,110
(3) Student Services (6200-6400)	20,189,592	7,666,394	2,211,576	106,471	-	30,174,033
(4) Operation & Maintenance of Plant (6500)	3,662,813	2,008,887	6,312,529	-	-	11,984,229
(5) Institutional Support (6600-6700)	17,807,420	10,991,421	34,453,295	3,922,915	-	67,175,051
(6) Community Services & Economic Development (6800)	67,372	3,466	7,230	-	-	78,068
(7) Ancillary Services & Auxiliary Operations (6900-7000)	2,194,118	961,492	366,642	-	-	3,522,252
(8) Student Aid (Program 732000)	49,258	-	1,109,999	18,932,228	-	19,142,585
(9) Other Outgo (7100 - Balance of 7300)	163,685	79,453	51,770	10,793,105	-	11,088,013
(10) Depreciation Expense	-	-	-	-	23,640,105	23,640,105
Total	<u>\$ 102,888,452</u>	<u>\$ 42,488,637</u>	<u>\$ 46,329,686</u>	<u>\$ 33,759,232</u>	<u>\$ 23,640,105</u>	<u>\$ 249,106,112</u>

Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This Statement also helps users assess the District's ability to generate positive cash flows, meet obligations as they come due, and the need for external financing.

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the District. The second part details cash received for nonoperating, non-investing, and noncapital financing purposes. The third part shows cash flows from capital and related financing activities. It deals with the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received. The last section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

The Statement of Cash Flows for the fiscal years ended June 30, 2021 and June 30, 2020, is summarized below:

	2021	2020
CASH FROM:		
Operating Activities	\$ (169,415,027)	\$ (169,616,282)
Noncapital Financing Activities	158,336,820	128,100,974
Capital and Related Financing Activities	(20,941,536)	107,559,249
Investing Activities	7,183,133	19,699,893
NET CHANGE IN CASH	(24,836,610)	85,743,834
Cash - Beginning of Year *	174,166,595	86,436,345
CASH - END OF YEAR	\$ 149,329,985	\$ 172,180,179

* Amounts have been restated (See Note 20)

- Cash receipts from operating activities are from student tuition. Use of cash is for payments to employees, vendors, and students related to the instructional program.
- State apportionment received based on the workload measures generated by the District accounts for 36.3 percent and 45.7 percent of noncapital financing for fiscal years 2021 and 2020, respectively. Cash received from property taxes accounts for 41.3 percent in fiscal year 2021 and 49.6 percent in fiscal year 2020 of the cash generated in this section.
- The majority of the activity in the capital and related financing activities is for the purchase of capital assets (buildings, building improvements, and equipment).
- Cash from investing activities is purchase of investments and investment income for interest earned on cash in bank and cash invested through the Alameda County pool, and on investments with local banking institutions.

Aggregate Net Pension Liability (NPL)

At year end, the District has an aggregate net pension liability of \$159,913,929 versus \$153,387,901 last year, an increase of \$6,526,028 or 4.2 percent.

Other Postemployment Benefits Obligation (OPEB)

During the year ended June 30, 2018, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees. The District's has a total OPEB liability (TOL) of \$248,907,201 as of June 30, 2021.

**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Other Postemployment Benefits Obligation (OPEB) (Continued)

In December 2005, the District issued \$153,749,832 aggregate principal amount of Taxable 2005 Limited Obligation OPEB (Other Postemployment Benefits) Bonds to fund a \$150,000,000 deposit to the Retiree Health Benefit Program Fund. The Retiree Health Benefit Program Fund has been invested in various financial instruments as directed by the District's Retirement Board of Authority and/or an investment advisor as selected by the Retirement Board of Authority. The District may cause a draw from the Retiree Health Benefit Fund for the payment of Retiree Health Benefit Costs or defeasance of Outstanding Bonds. From time to time, the District has made deposits and withdrawals from the Retiree Health Benefit Program Fund in accordance with the Indenture of Trust. As of June 30, 2021, the balance of the Retiree Health Benefit Program Fund was \$1,326,881.

Economic Factors that May Affect the Future

The District continues to focus its efforts in enhancing strategic enrollment management designed to provide excellent educational opportunities. The District looks forward with continued cautious optimism that has served it well over the recent past. Importantly, the District has begun engaging in marketing and educational programming strategies, hopeful that these endeavors position it to meet with vigor, the post-pandemic environment in 2020-21 and thereafter.

The State economy is improved but yet uncertain: property taxes and personal income taxes are forecasted to increase, albeit slightly, over the next year, and the extension of Proposition 30 via the November 2018 ballot (Proposition 55) bodes well. The Legislative Analyst's Office, in its most recent assessment, derives an "improved outlook" with an emphasis on economic recovery from an operational deficit as a result of the impact of the pandemic – e.g. – tax credits – incentives for job creation - workforce investments – rebuilding of reserves.

With respect to the State's economy, a slight increase in funding is projected for the California community colleges in the form of targeted, restricted resources – additional unrestricted funds would assist with the continued rise in operating costs, the most substantial being, of course, the escalating costs of STRS and PERS.

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 demonstrate the District's accountability for the money it receives. If you have questions about this report, or need any additional financial information, contact the District at: Peralta Community College District, 333 East 8th Street, Oakland, California 94606.

FINANCIAL SECTION

**PERALTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 17,629,523
Accounts Receivable, Net	65,278,875
Prepaid Expenses	784,816
Inventories	114,539
Total Current Assets	83,807,753

NONCURRENT ASSETS

Restricted Cash and Cash Equivalents	131,700,466
Restricted Investments	231,959,257
Capital Assets, Net	443,261,193
Total Noncurrent Assets	806,920,916

Total Assets	890,728,669
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DEFERRED OUTFLOWS OF RESOURCES

Deferred Charge on Refunding	14,080,768
Interest Rate SWAP	34,705,775
Deferred Outflows of Resources Related to Pensions	39,606,328
Deferred Outflows of Resources Related to OPEB	1,566,187
Total Deferred Outflows of Resources	89,959,058

Total Assets and Deferred Outflows of Resources	\$ 980,687,727
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See accompanying Notes to Financial Statements.

**PERALTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2021**

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 9,992,431
Accrued Interest Payable	11,974,878
Accrued Liabilities	16,356,835
Amounts Held in Trust for Others	13,083
Unearned Revenue	18,275,195
Current Portion of Long-Term Obligations	51,545,613
Total Current Liabilities	<u>108,158,035</u>

NONCURRENT LIABILITIES

Long-Term Debt Obligations	<u>1,094,501,978</u>
Total Noncurrent Liabilities	<u>1,094,501,978</u>

Total Liabilities	1,202,660,013
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DEFERRED INFLOWS OF RESOURCES

Interest Rate SWAP	34,705,775
Deferred Inflows of Resources Related to Pensions	10,524,045
Deferred Inflows of Resources Related to OPEB	1,821,707
Total Deferred Inflows of Resources	<u>47,051,527</u>

NET POSITION

Net Investment in Capital Assets	35,587,399
Restricted for:	
Debt Service	62,950,496
Capital Projects	7,801,409
Scholarships and Loans	(162,919)
Other Special Services	6,586,913
Unrestricted	(381,787,111)
Total Net Position	<u>(269,023,813)</u>

Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 980,687,727</u>
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**PERALTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021**

OPERATING REVENUES

Student Tuition and Fees	\$ 25,640,013
Less: Scholarship Discount and Allowance	(7,163,925)
Net Tuition and Fees	18,476,088
Grants and Contracts, Noncapital:	
Federal	6,885,750
State	43,882,944
Local	4,436,675
Total Grants and Contracts, Noncapital	55,205,369
Total Operating Revenues	73,681,457

OPERATING EXPENSES

Salaries	102,888,452
Employee Benefits	42,488,637
Supplies, Materials, and Other Operating Expenses and Services	42,614,618
Student Financial Aid	33,759,232
Utilities	3,715,068
Depreciation	23,640,105
Total Operating Expenses	249,106,112

OPERATING LOSS

(175,424,655)

NONOPERATING REVENUES (EXPENSES)

Federal Grants and Contracts, Noncapital	28,043,570
State Grants and Contracts, Noncapital	2,560,637
State Apportionments, Noncapital	59,979,690
Local Property Taxes	65,421,970
State Taxes and Other Revenues	4,920,904
Interest and Investment Income	42,748,947
Total Nonoperating Revenues (Expenses)	203,675,718

INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES

28,251,063

Other Revenues, Expenses, Gains and Losses

Local Property Taxes and Revenues, Capital	56,485,616
Interest and Investment Income, Capital	955,259
Interest Expense and Costs of Issuing Capital Asset-Related Debt	(29,245,749)
Total Other Revenues, Expenses, Gains and Losses	28,195,126

CHANGE IN NET POSITION

56,446,189

Net Position - Beginning of Year as Previously Reported	(327,275,194)
Cumulative Effect of Change in Accounting Principles (See Note 20)	1,805,192
Net Position - Beginning of Year as Restated	(325,470,002)

NET POSITION - END OF YEAR

\$ (269,023,813)

See accompanying Notes to Financial Statements.

**PERALTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees (Net)	\$ 10,781,114
Federal and State Grants and Contracts	38,478,654
Local Grants and Contracts	7,432,688
Payments to Vendors for Supplies and Services	(42,821,961)
Payments to or on Behalf of Employees	(149,526,048)
Payments to or on Behalf of Students	(33,759,232)
Amounts received/(paid) in trust	(242)
Net Cash Provided (Used) by Operating Activities	<u>(169,415,027)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Apportionments and Receipts	57,439,032
Federal Grants and Contracts	28,097,574
Local Property Taxes	65,421,970
State Taxes and Other Revenue	7,378,244
Net Cash Provided (Used) by Noncapital Financing Activities	<u>158,336,820</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Local Revenue for Capital Purposes	56,127,352
Interest on Investments, Capital Funds	1,301,240
Net Purchase and Sale of Capital Assets	(20,812,924)
Principal Paid on Capital Related Debt	(33,357,387)
Interest Paid on Capital Related Debt	(24,199,817)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(20,941,536)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales of Investments	171,609,739
Purchase of Investments	(156,508,158)
Investment Income, net	(7,918,448)
Net Cash Provided (Used) by Investing Activities	<u>7,183,133</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

(24,836,610)

Cash and Cash Equivalents - Beginning of Year *

174,166,599

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 149,329,989

*Amount has been restated (See Note 20)

**PERALTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

**RECONCILIATION OF NET OPERATING LOSS TO NET CASH
FLOWS PROVIDED BY OPERATING ACTIVITIES**

Operating Loss	\$ (175,424,655)
Adjustments to Reconcile Operating Loss to Net Cash Flows Provided by Operating Activities:	
Depreciation	23,640,105
Changes in Assets, Deferred Outflows, Liabilities and Deferred Inflows:	
Receivables, Net	(21,804,289)
Inventories	28,685
Prepaid Expenses	2,781,465
Deferred Outflows of Resources Related to OPEB	(1,005,691)
Deferred Outflows of Resources Related to Pensions	(3,113,785)
Deferred Outflows of Resources Related to Interest Rate SWAP	14,138,231
Accounts Payable	697,575
Accrued Liabilities	(5,380,226)
Amount Held For Others	(242)
Unearned Revenue	4,815,288
Aggregate Net OPEB Liability	2,792,984
Aggregate Net Pension Obligation	6,526,028
Medical Premium Payment	44,461
Load Banking	129,933
Compensated Absences	715,678
Other Liabilities	1,432,381
Deferred Inflows of Resources Related to OPEB	(14,971)
Deferred Inflows of Resources Related to Pensions	(6,275,751)
Deferred Inflows of Resources Related to Interest Rate SWAP	(14,138,231)
Total Adjustments	6,009,628
Net Cash Provided by Operating Activities	\$ (169,415,027)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash in Banks	\$ 17,629,523
Investment in County Treasury	131,700,466
Total Cash and Cash Equivalents	\$ 149,329,989

**SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING
ACTIVITIES**

On Behalf Payments for Benefits	\$ 4,697,078
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See accompanying Notes to Financial Statements.

**PERALTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
OTHER POSTEMPLOYMENT BENEFITS PLAN
JUNE 30, 2021**

	<u>Retiree (OPEB) Trust</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 1,326,881</u>
Total Assets	<u>1,326,881</u>
 NET POSITION - RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS	 <u><u>\$ 1,326,881</u></u>

See accompanying Notes to Financial Statements.

**PERALTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN NET POSITION
OTHER POSTEMPLOYMENT BENEFITS PLAN
JUNE 30, 2021**

	Retiree (OPEB) Trust
ADDITIONS	
Employer Contributions	\$ 532,812
Investment Income:	
Interest and Investment Income	224,555
Investment Expense	<u>(1,347)</u>
Net Investment Income	<u>223,208</u>
Total Additions	756,020
 DEDUCTIONS	
Benefit Payments	<u>532,812</u>
Total Deductions	<u>532,812</u>
 CHANGE IN NET POSITION	 223,208
 NET POSITION - RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS - BEGINNING OF YEAR	 <u>1,103,673</u>
 NET POSITION - RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS - END OF YEAR	 <u><u>\$ 1,326,881</u></u>

See accompanying Notes to Financial Statements.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 ORGANIZATION

Peralta Community College District (the District) was established in 1964 as a political subdivision of the state of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected seven-member board of trustees form of government, which establishes the policies and procedures by which the District operates. The board of trustees 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 four college campuses located in Alameda, Oakland, and Berkeley, California. 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, the District.

Peralta Community College District and the Golden West Financing Authority, as represented by the 2005 General Obligation Revenue Bonds, Series B, have a financial and operational relationship that meets the reporting definition antenna of GASB Statement No. 14, The Financial Reporting Entity, for the inclusion of the related debt. Therefore, the related debt has been included in the financial statements of the District.

The following entity does not meet the above criteria for inclusion as a component unit of the District.

Peralta Colleges Foundation, Inc.

Peralta Colleges Foundation, Inc. (the Foundation) is a legally separate, tax-exempt organization. The Foundation acts primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the District by the donors. Because the number of receipts from the Foundation is insignificant to the District as a whole, the Foundation is not considered a component unit of the District with the inclusion of the statements as a discretely presented component unit. Financial statements for the Foundation can be obtained from the Foundation's Business Office at 333 East 8th Street, Oakland, California 94606.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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 government-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. 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.

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 noncapital grants and contracts.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, federal and state financial aid 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 financial aid grants 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.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, No. 39, and No. 61. 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 unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows.

Investments

In accordance with GASB Statement No. 72, *Accounting and Financial Reporting for*, investments held at June 30, 2021, 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 to be set aside by the District for the purpose of satisfying certain requirements.

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.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

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 has recorded an allowance for uncollectible related to student receivables. The allowance is based upon management's estimates and analysis. The allowance was estimated at \$9,691,673 for the year ended June 30, 2021.

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30, 2021.

Inventories

Inventories consist primarily of operating supplies. 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 \$50,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 to 40 years; equipment, 5 to 20 years; vehicles, 5 to 10 years.

Accrued Liabilities and Long-Term Obligations

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

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Hedging Derivative Instruments (Interest Rate SWAPS)

The District accounts for derivatives in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, (GASB Statement No. 53). GASB Statement No. 53 requires that hedging derivative instruments (Hedging Transactions) be recorded at fair value and establishes certain requirements for revenue recognition, measurement, and disclosure related to Hedging Transactions. The District's Hedging Transactions have been tested for effectiveness under the guidelines prescribed by GASB Statement No. 53. The District utilized one of the three quantitative methods required by GASB Statement No. 53, the dollar-off set method.

Debt Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method.

Deferred Charges on Refunding

Deferred charges on refunding is amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter.

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, interest rate SWAPS, for pension related items 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 interest rate SWAPS, pension related items and OPEB 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.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Medicare Premium Liability

For purposes of measuring the District's liability related to the Medicare Premium Payment (MPP) Program, the fiduciary net position of the MPP Program and additions to/deductions from the MPP Program fiduciary net position have been determined on the same basis as they are reported by the MPP Program. There are no significant deferred outflows of resources or deferred inflows of resources related to the MPP Program or for MPP Program expenses. For this purpose, the MPP Program recognizes benefit payments when due and payable in accordance with the benefit terms. The MPP Program reports its investments at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The related liability for the District's proportionate share of the MPP Program is reported in the financial statements; as the plan is not material additional disclosures are not included.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the District's OPEB Plan and the CalSTRS Medicare Premium Payment (MPP) Program fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by District's OPEB Plan and MPP. For this purpose, the District's OPEB Plan and MPP recognizes benefit payments when due and payable in accordance with the benefit terms.

Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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 government-wide financial statements. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the government-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 employees 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.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

Unearned revenue arises 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 general obligation bonds, OPEB bond obligations, compensated absences, claims liability, load banking, the aggregate net OPEB liability, 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.

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.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

Classification of Revenues

The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB Statements No. 34 and No. 35. Classifications are as follows:

Operating Revenues - Operating revenues include activities that have the characteristics of exchange transactions such as student tuition and fees, net of scholarship discounts and allowances, and Federal, State, and local grants and contracts.

Nonoperating Revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, federal subsidies for PELL, and other revenue sources defined in GASB Statements No. 34 and No. 35.

Classification of Expenses

Nearly all of the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

Operating Expenses - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

Nonoperating Expenses - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

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 Alameda 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 Alameda bills and collects the taxes on behalf of the District. Local property tax revenues are recorded in the unrestricted General Fund when received.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

The voters of the District passed a general obligation bond in 2006 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 set aside for repayment to the bond holders in the Bond Interest and Redemption Fund.

The voters of the District passed a Parcel Tax (Measure B) on June 5, 2012, for the general revenues of the District. The parcel tax levies \$48 per parcel for eight years to provide for core academic programs, training, and education of students attending the District and transferring to university. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

In addition, the voters of the District passed a Parcel Tax (Measure E) on November 6, 2018, for the general revenues of the District. The parcel tax levies \$48 per parcel for eight years to provide for core academic programs, training, and education of students attending the District and transferring to university. 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.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, Federal Supplemental Educational Opportunity Grants (FSEOG), 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.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Activity

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

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, 2021.

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

In accordance with the Budget and Accounting Manual, the District maintains substantially all of its cash in the county treasury as part of the common investment pool. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the Alameda County Investment 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 Alameda County Treasurer, which is recorded on the amortized cost basis.

Other Investments

The District maintains investments outside the Alameda County Investment Pool as allowed by the District's investment policy. The District relies on a third party investment firm to manage the investment portfolio. The investments are stated at fair value.

General Authorizations

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

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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	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
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

Authorized 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.

Summary of Deposits and Investments

Deposits and investments as of June 30 consist of the following:

Cash on Hand and in Banks	\$ 10,161,982
Cash in Revolving	59,147
Investments	371,068,117
Total Deposits and Investments	<u>\$ 381,289,246</u>

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 Investment Pool and various short-term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of \$139,108,860 with the Alameda County Investment Pool with a weighted maturity of 593 days. Additionally, OPEB bond proceeds of \$231,959,257 and \$1,326,881 in an OPEB Trust have been invested in other instruments which equate to the CalPERS investment strategy.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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 investments in the Alameda County Investment Pool and OPEB Trust are not required to be rated, nor have they been rated as of June 30, 2021.

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 for deposits. 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% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2021, the District's bank balance of \$12,074,697 of the District's bank balance of \$10,917,030 was not collateralized.

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.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Uncategorized - Investments in the Alameda 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:

<u>Asset Type</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Uncategorized</u>
Alameda County Investment Pool	\$ 131,700,466	\$ -	\$ -	\$ -	\$ 131,700,466
First American Government					
Obligation Fund	6,960,002	-	6,960,002	-	-
Fixed Income	96,230,960	71,698,267	24,532,693	-	-
Equities	118,766,490	118,766,490	-	-	-
Private Equities	8,834,850	-	-	8,834,850	-
Money Market	1,166,955	1,166,955	-	-	-
Derivative Instruments					
(Interest Rate SWAPS)	34,705,775	-	34,705,775	-	-
Total	<u>\$ 398,365,498</u>	<u>\$ 191,631,712</u>	<u>\$ 66,198,470</u>	<u>\$ 8,834,850</u>	<u>\$ 131,700,466</u>

<u>Investments at Fair Value</u>	<u>Level 3 Inputs</u>
Balance - July 1, 2020	\$ 5,513,781
Net Realized and Unrealized Gains	3,321,069
Balance - June 30, 2021	<u>\$ 8,834,850</u>

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

NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2021, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

	<u>Primary Government</u>
Federal Government	\$ 2,554,925
State Government	37,063,347
Miscellaneous	7,267,214
Total	<u>46,885,486</u>
Student Receivables	28,085,062
Less: Allowance for Bad Debt	<u>(9,691,673)</u>
Student Receivables, Net	<u>18,393,389</u>
Total Accounts Receivable	<u>\$ 65,278,875</u>

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 CAPITAL ASSETS

Capital asset activity for the primary government for the fiscal year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Transfers	Additions	Deductions	Balance June 30, 2021
Capital Assets not Being Depreciated					
Land	\$ 11,913,296	\$ -	\$ -	\$ -	\$ 11,913,296
Construction in Progress	56,962,799	-	16,621,048	(15,792,007)	57,791,840
Total Capital Assets not Being Depreciated	<u>68,876,095</u>	<u>-</u>	<u>16,621,048</u>	<u>(15,792,007)</u>	<u>69,705,136</u>
Capital Assets Being Depreciated					
Buildings	315,313,940	-	-	-	315,313,940
Site Improvements	272,047,272	-	15,581,661	-	287,628,933
Software and IT Development	39,000,088	-	-	-	39,000,088
Machinery and Equipment	61,515,730	-	210,345	-	61,726,075
Total Capital Assets Being Depreciated	<u>687,877,030</u>	<u>-</u>	<u>15,792,006</u>	<u>-</u>	<u>703,669,036</u>
Total Capital Assets	756,753,125	-	32,413,054	(15,792,007)	773,374,172
Less: Accumulated Depreciation Buildings					
Buildings	142,791,318	-	5,795,878	-	148,587,196
Site Improvements	79,788,907	-	12,759,377	-	92,548,284
Software and IT Development	35,069,133	-	1,327,516	-	36,396,649
Machinery and Equipment	48,823,516	-	3,757,334	-	52,580,850
Total Accumulated Depreciation	<u>306,472,874</u>	<u>-</u>	<u>23,640,105</u>	<u>-</u>	<u>330,112,979</u>
Net Capital Assets	<u>\$ 450,280,251</u>	<u>\$ -</u>	<u>\$ 8,772,949</u>	<u>\$ (15,792,007)</u>	<u>\$ 443,261,193</u>

Depreciation expense of \$23,640,105 was recorded during the year.

NOTE 7 ACCOUNTS PAYABLE

Accounts payable at June 30, 2021 consists of the following:

	Primary Government
Construction	\$ 5,438,896
State Categorical	552,885
Other Vendors and Supplies	4,000,650
Total	<u>\$ 9,992,431</u>

NOTE 8 UNEARNED REVENUE

Unearned revenue at June 30, 2021 consists of the following:

	Primary Government
Federal Government	\$ 136,364
State Government	16,943,480
Enrollment Fees	1,102,295
Other Local	93,056
Total	<u>\$ 18,275,195</u>

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund receivables and payables result when the interfund transfer is transacted after the close of the fiscal year. Interfund activity within funds has been eliminated in the basic financial statements.

NOTE 10 LONG-TERM OBLIGATIONS

A schedule of changes in long-term obligations during the fiscal year June 30, 2021 consist of the following:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
General Obligation Bonds					
Measure E (2000)					
Construction Bonds Payable	\$ 192,925,000	\$ -	\$ 12,405,000	\$ 180,520,000	\$ 12,900,000
Premiums	23,374,572	-	1,851,995	21,522,577	1,709,057
Measure A (2006)					
Construction Bonds Payable	220,525,000	-	13,840,000	206,685,000	3,290,000
Premiums	34,045,640	-	2,270,291	31,775,349	2,270,291
Measure G (2018)					
Construction Bonds Payable	50,000,000	-	-	50,000,000	21,795,000
Premiums	2,711,961	-	90,904	2,621,057	90,904
Limited Obligation Bonds					
Other Postemployment Benefits (OPEB) Bonds Payable	140,396,395	-	7,112,387	133,284,008	5,279,375
Accreted Interest	88,203,316	9,337,661	2,841,956	94,699,021	4,210,986
Other Long-Term Obligations					
Claims Liability	3,951,000	2,325,862	893,481	5,383,381	-
Compensated Absences	7,145,525	715,678	-	7,861,203	-
Load Banking	2,194,011	129,933	-	2,323,944	-
Medicare Premium Payment Plan	506,460	44,461	-	550,921	-
Net OPEB Liability	246,114,217	2,792,984	-	248,907,201	-
Net Pension Liability	153,387,901	6,526,028	-	159,913,929	-
Total Long-Term Obligation	<u>\$ 1,165,480,998</u>	<u>\$ 21,872,607</u>	<u>\$ 41,306,014</u>	<u>\$ 1,146,047,591</u>	<u>\$ 51,545,613</u>

Liabilities for compensated absences, pension liabilities, and OPEB obligations are liquidated by the governmental fund in which associated salaries are reported. General obligation bond liabilities are liquidated through property tax collections as administered by the County Controller's office through the Bond Interest and Redemption Fund. Debt service payments on the Other Postemployment Benefits (OPEB) Bonds will be made from the Unrestricted General Fund and the Deferred Compensation Trust Fund.

The District participates in the Medicare Premium Payment (MPP) Program of the California State Teachers' Retirement Plan (the STRP). The District's proportionate share of the liability is 0.1300%. As the plan activity and the District's proportionate share of the total OPEB liability is not significant, additional disclosures regarding the plan are not included in these financial statements.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 GENERAL OBLIGATION BONDS

The District has three general obligation bonds that were authorized by an election held within the District. The bonds were authorized to finance specific construction and modernization projects and furnish and equip District facilities.

The outstanding general obligation debt is as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding June 30, 2021
2012 Refunding	3/28/2012	8/1/2034	2.000-5.000%	\$ 59,005,000	\$ 39,525,000
2014A Refunding	8/21/2014	8/1/2035	2.000-5.000%	127,505,000	105,340,000
2014B Refunding	8/21/2014	8/1/2032	2.000-5.000%	30,220,000	16,105,000
2020 Refunding	5/27/2020	8/1/2031	5.000%	19,550,000	<u>19,550,000</u>
Total Measure G (2000)					<u>180,520,000</u>
2016D	6/16/2016	8/1/2039	3.500%	50,000,000	50,000,000
2016A Refunding	6/16/2016	8/1/2039	3.000-5.000%	107,825,000	103,060,000
2020E-1	5/22/2020	8/1/2030	5.000%	53,625,000	<u>53,625,000</u>
Total Measure A (2006)					<u>206,685,000</u>
2020A	5/22/2020	8/1/2050	5.000%	50,000,000	<u>50,000,000</u>
Total Measure E (2018)					<u>50,000,000</u>
Total General Obligation Bonds Payable					<u><u>\$ 437,205,000</u></u>

Proposition 39 General Obligation Bonds - Measure G (2000)

On November 7, 2000, \$153.2 million in general obligation bonds were authorized by an election (Measure G) held within the District.

The annual debt service requirement to maturity for the general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 12,900,000	\$ 8,200,782
2023	12,945,000	7,558,282
2024	13,585,000	6,922,807
2025	14,210,000	6,255,832
2026	11,845,000	5,556,082
2027-2031	71,430,000	18,713,273
2032-2036	43,605,000	2,507,042
Total	<u><u>\$ 180,520,000</u></u>	<u><u>\$ 55,714,100</u></u>

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The collective bonds included total premiums of \$21,522,577 which are amortized using the straight-line method. Amortization of \$1,851,995 was recognized during the fiscal year ended June 30, 2021, which includes premiums recognized for the refunded portion of bonds.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 GENERAL OBLIGATION BONDS (CONTINUED)

Proposition 39 General Obligation Bonds - Measure G (2000) (Continued)

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Collective payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$6,068,398. Amortization of \$394,197 was recognized during the fiscal year ended June 30, 2021.

Proposition 39 General Obligation Bonds - Measure A (2006)

On June 6, 2006, \$390 million in general obligation bonds were authorized by an election (Measure A) held within the District.

The annual debt service requirement to maturity for the general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 3,290,000	\$ 9,245,976
2023	4,350,000	9,054,976
2024	5,480,000	8,809,226
2025	6,705,000	8,504,601
2026	8,045,000	8,135,851
2027-2031	57,875,000	32,832,130
2032-2036	54,695,000	20,877,915
2037-2040	66,245,000	5,995,000
Total	<u>\$ 206,685,000</u>	<u>\$ 103,455,675</u>

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The collective bonds included total premiums of \$31,775,349 which are amortized using the straight-line method. Amortization of \$2,270,291 was recognized during the fiscal year ended June 30, 2021, which includes premiums recognized for the refunded portion of bonds.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Collective payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$13,206,927. Amortization of \$572,141 was recognized during the fiscal year ended June 30, 2021.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 GENERAL OBLIGATION BONDS (CONTINUED)

Proposition 39 General Obligation Bonds - Measure E (2018)

On November 16, 2018, \$800 million in general obligation bonds were authorized by an election (Measure E) held within the District.

The annual debt service requirement to maturity for the general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 21,795,000	\$ 1,828,125
2023	21,855,000	736,875
2024	-	190,500
2025	-	190,500
2026	-	190,500
2027-2031	-	952,500
2032-2036	-	952,500
2037-2041	-	952,500
2042-2046	-	952,500
2047-2050	6,350,000	762,000
Total	<u>\$ 50,000,000</u>	<u>\$ 7,708,500</u>

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The collective bonds included total premiums of \$2,621,057 which are amortized using the straight-line method. Amortization of \$90,904 was recognized during the fiscal year ended June 30, 2021, which includes premiums recognized for the refunded portion of bonds.

NOTE 12 LIMITED OBLIGATION BONDS

Taxable 2005 Limited Obligation Other Postemployment Benefits Bonds

In December 2005, the District issued \$153,749,832 aggregate principal amount of Taxable 2005 Limited Obligation OPEB (Other Postemployment Benefits) Bonds to fund the District's obligation to pay certain health care benefits for certain retired District employees and pay certain costs of issuance. The bonds consisted of \$20,015,000 principal amount of fixed rate bonds, and \$133,734,832 initial principal amount of Convertible Auction Rate Securities. The Convertible Auction Rate Securities accrete to matured principal amount of \$394,225,000. Interest rates on the bonds range from 4.71% to 5.52%.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 LIMITED OBLIGATION BONDS (CONTINUED)

2006 Limited Obligation Other Postemployment Benefits Bond Modification and Restructuring

The OPEB Bonds issued in 2005 were subject to an amendment wherein Lehman Brothers purchased three maturities (2006, 2007, and 2008 except \$135,000) in 2006. This is outlined in the "Supplement to the Official Statement" dated as of October 25, 2006, relating to the Taxable 2005 Limited Obligation OPEB Bonds. The purpose of the amendment was to convert 2006, 2007, and 2008 original maturities into bonds maturing August 5, 2049. The vehicle used was a capital accretion type financing that the supplement indicates would fully accrete by August 5, 2009, and would have bonds that mature through August 1, 2049. This financing structure was developed to accommodate District wishes to reduce debt service in the initial years of the financing. Interest rate on the bonds is 6.250%.

2011 Taxable Refunding Bonds

In October 2011, the District refunded the District's outstanding 2009 Taxable OPEB Refunding Bonds. The refunding was a current legal defeasance of the previously issued bonds. The new refunding bonds carry interest rates ranging from 3.47% to 6.91% and mature annually through August 1, 2031. The proceeds of the refunding were used to refinance all of the District's outstanding obligation 2009 Taxable OPEB Refunding Bonds and paying costs of issuing.

The bonds mature through 2032 as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Accreted Interest</u>	<u>Interest</u>
2022	\$ 5,279,375	\$ 4,210,986	\$ 5,503,536
2023	6,082,979	4,494,418	4,951,497
2024	6,771,611	4,966,804	4,330,958
2025	7,682,241	5,358,210	3,635,676
2026	7,807,999	4,278,470	4,413,301
2027-2031	38,564,184	32,137,684	18,430,857
2032-2036	20,772,180	34,377,718	18,820,107
2037-2041	15,129,500	43,526,841	16,224,453
2043-2046	11,623,042	47,989,265	25,693,223
2047-2050	13,570,897	57,473,807	7,432,194
Subtotal	<u>133,284,008</u>	<u>238,814,203</u>	<u>109,435,802</u>
Accumulated Accretion	94,699,020	(94,699,020)	-
Total	<u>\$ 227,983,028</u>	<u>\$ 144,115,183</u>	<u>\$ 109,435,802</u>

Other Postemployment Benefits Letter of Credit

In August 2015, the District converted \$38,450,000 of Convertible Auction Rate Securities (CARS) to variable rate bonds with an LOC from Barclays Bank. As of June 30, 2021, the bonds carry Barclays Bank's short-term rating of VMIG-1 (Moody's Investors Service) and A-1 (Standard & Poor's).

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS

For the fiscal year ended June 30, 2021, the District reported an aggregate net OPEB liability, deferred outflows, and inflows of resources, and OPEB expense for the following plans:

<u>OPEB Plan</u>	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan - Pre-2004	\$ 230,404,727	\$ -	\$ -	\$ 10,155,056
District Plan - Post-2004	18,502,474	1,566,187	1,821,707	2,453,898
Total	<u>\$ 248,907,201</u>	<u>\$ 1,566,187</u>	<u>\$ 1,821,707</u>	<u>\$ 12,608,954</u>

The details of each plan are as follows:

District Plan - Pre-2004 Employees

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Management of the Plan is vested in the District management.

Plan Membership

At June 30 the Plan membership consists of the following:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits Payments	696
Active Employees	<u>207</u>
	<u>903</u>

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 District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of the Plan members and the District are established and may be amended by the District, the bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District Board of Trustees. The District contributed \$10,312,820 to the Plan, all of which was used for current premiums.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

District maintains a OPEB Lifetime Revocable Trust to designate resources for retiree health care costs. As described in Note 12, the District issued limited obligation bonds other postemployment benefit bonds to pay certain health care benefits for certain retired District employee. Proceeds from the limited obligation bonds are invested and maintained in the OPEB Lifetime Revocable Trust. Earnings are used to pay for pay as you go benefits. Committed resources in the fund totaled \$219,942,393 at June 30, 2021.

Total OPEB Liability of the District

The District's total OPEB liability of \$230,404,727 as measured as of June 30, 2021, and the total OPEB liability was determined by an actuarial valuation as June 30, 2020.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	2.75%
Investment Rate of Return	2.16%
Health Care Cost Trend Rates	4.00%

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous and Schools Employees Table for classified employees. Mortality rates vary by age and sex (and sometimes retirement or disability status). If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance - June 30, 2020	\$ 230,562,491
Service Cost	4,001,535
Interest	5,002,951
Changes of Assumptions	1,150,570
Benefit Payments	(10,312,820)
Net Change in Total OPEB Liability	(157,764)
Balance - June 30, 2021	\$ 230,404,727

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

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability (Continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 2.20% to 2.16% since the previous valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or higher than the current rates:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% Decrease (1.16%)	\$ 260,338,088
Current Discount Rate (2.16%)	230,404,727
1% Increase (3.16%)	205,527,024

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower or higher than the current health care costs trend rates:

<u>Healthcare Cost Trend Rates</u>	<u>Net OPEB Liability</u>
1% Decrease (3.00%)	\$ 201,889,226
Current Healthcare Cost Trend Rate (4.00%)	230,404,727
1% Increase (5.00%)	265,123,281

District Plan – Post 2004 Employees

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

Plan Membership

At June 30, 2021, the Plan membership consists of the following:

Inactive Employees or Beneficiaries Currently Receiving Benefits Payments	15
Active Employees	615
	<u>630</u>

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Peralta Community College District OPEB Trust

The District's 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 Retiree Health Benefit Program Joint Powers Agency as directed by the investment alternative choice selected by the Board. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California Government Code Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

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 District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Peralta Federation of Teachers, the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District Board of Trustees. The District contributed \$532,812 to the Plan, which was used for current premiums.

Investment

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 District to pursue an investment strategy that reduces risks through the prudent diversification for 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 allocation over short time spans. The governing board's adopted asset allocation policy is included in actuarial assumptions below.

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 23.56%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability of the District

The District's net OPEB liability of \$18,502,474 was measured as of June 30, 2021, and the net OPEB liability was determined by an actuarial valuation as of June 30, 2020.

Total OPEB Liability	\$ 19,829,354
Plan Fiduciary Net Position	1,326,880
District's Net OPEB Liability	<u>\$ 18,502,474</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>6.69%</u>
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Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	2.75%
Discount Rate	4.25%
Health Care Cost Trend Rates	4.00%

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous and Schools Employees for classified employees. Mortality rates vary by age and sex (and sometimes retirement or disability status). If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability of the District (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on OPEB plan investments was determined using historic 20 year real rates of return for each asset class along with assumed long-term inflation assumptions to set the discount rate. The expected investment return was offset by investment expenses of 25 basis points. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, (see the discussion of the Plan's investment policy) are summarized herein.

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap	29.00 %	7.55 %
US Small Cap	13.00 %	7.55 %
All Foreign Stock	9.00 %	7.55 %
Other Fixed Income	49.00 %	3.00 %

Discount Rate

The discount rate used to measure the total OPEB liability was 4.25%. All contributions are assumed to be from the employer. The interest assumption reflects a municipal bond rate; the Bond Buyer 20 Index at June 30, 2021 and the rate was rounded to 2.16%. The municipal bond rate beyond 23 years resulted in an equivalent valuation rate of 4.25% applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability of the District

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balance - June 30, 2020	\$ 16,655,399	\$ 1,103,673	\$ 15,551,726
Service Cost	1,706,112	-	1,706,112
Interest	862,327	-	862,327
Contributions - Employer	-	523,812	(523,812)
Net Investment Income	-	69,489	(69,489)
Changes of Assumptions	1,129,328	-	1,129,328
Experience Gains/(Losses)	-	-	-
Investment Gains/(Losses)	-	155,065	(155,065)
Benefit Payments	(523,812)	(523,812)	-
Administrative Expense	-	(1,347)	1,347
Net Change in Total OPEB Liability	<u>3,173,955</u>	<u>223,207</u>	<u>2,950,748</u>
Balance - June 30, 2021	<u>\$ 19,829,354</u>	<u>\$ 1,326,880</u>	<u>\$ 18,502,474</u>

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

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Net OPEB Liability of the District (Continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 5.00% to 4.25% since the previous valuation.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District calculated using the District's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or higher than the current rates:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% Decrease (3.25%)	\$ 19,894,500
Current Discount Rate (4.25%)	18,502,474
1% Increase (5.25%)	17,037,477

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower or higher than the current health care costs trend rates:

<u>Healthcare Cost Trend Rates</u>	<u>Net OPEB Liability</u>
1% Decrease (3.00%)	\$ 16,139,553
Current Healthcare Cost Trend Rate (4.00%)	18,502,474
1% Increase (5.00%)	21,401,801

Deferred Outflows and Inflows of Resources Related to OPEB

Deferred outflows of resources results from changes in assumptions and investment gains or losses. A year of amortization is recognized in OPEB expense for the year the assumption changes and the gain or loss occurs. The remaining amount is deferred and will be amortized over the remaining periods. Deferred inflows of resources results from experience gains or losses, changes in assumptions and investment gains or losses. A year of amortization is recognized in OPEB expense for the year the gain or loss occurs and the assumption changes. The remaining amount is deferred and will be amortized over the remaining periods.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Experience Gains/ Losses	\$ -	\$ 1,480,519
Changes in Assumptions	1,559,108	209,497
Investment Gains/ Losses	7,079	131,691
Total	<u>\$ 1,566,187</u>	<u>\$ 1,821,707</u>

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Deferred Outflows and Inflows of Resources Related to OPEB (Continued)

The deferred outflows and inflows of resources will be amortized and recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2022	\$ (46,399)
2023	(46,396)
2024	(42,582)
2025	(44,939)
2026	(13,926)
Thereafter	(61,278)
Total	<u>\$ (255,520)</u>

NOTE 14 INTEREST RATE SWAPS

2005 Limited Obligation Other Postemployment Benefits Bonds

Objective of the Morgan Stanley Interest Rate SWAP. The District entered into a series of six forward starting floating-to-fixed rate interest rate swaps to manage interest rate risk associated with its 2005 Taxable Limited Obligation Other Postemployment Bonds. The OPEB Bonds included six series of bonds that were initially issued at a fixed rate of interest, converting to a variable rate (auction rate) on separate dates and continuing in that mode until maturity of the individual series of bonds. In order to effectively convert the variable rate to a fixed rate for each of the six series of bonds in November 2006, the District entered into separate swap transactions with Morgan Stanley corresponding to each of the individual variable rate periods. Because the swap obligation only arises during the variable rate interest period for each series of bonds, the District does not become obligated to make swap payments until those periods arrive for each series of bonds. As of June 30, 2021, the 2005 Series B-2 through B-6 has a fair market value of (\$34,705,775). The intention of the swap was to effectively change the variable interest rate on the bonds to a synthetic fixed-rate of 4.935%, 5.055%, 5.207%, and 5.279% respectively.

Terms - Under the swap agreement, the District pays a fixed rate of percent (as noted above) and the counterparty pays the District a floating rate option of 100% of London Interbank Offered Rate (LIBOR) with designated maturity of one month.

Credit Risk - As of June 30, 2021, the District was not exposed to credit risk because the swap had a negative fair value. Ongoing swap risks lay if the counterparty defaults and the District incur cost to obtain replacement swap at the same economic terms.

Basis Risk - Adverse changes in the District's or credit providers' financial strength could result in basis risk.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 14 INTEREST RATE SWAPS (CONTINUED)

2005 Limited Obligation Other Postemployment Benefits Bonds (Continued)

Termination Risk - The District or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract.

Derivative Instrument Types

Hedge Effectiveness - As of June 30, 2021, the interest rate swaps, B-3 through B-6, are considered to be effective hedging derivative instruments and are identified above as fair value hedges, change in market values are shown as deferred cash out flows on the statement of net position.

The District used the dollar-offset method to evaluate hedge effectiveness for the interest rate swaps. This method evaluates the effectiveness of a hedge transaction by dividing changes in the fair values or cash flows of the hedged item with those of the potential hedging derivative instrument, or vice versa.

Fair Values

Fair values for the District's derivative instruments were estimated using the following methods:

Interest Rate Swaps - Fair values for the interest rate swaps are valued using the discounted cash flow methodology which considers the net present value of the future scheduled payment from each leg of the SWAP. For the floating leg of a swap, future coupon rates are estimated based on forward rates derived from the relevant interest rate swap yield curve data as of the valuation date. The present value discount factors applied to each future scheduled payment is determined by the LIBOR or Overnight Index Swap, curve data using the zero coupon method.

<u>Trade Date</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Currency</u>	<u>Original Value</u>	<u>Market Value</u>	<u>Fixed Rate</u>
November 28, 2006	August 5, 2039	August 5, 2049	USD	\$ 134,475,000	\$ (14,180,127)	4.935 %
November 28, 2006	August 5, 2031	August 5, 2039	USD	86,650,000	(9,495,817)	5.055 %
November 28, 2006	August 5, 2025	August 5, 2031	USD	57,525,000	(6,583,912)	5.207 %
November 28, 2006	August 5, 2020	August 5, 2025	USD	43,175,000	(4,445,919)	5.279 %

NOTE 15 RISK MANAGEMENT

Property and Liability Insurance Coverage

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ended June 30, 2021, the District contracted with the Alliance of Schools for Cooperative Insurance Program (ASCIP) Joint Powers Authority (JPA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 15 RISK MANAGEMENT (CONTINUED)

Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2019 to June 30, 2021:

	Workers' Compensation
Liability Balance - July 1, 2019	\$ 3,951,000
Net Claims and Changes in Estimates	-
Claims Payments	-
Liability Balance - June 30, 2020	3,951,000
Net Claims and Changes in Estimates	2,325,862
Claims Payments	(893,481)
Liability Balance - June 30, 2021	\$ 5,383,381

Employee Medical Benefits

The District has contracted with the Alameda County Schools Insurance Group (ACSIG) Joint Powers Authority (JPA) to provide employee medical and surgical benefits. The JPA is a shared risk pool comprised of schools in Alameda County. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The board of trustees has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS

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 California State Teachers' Retirement Systems (CalSTRS) and classified employees are members of California Public Employees' Retirement Systems (CalPERS).

For the fiscal year ended June 30, 2021, the District reported the net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

	<u>Pension Plan</u>	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS		\$ 84,310,830	\$ 26,380,669	\$ 7,741,179	\$ 17,351,302
CalPERS		75,603,099	13,225,659	2,782,866	12,155,006
Total		\$ 159,913,929	\$ 39,606,328	\$ 10,524,045	\$ 29,506,308

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

The details of each plan are as follows:

**CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (CALSTRS) PLAN
DESCRIPTION**

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost-sharing multiemployer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

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% 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 on June 30, 2021, are summarized as follows:

	STRP Defined Benefit Program	
	On or Before December 31, 2012	On or After January 1, 2013
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	10.250%	10.205%
Required Employer Contribution Rate	16.150%	16.150%
Required State Contribution Rate	10.328%	10.328%

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Contributions

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. The contribution rates for each plan for the year ended June 30, 2021, are presented above, and the District's total contributions were \$8,138,122.

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

At June 30, 2021, 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 Net Pension Liability	\$	84,310,830
State's Proportionate Share of Net Pension Liability Associated with the District		43,461,891
Total	\$	<u><u>127,772,721</u></u>

The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, was 0.0870% and 0.0880%, respectively, resulting in a net decrease in the District's proportionate share by 0.0010%.

For the year ended June 30, 2021, the District recognized pension expense of \$17,351,302. In addition, the District recognized pension expense and revenue of \$6,080,063 for support provided by the State. At June 30, 2021, 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
Pension Contributions Subsequent to Measurement Date	\$ 8,138,122	\$ -
Changes in Proportion	7,869,537	5,363,469
Differences Between Expected and Actual Experience	148,770	2,377,170
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	2,002,740	-
Changes of Assumptions	8,221,500	-
Total	<u><u>\$ 26,380,669</u></u>	<u><u>\$ 7,741,179</u></u>

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.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

The deferred outflows/(inflows) 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.

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2022	\$ 240,753
2023	3,457,277
2024	4,168,445
2025	1,562,935
2026	1,184,679
2027	(112,721)
Total	<u>\$ 10,501,368</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date		June 30, 2019
Measurement date		June 30, 2020
Experience study	July 1, 2018 through June 30, 2018	
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%

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Discount Rate

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

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 investment staff and investment consultants and adopted by the CalSTRS Board in January 2020. Best estimates of 20-year geometrically linked 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:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	42 %	4.80 %
Private Equity	13 %	6.30 %
Real Estate	15 %	3.60 %
Fixed Income	12 %	1.30 %
Risk Mitigating Strategies	10 %	1.80 %
Inflation Sensitive	6 %	3.30 %
Cash/Liquidity	2 %	(0.40)%

The discount rate used to measure the total pension liability was 7.10%. 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%) 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.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Discount Rate (Continued)

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 1% lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% Decrease (6.10%)	\$ 127,381,920
Current Discount Rate (7.10%)	84,310,830
1% Increase (8.10%)	48,749,580

Changes of Assumptions

During the fiscal year of the measurement date of June 30, 2020, CalSTRS completed an experience study for the period starting July 1, 2015 and ending June 30, 2018. The experience study was adopted by the CaSTRS Board in January 2020. As a result of the study, certain assumptions used in determining the net pension liability of the STRP changed, including termination rates and service rates.

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

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 nonduty 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.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Benefits Provided (Continued)

The CalPERS provisions and benefits in effect at June 30, 2021 are summarized as follows:

	School Employer Pool (CalPERS)	
	On or Before	On or After
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	1.1% - 2.5%	1.0% - 2.5%
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	20.70%	20.70%

Contributions

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, 2021, are presented above, and the total District contributions were \$7,624,921.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$75,603,099. The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, was 0.2464% and 0.2560%, respectively, resulting in a net decrease in the proportionate share of 0.0096.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

For the year ended June 30, 2021, the District recognized pension expense of \$12,155,006. At June 30, 2021, 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
Pension Contributions Subsequent to Measurement Date	\$ 7,624,921	\$ -
Changes in Proportion	-	2,782,866
Differences Between Expected and Actual Experience	3,749,682	-
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	1,573,816	-
Changes of Assumptions	277,240	-
Total	\$ 13,225,659	\$ 2,782,866

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.

The deferred outflows/(inflows) 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.

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the EARSL of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.0 years and will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2022	\$ 398,641
2023	924,916
2024	788,283
2025	706,032
Total	\$ 2,817,872

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement Date	June 30, 2020
Experience Study	July 1, 1997 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by Entry Age Services

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 15 years of mortality improvements using 90% of scale MP 2016 published by the Society of Actuaries.

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 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	50 %	5.98 %
Fixed Income	28 %	2.62 %
Real Assets	13 %	4.93 %
Private Equity	8 %	7.23 %
Liquidity	1 %	(0.92)%

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 16 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. 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 1% lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% Decrease (6.15%)	\$ 108,693,242
Current Discount Rate (7.15%)	75,603,099
1% Increase (8.15%)	48,139,942

NOTE 17 PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Alliance of Schools for Cooperative Insurance Programs (ASCIP), the Alameda County Schools Insurance Group (ACSIG), and Golden West Financing Authority Joint Powers Authorities (JPAs). ASCIP and ACSIG provide property and liability insurance and health insurance. Golden West Financing Authority provides assistance related to school facilities financing. The relationship between the District and the JPAs is such that they are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 18 COMMITMENT 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, 2021.

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, 2021.

Parking Mitigation

The District has set aside funds to mitigate the impact of parking at Berkeley City College. These funds have been requested by the City of Berkeley as part of the development of the area surrounding Berkeley City College. At June 30, 2021, the total amount that has been deposited in a separate account owned by the District is \$4,297,380. A formal agreement has not yet been finalized as to the actual mitigation project parameters. The funds that have been set aside are from general obligation bonds sold specifically for the construction of the Berkeley City College Campus.

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.

NOTE 19 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUES, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2021, that have effective dates that impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 19 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUES, NOT YET EFFECTIVE (CONTINUED)

Statement No. 87 – Leases

The objective of the statement is to improve the accounting and financial reporting for leases by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Inflows of resources or outflows of resources will be recognized based on the payment provisions of the contract. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The statement effective date has been postponed to fiscal year 2021-22.

Statement No. 91 – Conduit Debt Obligations

The objective of the statement is to eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations and related note disclosures. The statement clarifies the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the user, and establishing standards for accounting and financial reporting. The statement effective date has been postponed to fiscal year 2022-23.

Statement No. 92 – Omnibus 2020

The objectives of the statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The statement addresses a variety of topics. Some requirements are effective upon issuance of the statement and for other requirements the effective date has been postponed to fiscal year 2022-23.

Statement No. 93 – Replacement of Interbank Offered Rates (IBOR)

This statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The statement effective date was postponed to fiscal year 2022-23.

Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements

This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The statement is effective for fiscal year 2022-23.

Statement No. 96 – Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for fiscal year 2022-23.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 20 CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES

Fiduciary Funds

The beginning net position of the basic financial statements has been restated by a change of \$1,805,192 in the governmental funds to recognize the beginning net position of the Fiduciary Activities as Business Type Activities resulting from the implementation of GASB Statement No. 84, *Fiduciary Activities*.

Net Position - Beginning of Year as Previously Reported	\$ (327,275,194)
Cumulative Effect of Change in Accounting Principles	<u>1,805,192</u>
Net Position - Beginning of Year After Cumulative Effect	<u>\$ (325,470,002)</u>

Certain reclassifications of amounts previously reported have been made to the Management Discussion and Analysis and statement of cash flows to maintain consistency between periods presented.

REQUIRED SUPPLEMENTARY INFORMATION

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET
OPEB LIABILITIES AND RELATED RATIOS
YEAR ENDED JUNE 30, 2021**

	Pre-2004 Employees			
	2018	2019	2020	2021
TOTAL OPEB LIABILITY				
Service Cost	\$ 3,561,635	\$ 3,659,580	\$ 4,055,775	\$ 4,001,535
Interest	7,061,221	6,529,779	6,770,128	5,002,951
Changes of Assumptions	-	6,705,116	40,557,472	1,150,570
Experience Gains/ Losses	-	-	(7,086,262)	-
Benefit Payments	(9,781,668)	(10,172,935)	(10,277,949)	(10,312,820)
Net Change in Total OPEB Liability	841,188	6,721,540	34,019,164	(157,764)
Total OPEB Liability - Beginning of Year	188,980,599	189,821,787	196,543,327	230,562,491
Total OPEB Liability - End of Year	<u>\$ 189,821,787</u>	<u>\$ 196,543,327</u>	<u>\$ 230,562,491</u>	<u>\$ 230,404,727</u>
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
District's Total OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
	Post-2004 Employees			
	2018	2019	2020	2021
TOTAL OPEB LIABILITY				
Service Cost	\$ 1,801,453	\$ 1,850,993	\$ 2,031,290	\$ 1,706,112
Interest	767,563	862,139	1,055,715	862,327
Changes of Assumptions	-	637,838	(243,017)	1,129,328
Experience Gains/ Losses	-	-	(1,717,403)	-
Benefit Payments	(299,127)	(311,092)	(425,856)	(523,812)
Net Change in Total OPEB Liability	2,269,889	3,039,878	700,729	3,173,955
Total OPEB Liability - Beginning of Year	10,644,903	12,914,792	15,954,670	16,655,399
Total OPEB Liability - End of Year (a)	<u>\$ 12,914,792</u>	<u>\$ 15,954,670</u>	<u>\$ 16,655,399</u>	<u>\$ 19,829,354</u>
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ -	\$ 1,311,092	\$ 425,856	\$ 523,812
Net Investment Income	-	51,420	66,148	155,065
Benefit Payments	-	(311,092)	(425,856)	(523,812)
Investment Gains/ Losses	-	-	(11,801)	69,489
Administrative Expense	-	(818)	(1,276)	(1,347)
Net Change in Plan Fiduciary Net Position	-	1,050,602	53,071	223,207
Plan Fiduciary Net Position - Beginning of Year	-	-	1,050,602	1,103,673
Plan Fiduciary Net Position - End of Year (b)	<u>\$ -</u>	<u>\$ 1,050,602</u>	<u>\$ 1,103,673</u>	<u>\$ 1,326,880</u>
District's Net OPEB Liability - Ending (a) - (b)	\$ 12,914,792	\$ 14,904,068	\$ 15,551,726	\$ 18,502,474
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-	6.58%	6.63%	6.69%
Covered Payroll	N/A ¹	35,360,298	35,000,000	72,071,286
District's Net OPEB Liability as a Percentage of Covered Payroll	N/A ¹	42%	44%	26%

Note: In the future, as data becomes available, 10 years of information will be presented.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF OPEB INVESTMENT RETURNS
YEAR ENDED JUNE 30, 2021**

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Annual Money-Weighted Rate of Return, Net of Investments Expense	9.76 %	9.76 %	23.56 %

Note: In the future, as data becomes available, 10 years of information will be presented.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY-MPP PROGRAM
YEAR ENDED JUNE 30, 2021**

Year Ended June 30,	2018	2019	2020	2021
District's Proportion of the Net OPEB Liability	0.1527 %	0.1450 %	0.1360 %	0.1300 %
District's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	N/A 1	N/A 1	N/A 1	N/A 1
District's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered-Employee Payroll	N/A 1	N/A 1	N/A 1	N/A 1
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.01 %	(0.40)%	(0.80)%	(0.80)%

1 As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note: In the future, as data becomes available, 10 years of information will be presented.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2021**

	2015	2016	2017	2018	2019	2020	2021
CalSTRS							
District's Proportion of the Net Pension Liability	0.0940 %	0.0977 %	0.0977 %	0.0906 %	0.0916 %	0.0880 %	0.0870 %
District's Proportionate Share of the Net Pension Liability	\$ 54,918,256	\$ 65,754,587	\$ 79,009,663	\$ 83,830,537	\$ 84,224,453	\$ 79,478,080	\$ 84,310,830
State's Proportionate Share of the Net Pension Liability Associated with the District	33,162,014	34,776,928	44,978,792	49,593,437	48,222,438	43,360,949	43,461,891
Total	<u>\$ 88,080,270</u>	<u>\$ 100,531,515</u>	<u>\$ 123,988,455</u>	<u>\$ 133,423,974</u>	<u>\$ 132,446,891</u>	<u>\$ 122,839,029</u>	<u>\$ 127,772,721</u>
District's Covered-Employee Payroll	\$ 39,942,761	\$ 45,180,068	\$ 49,324,706	\$ 49,997,536	\$ 50,396,341	\$ 49,877,764	\$ 50,451,661
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	137 %	146 %	160 %	168 %	167 %	159 %	167 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77 %	74 %	70 %	69 %	71 %	73 %	72 %
CalPERS							
District's Proportion of the Net Pension Liability	0.2533 %	0.2636 %	0.2700 %	0.2731 %	0.2847 %	0.2536 %	0.2464 %
District's Proportionate Share of the Net Pension Liability	\$ 28,756,787	\$ 38,855,675	\$ 79,009,663	\$ 83,830,537	\$ 84,224,453	\$ 73,909,821	\$ 75,603,099
District's Covered-Employee Payroll	\$ 26,884,113	\$ 28,389,491	\$ 32,908,677	\$ 34,847,408	\$ 37,694,952	\$ 35,063,708	\$ 35,511,983
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	108 %	187 %	162 %	187 %	201 %	211 %	213 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83 %	79 %	74 %	72 %	71 %	70 %	70 %

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

See accompanying Note to Required Supplementary Information.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS
FOR PENSIONS
YEAR ENDED JUNE 30, 2021**

	2015	2016	2017	2018	2020	2020	2021
CalSTRS							
Contractually Required Contribution	\$ 4,011,990	\$ 5,292,541	\$ 6,289,690	\$ 7,272,192	\$ 8,121,728	\$ 8,627,234	\$ 8,138,122
Contributions in Relation to the Contractually Required Contribution	4,011,990	5,292,541	6,289,690	7,272,192	8,121,728	8,627,234	8,138,122
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 45,180,068	\$ 49,324,706	\$ 49,997,536	\$ 50,396,341	\$ 49,877,764	\$ 50,451,661	\$ 50,390,847
Contributions as a Percentage of Covered-Employee Payroll	8.88 %	10.73 %	12.58 %	14.43 %	16.28 %	17.10 %	16.15 %
CalPERS							
Contractually Required Contribution	\$ 3,341,727	\$ 3,898,691	\$ 4,839,608	\$ 5,854,403	\$ 6,333,207	\$ 7,002,963	\$ 7,624,921
Contributions in Relation to the Contractually Required Contribution	3,341,727	3,898,691	4,839,608	5,854,403	6,333,207	7,002,963	7,624,921
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 28,389,491	\$ 32,908,677	\$ 34,847,408	\$ 37,694,952	\$ 35,063,708	\$ 35,511,983	\$ 36,835,367
Contributions as a Percentage of Covered-Employee Payroll	11.77 %	11.85 %	13.89 %	15.53 %	18.06 %	19.72 %	20.70 %

See accompanying Note to Required Supplementary Information.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Changes in the District's Net OPEB Liabilities and Related Ratios

This schedule presents information on the District's changes in the net OPEB liabilities, including beginning and ending balances and the net OPEB liability. In the future, as data becomes available, 10 years of information will be presented.

DISTRICT PLAN-PRE-2004

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

Changes of Assumptions - Changes of assumptions and other inputs reflect a change in the discount rate from 2.20% to 2.16% since the previous valuation.

DISTRICT PLAN - POST-2004

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

Changes of Assumptions - Changes of assumptions and other inputs reflect a change in the discount rate from 4.25% to 5.00% since the previous valuation.

Schedule of OPEB Investment Returns

This schedule presents information on the annual money-weighted rate of return on OPEB plan investments. In future years, as data becomes available, ten years of information will be presented.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, 10 years of information will be presented.

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

Changes of Assumptions - The plan rate of investment return assumption was changed from 3.50% to 2.21% since the previous valuation.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedule of the District's Proportionate Share of the Net Pension Liability

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the state's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Benefit changes – None

Changes of Assumptions:

2019-20

CalSTRS Board adopted a new experience study which updated assumptions for termination rates and service rates.

2018-19

CalPERS Board adopted new mortality assumptions for the plan. Assumption for inflation rate was reduced from 2.75% to 2.50%. Assumption for individual salary increases and overall payroll growth was reduced from 3.00% to 2.75%.

2017-18

CalSTRS Board adopted new mortality assumptions and new mortality tables for the plan. Assumption for inflation rate was reduced from 3.00% to 2.75%. Assumption for payroll growth was reduced from 3.75% to 3.50%.

CalPERS applied a new discount rate decreasing the rate from 7.65% to 7.15%.

2015-16

CalPERS applied a new discount rate increasing the rate from 7.50% to 7.65%.

Schedule of District Contributions for 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, 10 years of information will be presented.

SUPPLEMENTARY INFORMATION

**PERALTA COMMUNITY COLLEGE DISTRICT
HISTORY AND ORGANIZATION (UNAUDITED)
JUNE 30, 2021**

Peralta Community College District was established in 1964 by the electorates of six Alameda County school districts: Alameda, Albany, Berkeley, Emeryville, Oakland, and Piedmont. The District consists of the following two-year community colleges: College of Alameda, Laney College, Merritt College, and Berkeley City College. The District's colleges are 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.

BOARD OF TRUSTEES

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Ms. Cindi Reiss	President	2024
Dr. Nicky González Yuen	Vice President	2024
Ms. Dyana Delfin Polk	Member	2024
Ms. Julina Bonilla	Member	2022
Mr. Kevin Jenkins	Member	2024
Ms. Linda Handy	Member	2022
Mr. Bill Withrow	Member	2024

DISTRICT ADMINISTRATORS

Dr. Jannett N. Jackson	Interim Chancellor
Dr. Roysl Roberts	Interim Special Assistant to the Chancellor / Chief of Staff
Mr. Adil Ahmed	Interim Vice Chancellor of Finance and Administration
Dr. Ronald McKinley	Acting Vice Chancellor of Human Resources
Mr. Mark Johnson	Executive Director for Marketing and Communication
Ms. Atheria Smith	Vice Chancellor of General Services
Dr. Rudy Besikof	President, Laney College
Dr. Angelica Garcia	President, Berkeley City College
Dr. David Johnson	President, Merritt College
Dr. Nathaniel Jones, III	President, College of Alameda
Mr. Antoine Mehouelley	Chief Technology & Information Systems Officer

AUXILIARY ORGANIZATIONS IN GOOD STANDING

<u>Auxiliary Name</u>	<u>Auxiliary Director's Name</u>	<u>Establishment and Master Agreement Date</u>
Peralta Community College Foundation	LaNiece Jones, Foundation Director	Organized as an independent organization in January 24, 2006 and has a signed master agreement dated September 14, 2006.
Associated Students of Merritt College (ASMC)	Cooper Michael, ASMC President	Organized as an independent organization in October 21, 1964. Filed with the Secretary of State, State of California on December 10, 2018.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063	[1]	\$ 17,351,883
Federal Supplemental Educational Opportunity Grant (FSEOG) Program	84.007	[1]	1,305,851
Federal Work-Study (FWS) Program	84.033	[1]	714,107
Federal Direct Student Loan Program	84.268	[1]	1,371,695
Total Student Financial Assistance Cluster			<u>20,743,536</u>
COVID-19 Higher Education Emergency Relief Funds (HEERF) / Coronavirus Aid, Relief and Economic Security Act (CARES Act)			
COVID-19 - HEERF CARES Act - Student Aid	84.425E	[1]	6,998,579
COVID-19 - HEERF CARES Act - Institutional	84.425F	[1]	3,535,190
COVID-19 - HEERF CARES Act - Minority Serving Institutions	84.425L	[1]	157,918
Total COVID-19 - Higher Education Emergency Relief Funds (HEERF)			<u>10,691,687</u>
Passed through the California Community College Chancellor's Office			
Career and Technical Education, Perkins IV, Title I-C	84.048A	18-C01-041	846,329
Passed through the California Department of Rehabilitation			
State Vocational Rehabilitation Services - Workability	84.126	30715	229,486
College 2 Career Program	84.126A	30370	302,650
Total Rehabilitation Services Vocational Grants to States			<u>532,136</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			32,813,688
U.S. DEPARTMENT OF LABOR			
Workforce Innovation and Opportunity Act (WIOA) Cluster			
Passed through the Alameda County Workforce Development Board			
WIA Adult - One Stop Career Center	17.258	17372	339,102
Total Workforce Innovation and Opportunity Act (WIOA) Cluster			<u>339,102</u>
Research and Development Cluster:			
U.S. DEPARTMENT OF EDUCATION			
Developing Hispanic-Serving Institutions Program - Title V	84.031S	[1]	662,604
American and Native American Pacific Islander-Serving Institutions	84.031L	[1]	96,965
Asian Pacific Academic Student Success	84.382B	[1]	321,365
TOTAL U.S. DEPARTMENT OF EDUCATION			1,080,934
NATIONAL SCIENCE FOUNDATION			
Environmental Control Technology Education	47.076	[1]	404,339
NSF Administration	47.076	[1]	113,267
Total National Science Foundation			<u>517,606</u>
Total Research and Development Cluster			1,598,540

[1] Pass-Through Entity Identifying Number not available.

See accompanying Note to Supplementary Information.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Temporary Assistance for Needy Families (TANF) Cluster Passed through the California Community College Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	\$ 129,035
Total TANF Cluster			<u>129,035</u>
 TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			 129,035
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
AmeriCorps - National Service Awards	94.006	N/A	<u>48,955</u>
 TOTAL FEDERAL EXPENDITURES			 <u>\$ 34,929,320</u>

[1] Pass-Through Entity Identifying Number not available.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2021**

Program Names	Program Revenues				Program Expenditures
	Cash Received	Accounts Receivable (Payables)	Unearned Revenue	Total Revenue	
Strong Workforce Regional	\$ 37,500	\$ 1,117,754	\$ -	\$ 1,155,254	\$ 1,155,254
Alameda County Department	3,346	-	3,346	-	-
Instructional Equipment	434,173	-	412,048	22,125	22,125
Staff Diversity	79,060	-	55,341	23,719	23,719
CARE	675,816	-	157,712	518,104	518,104
EOPS	3,203,484	-	343,905	2,859,579	2,859,579
SFAA/BFAP	1,080,005	200,963	-	1,280,968	1,280,968
DSPS	3,543,901	-	8,681	3,535,220	3,535,220
Deputy Sector Navigator Grant	671,647	-	469,691	201,956	201,956
BayClean Prop 39 Clean Energy	779,259	-	779,259	-	-
CTE Enhancement Funds	32,261	-	27,795	4,466	4,466
CalWORKs	1,008,381	-	323,593	684,788	684,788
Nextup	1,399,719	-	359,278	1,040,441	1,040,441
Nursing Enrollment Growth	169,024	-	38,839	130,185	130,185
Lottery	1,507,796	-	949,239	558,557	558,557
Career Ladders Project	3,253	-	3,253	-	-
CTE Community Collaborative	8,086	-	6,995	1,091	1,091
Adult Education Block Grant	8,598,251	-	315,153	8,283,098	8,283,098
Cal Grant	2,560,637	-	78,623	2,482,014	2,482,014
Basic Skills New Tran	432,651	-	432,651	-	-
Apprenticeship Program	28,438	-	28,438	-	-
Strong Workforce Program	6,109,621	-	3,825,719	2,283,902	2,283,902
CTE Unlocked	98,401	-	98,401	-	-
AB 798 Textbook Affordability	13,688	-	13,225	463	463
Institutional Effectiveness	19,393	-	19,393	-	-
Zero Textbook Cost Degree	14,849	-	14,849	-	-
Innov and Higher Education	-	-	-	-	-
Hunger Free Campus Support	-	-	-	-	-
Guided Pathways	509,180	-	79,466	429,714	429,714
Veterans Resource Center	439,964	88,744	262,142	266,566	266,566
California College Promise	1,213,168	-	147,374	1,065,794	1,065,794
Financial Aid Technology	242,062	-	203,933	38,129	38,129
Student Success Completion	2,585,273	-	836,052	1,749,221	1,749,221
Mental Health Service	-	-	-	-	-
Guiding Reentry	91,106	11,112	-	102,218	102,218
SEA	4,126,385	7,603,979	4,087,064	7,643,300	7,643,300
Improving Online CTE Pathways	1,245,837	-	417,825	828,012	828,012
Teamsters Apprenticeship Program	200,000	-	200,000	-	-
Re-Entry Apprenticeships	200,000	-	179,707	20,293	20,293
Advanced Transportation	239,926	-	31,137	208,789	208,789
IEPI Grant	180,458	-	36,371	144,087	144,087
COVID-19 Block Grant (P98)	992,988	-	-	992,988	992,988
Disaster Relief Emg Student FA	238,481	-	134,312	104,169	104,169
Undocumented Resources Liaisons	145,258	-	138,192	7,066	7,066
Emergency Financial Assistance	1,337,314	-	1,337,314	-	-
CalFresh Outreach	42,385	-	42,385	-	-
Student Retention & Outreach	354,327	-	354,327	-	-
Child Care - Department of Education	1,086,520	-	-	1,086,520	1,086,520
Childcare - Tax Bailout	419,833	-	-	419,833	419,833
Total	\$ 48,403,105	\$ 9,022,552	\$ 17,253,028	\$ 40,172,629	\$ 40,172,629

See accompanying Note to Supplementary Information.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL
APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE
YEAR ENDED JUNE 30, 2021**

CATEGORIES	Reported Data*	Audit Adjustments	Audited Data
A. SUMMER INTERSESSION (SUMMER 2020 ONLY)			
1. Noncredit*	-	-	-
2. Credit	71.16	-	71.16
B. SUMMER INTERSESSION (SUMMER 2021 - PRIOR TO JULY 2021)			
1. Noncredit*	28.24	-	28.24
2. Credit	1,255.04	-	1,255.04
C. PRIMARY TERMS (EXCLUSIVE OF SUMMER INTERMISSION)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	4,070.15	-	4,070.15
(b) Daily Census Contact Hours	385.25	-	385.25
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	145.79	-	145.79
(b) Credit	46.40	-	46.40
3. Alternative Attendance Accounting Procedures Courses			
(a) Weekly Census Procedure Courses	5,677.26	-	5,677.26
(b) Daily Census Procedure Courses	1,484.13	-	1,484.13
(c) Noncredit Independent Study/Distance Education Courses	20.70	-	20.70
D. Total FTES	<u>13,184.12</u>	<u>-</u>	<u>13,184.12</u>
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. IN-SERVICE TRAINING COURSES (FTES)	594.55	-	594.55
H. BASIC SKILLS COURSES AND IMMIGRANT EDUCATION			
1. Noncredit*	-	-	-
2. Credit	-	-	-
CCFS-320 ADDENDUM			
CDCP Noncredit FTES	137.32	-	137.32

See accompanying Note to Supplementary Information.

**PERALTA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
YEAR ENDED JUNE 30, 2021**

Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799			
	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data	
Academic Salaries							
Instructional Salaries - Contract or Regular	1100	22,660,509	-	22,660,509	22,660,509	-	22,660,509
Instructional Salaries - Other	1300	16,945,967	-	16,945,967	16,945,967	-	16,945,967
Total Instructional Salaries		39,606,476	-	39,606,476	39,606,476	-	39,606,476
Non-Instructional Salaries - Contract or Regular	1200	-	-	-	8,253,755	-	8,253,755
Non-Instructional Salaries - Other	1400	-	-	-	773,885	-	773,885
Total Non-Instructional Salaries		-	-	-	9,027,640	-	9,027,640
Total Academic Salaries		39,606,476	-	39,606,476	48,634,116	-	48,634,116
Classified Salaries							
Non-Instructional Salaries - Regular Status	2100	-	-	-	23,860,075	-	23,860,075
Non-Instructional Salaries - Other	2300	-	-	-	862,183	-	862,183
Total Non-Instructional Salaries		-	-	-	24,722,258	-	24,722,258
Instructional Aides - Regular Status	2200	1,566,037	-	1,566,037	1,566,037	-	1,566,037
Instructional Aides - Other	2400	164,261	-	164,261	204,116	-	204,116
Total Instructional Aides		1,730,298	-	1,730,298	1,770,153	-	1,770,153
Total Classified Salaries		1,730,298	-	1,730,298	26,492,411	-	26,492,411
Employee Benefits	3000	17,858,128	-	17,858,128	36,080,269	-	36,080,269
Supplies and Materials	4000	-	-	-	555,785	-	555,785
Other Operating Expenses	5000	-	-	-	9,681,487	-	9,681,487
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		59,194,902	-	59,194,902	121,444,068	-	121,444,068
Exclusions							
Activities to Exclude							
Instructional Staff-Retirees' Benefits & Retirement Incentives	5900	-	-	-	-	-	-
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-instructional Staff-Retirees' Benefits & Retirement Incentives	6740	-	-	-	-	-	-
Objects to Exclude							
Rents and Leases	5060	-	-	-	465,509	-	465,509
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	278,274	-	278,274
Classified Salaries	2000	-	-	-	1,416,008	-	1,416,008
Employee Benefits	3000	-	-	-	965,273	-	965,273
Software	4100	-	-	-	-	-	-
Books, Magazines, & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Noninstructional, Supplies & Materials	4400	-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	21,811	-	21,811
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	3,146,875	-	3,146,875
Total for ECS 84362, 50% Law		59,194,902	-	59,194,902	118,297,193	-	118,297,193
Percent of CEE (Instructional Salary Cost/Total CEE)		50.04%	0%	50.04%	100%	0%	100%
50% of Current Expense of Education					59,148,597		59,148,597

See accompanying Note to Supplementary Information.

**PERALTA COMMUNITY COLLEGE DISTRICT
 PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA)
 EXPENDITURE REPORT
 YEAR ENDED JUNE 30, 2021**

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				\$ 22,308,957
Activity Classification	Object Code	Salaries and Benefits (1000-3000)	Operating Expenses (4000-5000)	Capital Outlay (6000)	Total
Instructional Activities	0100-5900	\$ 223,089,570	\$ -	\$ -	\$ 223,089,570
Total Expenditures for EPA*		\$ 223,089,570	\$ -	\$ -	\$ 223,089,570
Revenue less Expenditures					(200,780,613)
*Total Expenditures for EPA may not include Administrator Salaries and Benefits or other administrative costs.					

See accompanying Note to Supplementary Information.

**PERALTA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

	Governmental Funds
Unrestricted General Fund Balance	\$ 25,947,295
Restricted General Fund Balance	6,586,913
Bond Interest and Redemption Fund Balance	50,975,619
Child Development Fund Balance	2,001,509
Other Special Revenue Funds Balance (Parcel Tax, Retiree Benefits/OPEB Revocable Trust - Age 65, and OPEB Irrevocable Trust - Lifetime)	7,964,648
Capital Projects Fund Balance	7,801,410
Bond Construction Fund Balance	75,666,805
Self Insurance Fund Balance	6,797
Student Financial Aid and Trust Fund Balance	(162,918)
All Other Funds	1,904,179
Total Fund Balances as Reported on the Annual Financial and Budget Report (CCFS-311)	178,692,257
Audit Adjustments	-
Restricted General Fund Balance (not reported on CCFS-311)	138,782
Total Ending Fund Balance - Governmental Funds	\$ 178,831,039

See accompanying Note to Supplementary Information.

**PERALTA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2021**

Total Ending Fund Balance - Governmental Funds	\$ 178,831,039
Amounts reported for governmental activities in the statement of net position are different because:	
Investments related to other post employment retirement benefits bonds proceeds. Investment returns and retiree benefits payments are added to the statement of revenue, expenses and changes in net position. Investments are added to the statement of net position which increases the total net assets reported.	231,959,257
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets, net of accumulated depreciation are added to total net assets.	443,261,193
Deferred outflows associated with advanced refunding of debt increases total net position reported.	14,080,768
Deferred outflows associated with pension costs result from pension contributions made during the fiscal year and from actuarially determined adjustments. These amounts will be recognized as a reduction of the net pension liability or amortized to pension expense, as applicable, in subsequent periods.	39,606,328
Deferred outflows associated with other postemployment retirement benefits costs result from contributions made during the fiscal year and from actuarially determined adjustments. These amounts will be recognized as a reduction of the net other postemployment retirement benefits liability or amortized to benefits expense, as applicable, in subsequent periods.	1,566,187
Assets related to Interest Rate SWAP. Hedging derivative instruments (Hedging Transactions) are recorded at fair value and establishes certain requirements for revenue recognition. Interest Rate SWAP related liabilities are added to the statement of net position which reduces the total net assets reported.	34,705,775
Compensated absences and load banking are not due and payable in the current period and therefore are not reported in the governmental funds.	(10,185,147)
Interest expense related to bonds incurred through June 30, 2021 is accrued as a current liability on the statement of net position which reduces the total net assets reported.	(11,974,878)
Liabilities related to Interest Rate SWAP. Hedging derivative instruments (Hedging Transactions) are recorded at fair value and establishes certain requirements for revenue recognition. Interest Rate SWAP related liabilities are added to the statement of net position which reduces the total net assets reported.	-
Liabilities related to bonds are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Bond related liabilities are added to the statement of net position which reduces the total net assets reported.	(493,123,984)
Liabilities related to other post employment retirement benefits bonds are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Bond related liabilities are added to the statement of net position which reduces the total net assets reported.	(239,999,892)
The liability of employers and nonemployers contributing to employees for benefits provided through a defined benefit pension plan is recorded as net pension liabilities.	(159,913,929)
The liability associated with other postemployment retirement benefits, is recognized as a liability, which reduces the total net position reported.	(248,907,201)
The liability associated with Medicare Premium Payment (MPP) Program of the California State Teachers' Retirement Plan (the STRP), is recognized as a liability, which reduces the total net position reported.	(550,921)
Deferred inflows of resources associated with Interest Rate SWAP result from actuarially determined adjustments. These amounts will be amortized to revenue in subsequent periods.	(34,705,775)
Deferred inflows of resources associated with pensions result from actuarially determined adjustments. These amounts will be amortized to pension expense in subsequent periods.	(10,524,045)
Deferred inflows of resources associated with other postemployment retirement benefits result from actuarially determined adjustments. These amounts will be amortized to other postemployment retirement benefits expense in subsequent periods.	(1,821,707)
Amounts held in an irrevocable trust for other postemployment retirement benefits are reported in the trust statement of net position.	<u>(1,326,881)</u>
Total Net Position	<u><u>\$ (269,023,813)</u></u>

See accompanying Note to Supplementary Information.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

NOTE 1 PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's governing board members and administration members as of June 30, 2021.

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 full 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 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 Education Code Section 84362 (50 Percent Law) Calculation

ECS 84362 requires the District to expend a minimum of 50% 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 audited financial statements.

Proposition 30 Education Protection Account (EPA) Expenditure Report

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

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Reconciliation of Governmental Funds 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 government-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**

Board of Trustees
Peralta Community College District
Oakland, 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 Peralta Community College District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 14, 2022.

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) as a basis for designing 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

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. 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*.

Peralta Community College District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.



CliftonLarsonAllen LLP

Glendora, California
March 14, 2022



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Peralta Community College District
Oakland, California

Report on Compliance for Each Major Federal Program

We have audited Peralta 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, 2021. The District's major federal programs are identified in the Summary of Auditors' Results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' 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, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-002, 2021-003, 2021-004, 2021-005, 2021-006, 2021-007, 2021-008, 2021-009, and 2021-010. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-002, 2021-003, 2021-004, 2021-005, 2021-006, 2021-007, 2021-008, 2021-009, and 2021-010 to be significant deficiencies.

Board of Trustees
Peralta Community College District

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Glendora, California
March 14, 2022



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Peralta Community College District
Oakland, California

Report on State Compliance

We have audited Peralta Community College District's (the District) compliance with the types of compliance requirements as identified in the 2020-2021 California Community Colleges Chancellor's Office *District Audit Manual* that could have a direct and material effect on each of the District's state programs as noted below for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with State laws and regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 standards and procedures identified in the 2020-2021 California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of the District's compliance with those requirements.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

<u>Section</u>	<u>Description</u>	<u>Procedures Performed</u>
411	SCFF Data Management Control Environment	Yes
412	SCFF Supplemental Allocation Metrics	Yes
413	SCFF Success Allocation Metrics	Yes
421	Salaries of Classroom Instructors (50 Percent Law)	Yes
423	Apportionment for Activities Funded From Other Sources	Yes
424	Student Center Funding Formula Base Allocation: FTES	Yes
425	Residency Determination for Credit Courses	Yes
426	Students Actively Enrolled	Yes
427	Dual Enrollment of K-12 Students in Community College Credit Courses	Yes
430	Scheduled Maintenance Program	Yes
431	Gann Limit Calculation	Yes
435	Open Enrollment	Yes
444	Apprenticeship Related and Supplemental Instruction (RSI) Funds	Yes
475	Disabled Student Programs and Services (DSPS)	Yes
479	To Be Arranged Hours (TBA)	Not applicable
490	Proposition 1D State Bond Funded Projects	Yes
491	Education Protection Account Funds	Yes
499	COVID-19 Response Block Grant Expenditures	Yes ¹

Opinion on State Compliance

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the fiscal year ended June 30, 2021.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the 2020-2021 *Contracted District Audit Manual*, published by the California Community College Chancellor's Office. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
March 14, 2022

¹ COVID-19 Block Grant state funds from one-time Proposition 98 funds were tested in accordance with the 2020-21 *Contracted District Audit Manual*. Federal expenditures were not tested in 2020-21 as the Federal Coronavirus Relief Fund (CFR) is not a major program under OMB's Single Audit Guidance. Federal CFR expenditures were tested in conjunction with the 2019-20 audit.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063 and 84.268	Student Financial Assistance Cluster
84.425E, 84.425F and 84.425L	COVID-19 Higher Education Emergency Relief Funds (HEERF)
Various	Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

Type A \$1,048,179/Type B \$262,044

Auditee qualified as low-risk auditee? _____ yes x no

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

2021 – 001: Closing Process

Type of Finding: Significant Deficiency in Internal Control Over Financial Reporting

Criteria: Internal Controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Condition / Context: As noted in the prior year, errors were made within the reconciliation processes of the District's financial records. As of year-end, material adjustments were required to conform to the Budget and Accounting Manual (BAM) and GAAP. Furthermore, we noted instances where bank and investment reconciliations were not reviewed to ensure accuracy and completeness.

The District was unable to provide an aged student receivable listing to demonstrate it followed their policy on estimating their allowance for doubtful accounts. The gross student accounts receivable is approximately \$28.1 million and the related allowance for doubtful accounts is \$9.7 million.

Effect: The errors resulted in significant corrected and uncorrected misstatements.

Cause: The controls did not detect the adjustments made as part of the audit and ensure accurate financial reporting.

The District's general ledger and student information systems were not configured to generate an aged student receivable listing for a historical date.

Repeat Finding: See prior year finding 2020-001.

Recommendation: Documentation may include policy manuals, process models, flowcharts, job descriptions, documents, and forms, and can be in paper form, electronic files, or other media. In addition, the documentation can be used in reinforcing established policies and procedures, evaluating performance, or training a new employee to perform the process.

Management Response: Please refer to the attached Corrective Action Plan.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section III – Federal Award Findings

2021 – 002: Special Tests and Provisions: COD Reporting

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Assistance Cluster

Assistance Listing Number: 84.063 and 84.268

Award Period: July 1, 2020 to June 30, 2021

Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or Specific Requirement: The Department of Education requires the Colleges to report and ensure that the disbursement information reported to the Common Origination and Disbursement (COD) system is accurate and within 15 days of disbursing Pell (34 CFR 690.83(b)(2) and Direct Loan (34 CFR 685.309) funds to a student.

Condition / Context: During our audit of 60 Pell grant student disbursement and 60 Direct Loan student disbursements, the audit identified the following conditions:

	Alameda	Berkeley	Laney	Merritt
<i>Pell Disbursements (15 samples tested at each college)</i>				
Incorrect dates	0	2	2	2
Not timely	1	6	2	0
Incorrect amounts	0	0	0	2
<i>Direct Loan Disbursements (15 samples tested at each college)</i>				
Incorrect dates	1	5	15	10
Not timely	6	0	4	0
Incorrect amounts	0	0	0	0

Questioned Costs: None.

Cause: The Colleges' experienced turnover in key positions accountable for internal controls and compliance during and subsequent to year-end.

Effect: The case identified resulted in noncompliance with the applicable Title IV regulations. Student interest accrues based on the disbursement date reported to COD, thus the interest calculation could be skewed due to the discrepancy in disbursement dates reported.

Repeat Finding: See prior year finding 2020-005.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section III – Federal Award Findings (Continued)

Recommendation: We recommend the Colleges' review their reporting procedures and policies around reporting Pell and Direct Loan disbursements to COD to ensure that student information is reported accurately and timely to COD as required by regulations.

Views of Responsible Officials: Please refer to the attached corrective action plan.

2021 – 003: Gramm-Leach-Bliley Act – Student Information Security

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Assistance Cluster

Assistance Listing Number: 84.007, 84.033, 84.063 and 84.268

Award Period: July 1, 2020 to June 30, 2021

Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or Specific Requirement: The Gramm-Leach-Bliley Act (Pub. L. No. 106-102) requires financial institutions to explain their information-sharing practices to their customers and to safeguard sensitive data (16 CFR 314). The Federal Trade Commission considers Title IV-eligible institutions that participate in Title IV Educational Assistance Programs as “financial institutions” and subject to the Gramm-Leach-Bliley Act because they appear to be significantly engaged in wiring funds to consumers (16 CFR 313.3(k)(2)(vi)). Under an institution’s Program Participation Agreement with the ED and the Gramm-Leach-Bliley Act, institutions must protect student financial aid information, with particular attention to information provided to institutions by ED or otherwise obtained in support of the administration of the federal student financial aid programs.

Condition / Context: During our audit procedures, we noted that the District performed a data integrity assessment during the year, however this assessment did not address the three required areas noted in 16 CFR 314.4 (b) which are (Area 1) Employee training and management; (Area 2) Information systems, including network and software design, as well as information processing, storage, transmission and disposal; and (Area 3) Detecting, preventing and responding to attacks, intrusions, or other systems failures.

The District took measures to assure required risks were addressed, including the three areas listed above, safety measures were significantly enhanced to protect the district throughout the past two years. These safety measures included moving all our data systems to the Cloud through Oracle, and Oracle is contracted to house, protect, and ensure the safety of all of our data. This protection naturally encompassed (Area 1) Employee training and management, and (Area 2) Information systems, including network and software design. In 2021 the district also established disaster recovery sites for all our data and processes to secure and protect against any attacks, intrusions, or other system failures listed in Area 3.

Questioned Costs: None.

Cause: The District did not perform a formal IT risk assessment as required by the Gramm-Leach-Bliley Act. Due to the covid pandemic, the formal IT risk assessment for the Peralta District was halted for the past two years.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Effect: The case identified resulted in noncompliance with the applicable Title IV regulations. The student personal information could be vulnerable.

Repeat Finding: See prior year finding 2020-006.

Recommendation: We recommend that the District engage a third party to perform the risk assessment for the three required areas required by the Gramm-Leach-Bliley Act.

Views of Responsible Officials: Please refer to the attached corrective action plan.

2021 – 004: Internal Controls Over Federal Awards

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Assistance Cluster

Assistance Listing Number: 84.007, 84.033, 84.063 and 84.268

Award Period: July 1, 2020 to June 30, 2021

Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or Specific Requirement: In accordance with 2 CFR 200.303, nonfederal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition / Context: During our audit procedures, we noted that a formal documented review process was not available for the following areas:

- R2T4 calculations [Berkeley City College and Merritt College]
- Student award packaging [Merritt College]
- Students selected for verification by the Department of Education [Merritt College]

Furthermore, because the Financial Aid Director positions were vacant, reconciliations performed by the loan officers were not reviewed for:

- Pell Grant and Supplemental Education Opportunity Grant [Berkeley and Merritt College]
- Direct Loan [Berkeley City College]

Questioned Costs: None.

Cause: The Colleges' Financial Aid Director positions were vacant subsequently resulting in an oversight.

Effect: A lack of internal controls can result in noncompliance with provisions of the various programs within the Student Financial Assistance Cluster.

Repeat Finding: See prior year finding 2020-007.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section III – Federal Award Findings (Continued)

Recommendation: We recommend the Colleges reinforce their review processes, monitor proper follow-up on audit findings, and review all activity level controls to ensure compliance with the various requirements of the Student Financial Assistance Cluster.

Views of Responsible Officials: Please refer to the attached corrective action plan.

2021 – 005: Special Tests and Provisions: NSLDS Enrollment Reporting

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Assistance Cluster

Assistance Listing Number: 84.007, 84.033, 84.063 and 84.268

Award Period: July 1, 2020 to June 30, 2021

Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or Specific Requirement: In accordance with 34 CFR680.309(b) and the National Student Loan Data System (NSLDS) Enrollment Reporting Guide published by the Department of Education, schools must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website. In addition, schools must report enrollment status changes within 30 days of becoming aware of the status change or in its next scheduled enrollment submission if the scheduled submission is within 60 days.

Condition / Context: During our testing of 60 students, which is a statistically valid sample, we noted 2 instances of late reporting of student status changes, 5 instances of improper student status reporting at the campus-level and program-level records including 4 students that were not updated to graduated from withdrawn, 2 instances where the effective date of a student status change was improperly reported at both the campus-level and program-level record, 2 instances where the effective date of a student status change was improperly reported at the campus-level record, and 1 instance where the student program was incorrectly reported to NSLDS. And we noted that 10 out of the 60 students, which is a statistically valid sample, tested did not have the correct program begin date per the institution's record reported to the NSLDS system.

Questioned Costs: None.

Cause: The Colleges' experienced turnover in key positions accountable for internal controls and compliance during and subsequent to year-end.

Effect: The case identified resulted in noncompliance with the applicable Title IV regulations. Inaccurate information is reflected on the NSLDS database. A student's enrollment data protects the rights of borrowers by ensuring that loan interest subsidies are based on accurate enrollment data, ensures loan repayment dates are accurately based on the last data of attendance, allows in-school deferments to be automatically granted using NSLDS enrollment data, and provides vast amounts of critical data about the effectiveness of Title IV aid programs, including completion data.

Repeat Finding: See prior year finding 2020-008.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section III – Federal Award Findings (Continued)

Recommendation: We recommend the District review its reporting procedures to ensure that enrollment and program information is accurately and timely reported to NSLDS as required by regulations.

Views of Responsible Officials: Please refer to the attached corrective action plan.

2021 – 006: Outstanding Student Refund Checks

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Assistance Cluster

Assistance Listing Number: 84.007, 84.033, 84.063 and 84.268

Award Period: July 1, 2020 to June 30, 2021

Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or Specific Requirement: In accordance with 34 CFR 668.164(I), an institution must return to ED (notwithstanding any state law, such as a law that allows funds to escheat to the state) any Title IV funds, except FWS program funds, that it attempts to disburse directly to a student or parent but they do not receive or negotiate those funds. For FWS program funds, the institution is required to return only the federal portion of the payroll disbursements. If the institution attempted to disburse the funds by check and the check is not cashed, the funds must be returned no later than 240 days after the date it issued the check. If a check is returned, or an EFT is rejected, the institution may make additional attempts to disburse the funds, provided that the attempts are made no later than 45 days after the funds were returned or rejected. If the institution does not make an additional attempt to disburse the funds, the funds must be returned before the end of the 45-day period and no later than 240 days from the date of the initial attempt to disburse the funds.

Condition / Context: The 45 outstanding refund checks tested were yet not returned to the U.S. Department of Education.

Questioned Costs: \$23,782.

Cause: The Districts' internal controls did not identify the errors for compliance with the criteria mentioned above.

Effect: The District is not in compliance with the applicable Title IV regulations stating that all student refund checks that are outstanding for more than 240 days be returned to the U.S. Department of Education. Any additional attempts to disburse funds must be made no later than 45 days after the funds were returned or rejected.

Repeat Finding: See prior year finding 2020-009.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section III – Federal Award Findings (Continued)

Recommendation: We recommend that the District review its procedures related to outstanding student refund checks to ensure they are being returned to the Department of Education or disbursed to students as stated in the criteria mentioned above.

Views of Responsible Officials: Please refer to the attached corrective action plan.

2021 – 007: Return of Title IV Funds

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Assistance Cluster

Assistance Listing Number: 84.063, 84.268

Award Period: July 1, 2020 to June 30, 2021

Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or Specific Requirement: In accordance with 34 CFR 668.22(a)(1) and 34 CFR 668.22(j), when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date and an institution must return the amount of unearned title IV funds as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew.

In addition, Title IV funds may be expended only towards the education of the students who can be proven to have been in attendance at the institution. In a distance education context, documenting that a student has logged into an online distance education platform or system is not sufficient, by itself, to demonstrate attendance by the student. To avoid returning all funds for a student that did not begin attendance, an institution must be able to document "attendance at any class." To qualify as a last date of attendance for Return of Title IV purposes, an institution must demonstrate that a student participated in class or was otherwise engaged in an academically related activity, such as by contributing to an online discussion or initiating contact with a faculty member to ask a course-related question.

Condition / Context: During our testing of 40 students, which is a statistically valid sample, we noted 1 instance at Berkeley City College and 2 instances at Laney College where the Colleges' failed to return title IV funds within 45 days of the date the institution determined that the students withdrew; 1 instance at Merritt College where the College failed to input the amount disbursed to the student during the term resulting in an incorrect R2T4 calculation and the College not returning the amount of unearned title IV funds to the Department of Education; and 3 instances at Laney College where the College returned the incorrect amount of unearned title IV funds to the Department of Education.

In addition, we noted 8 students for Alameda College and 4 students for Laney College who did not academically participate in the enrolled distance education courses prior to withdrawing from their respective term. Students are required to academically participate in the enrolled distance education courses in order to earn the Title IV aid.

Questioned Costs: None.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section III – Federal Award Findings (Continued)

Cause: The Colleges' experienced turnover in key positions accountable for internal controls and compliance during and subsequent to year-end.

Effect: The Colleges' did not return the title IV funds within the required timeframe and did not verify academic participation resulting in noncompliance with the applicable title IV regulations.

Repeat Finding: No.

Recommendation: We recommend the Colleges' review the R2T4 requirements and implement procedures to ensure compliance with the applicable title IV regulations.

Views of Responsible Officials: Please refer to the attached corrective action plan.

2021 – 008: Activities Allowed or Unallowed and Allowable Cost/Cost Principles

Federal Agency: Department of Education

Federal Program Title: Higher Education Emergency Relief Fund (HEERF) Institutional Aid Portion

Assistance Listing Number: 84.425F

Award Period: July 1, 2020 to June 30, 2021

Type of Finding: Significant Deficiency in Internal Control Over Compliance and Noncompliance

Criteria or Specific Requirement: Institutions must demonstrate that costs incurred are allowable under the relevant statutory provisions and consistent with the purpose of the ESF "to prevent, prepare for, and respond to coronavirus." In general, the CARES Act authorized broad uses of HEERF funds, with specific standards for the different subprograms. The CRRSAA expanded the allowable uses for supplemental awards and new awards made under Section 314(a)(1) of the CRRSAA. The expanded use of funds authority also applies to unexpended HEERF I funds as of December 27, 2020 (the date of enactment of the CRRSAA).

Condition / Context: During our testing of 24 non-payroll transactions, we noted 2 non-payroll transactions were not allowable.

Questioned Costs: \$8,278

Cause: The District's internal controls did not ensure compliance with the requirements with the criteria mentioned above.

Effect: The documentation available for review was not adequate to support the compliance with the activities allowed/unallowed and allowable costs/cost principles to the program.

Repeat Finding: This is not a repeat finding.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section III – Federal Award Findings (Continued)

Recommendation: We recommend that the District improve the existing procedures and controls to ensure compliance with the aforementioned criteria such as having an additional level of review by managements or an internal auditor. Also, we recommend the District improve the review process by maintaining adequate documentation to support all charges to new and existing federal programs.

Views of Responsible Officials: Please refer to the attached Corrective Action Plan.

2021 – 009: Higher Education Emergency Relief Fund (HEERF) Reporting

Federal Agency: Department of Education

Federal Program Title: Higher Education Emergency Relief Fund (HEERF) Student Aid Portion and Higher Education Emergency Relief Fund (HEERF) Institutional Aid Portion

Assistance Listing Numbers: 84.425F; 84.425E

Award Period: July 1, 2020 to June 30, 2021

Type of Finding: Significant Deficiency in Internal Control Over Compliance and Noncompliance

Criteria or Specific Requirement: In Compliance Supplement issued by Executive Office of the President Office of Management and Budget in July 2021, there is a quarterly public reporting requirement for Students Aid and Institutional portions under section “ESF – Elementary and Secondary”.

In addition, there are requirements for all HEERF grantees to submit and file Annual Reporting. Department of Education (DE) developed the HEERF Data Collection Form (OMB Control Number 1840-0850) that institutions must have used to satisfy the annual reporting requirement for HEERF I. The form was required to be submitted to ED via the Annual Report Data Collection System on February 8, 2021 and applied to the reporting period from March 13, 2020 through December 31, 2020. Auditors should sample the amounts and data reported in the 2020 report with underlying documentation to ensure accuracy. ED will be collecting an annual report for HEERF grantees in February 2022. ED will share more information regarding this annual report, which will require institutions to report on their uses of HEERF I CARES Act funds, HEERF II CRRSAA funds, and HEERF III ARP funds in advance of the ARP annual reporting deadline.

Condition / Context: During our testing of 5 out of 5 reports, the quarterly student report was not updated and published on the College’s website.

During our testing of 5 quarterly institutional reports from Alameda College, Berkeley City College, Laney College and Merritt College, we noted 4 quarterly report (one from each College) were not published to the website timely.

During our testing of 2 annual reports from Berkeley College and Merritt College, we were unable to obtain the supporting documentation of the numbers reported on the report listed below:

- Count of HEERF Emergency Financial Aid Grant Eligible Students
- Count of HEERF Emergency Financial Aid Grants Disbursed to Students
- Total of HEERF Emergency Financial Aid Grants Disbursed to Students
- Institutional Expenditures of (a)1, (a)2, and a(3) through December 31, 2020

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section III – Federal Award Findings (Continued)

Questioned Costs: None

Cause: The College was not aware of this compliance requirement.

Effect: The case identified resulted in noncompliance with the HEERF reporting compliance requirements.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend the College to put a process in place to ensure compliance with the HEERF reporting.

Views of Responsible Officials: Please refer to the attached Corrective Action Plan.

2021 – 010: Suspension and Debarment

Federal Agency: Department of Education

Federal Program Title: Higher Education Emergency Relief Fund (HEERF) Institutional Aid Portion

Assistance Listing Number: 84.425F

Award Period: July 1, 2020 to June 30, 2021

Type of Finding: Significant Deficiency in Internal Control Over Compliance and Noncompliance

Criteria or Specific Requirement: Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA) and available at <https://www.beta.sam.gov/> (click on Search Record, then click on Advanced Search-Exclusions) (**Note:** The OMB guidance at 2 CFR Part 180 and agency implementing regulations still refer to the SAM Exclusions as the Excluded Parties List System (EPLS)), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Condition / Context: For nine procurement transactions (4 HEERF and 5 R&D), we requested audit evidence supporting the District verified that the vendors in the sample were not suspended or debarred or otherwise excluded from participating in the transaction prior to procurement with the vendor. The District’s policy is to check the system for Award Management (SAM) Exclusions website,

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section III – Federal Award Findings (Continued)

print a screen shot, and timestamp the information showing the procedure was performed. Other possible eligible audit evidence included collecting a certification from the vendor or adding a clause or condition to the covered transaction contract with that entity. While the District verbally confirmed that it verified vendors are not suspended or debarred prior to the procurement transaction by checking the SAM website, there was no audit evidence that we could observe that verified these procedures were performed. At the time of the audit (versus at the time of procurement), the District did print SAM screenshots to demonstrate to us that the entities sampled are not on the SAM Exclusions list. We also verified that the selected entities are not suspended or debarred.

Questioned Costs: None

Cause: CLA's adherence to auditing standards require audit evidence to demonstrate that the District's purchasing team performed the verification. The District was not maintaining support that the verification was being performed and verbal confirmation by the District did not serve as proper audit evidence.

Effect: Non-compliance with federal regulations.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend the District retain document to evidence its compliance with the suspension and debarment standards as required by federal regulations.

Views of Responsible Officials: Please refer to the attached Corrective Action Plan.

Section IV – State Compliance Findings

There were no findings and questioned costs related to state awards for the fiscal year ended June 30, 2021.



Peralta Community College District

Department of Education, Department of Treasury

Peralta Community College District respectfully submits the following corrective action plan for the year ended June 30, 2021.

Audit period: July 01, 2020 – June 30, 2021

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

Significant Deficiency

2021-001 Closing Process and Control Environment

Recommendation: Documentation may include policy manuals, process models, flowcharts, job descriptions, documents, and forms, and can be in paper form, electronic files, or other media. In addition, the documentation can be used in reinforcing established policies and procedures, evaluating performance, or training a new employee to perform the process.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: System limitations exist that prevent proper aging reports for accounts receivable by closing period, resulting in time consuming spreadsheet reconciliation processes.

The District has launched two operational projects (external and internal) to assess operational process needs and infrastructure challenges.

The District has consulted with HURON Consulting Group, a firm used by the California Community College State Chancellor's Office, to assess system gaps for specific functions within PeopleSoft's Finance and Supply Chain Management (FSCM) module.

The district is looking into the strategic investment of a mass contract with HURON so that several projects can be deployed simultaneously to expedite the rate process improvement and operational efficiency.

Name(s) of the contact person(s) responsible for corrective action:
Dr. Marla Williams-Powell, Interim Executive Director Fiscal Services (District)

Planned completion date for corrective action plan: First cycle of completion scheduled for June 2022. Continuous process improvement projects are currently deployed; policy and process manuals are part of our current assessment efforts. Total completion will depend on enhancement, optimization necessary system modification requirements.

Significant Deficiency

2021-002 Special Tests and Provisions: COD Reporting

Recommendation: We recommend the Colleges' review their reporting procedures and policies around reporting Pell and Direct Loan disbursements to COD to ensure that student



Peralta Community College District

information is reported accurately and timely to COD as required by regulations.
Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: As similarly noted in previous audits, frequent staff turnover in critical roles combined with system limitations contribute to the District's inability to retain the specialized subject matter experts needed to solidify, execute, and efficiently monitor related activities; resulting in compliance challenges across the organization. A combination of functional and technical skills is needed to address issues with disbursement data that is extracted from PeopleSoft and transmitted to COD via EdConnect Software.

The District has consulted with HURON Consulting Group, a firm used by the California Community College State Chancellor's Office, to assess PeopleSoft's Campus Solution (CS) module for system gaps for related workflow functionality. HURON will assist in the review of processes that will enhance current processes and streamline data flow between campus and COD using various software.

The district is looking into the strategic investment of a mass contract with HURON so that several projects can be deployed simultaneously to expedite the rate of process improvement and operational efficiency, supporting the district in optimizing its technological infrastructure in financial aid operations.

Name(s) of the contact person(s) responsible for corrective action:

Dr. Marla Williams-Powell, Interim Executive Director Fiscal Services (District)

Berkeley City College

Dr. Angelica Garcia, President

Dr. Stacey Shears, VP Student Services

College of Alameda

Dr. Nathaniel Jones, President

Dr. Tina Vasconcellos, VP Student Services

Laney College

Dr. Rudy Besikof, President

Ramon Knox, VP of Student Services

Merritt College

Dr. David Johnson, President

Dr. Lilia Chavez, VP Student Services

Planned completion date for corrective action plan: June 2022, significant improvement is expected with current HURON engagement. Any system related improvement is pending outcome of HURON assessment on enhancement or optimization, which may extend full completion date. Recommendations will be considered for prioritization of technological investments.

Significant Deficiency

2021-003 Gramm-Leach-Bliley Act – Student Information Security

Recommendation: We recommend that the District engage a third party to perform the risk



Peralta Community College District

assessment for the three required areas required by the Gramm-Leach-Bliley Act.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Due to the covid pandemic, the formal IT risk assessment for the Peralta District was halted for the past two years; however, our District took other measures to assure we addressed all risks, including the three areas listed in the Condition/Context section, safety measures were significantly enhanced to protect the district throughout the past two years.

These safety measures included moving all our data systems to the Cloud through Oracle, and Oracle is contracted to house, protect, and ensure the safety of all of our data. This protection naturally encompassed (Area 1) Employee training and management, and (Area 2) Information systems, including network and software design.

In 2021 the district also established disaster recovery sites for all our data and processes to secure and protect against any attacks, intrusions, or other system failures listed in Area 3.

Name(s) of the contact person(s) responsible for corrective action:

Antione Mehoulley, Director of Network Services (District)

Dr. Marla Williams-Powell, Interim Executive Director Fiscal Services (District)

Planned completion date for corrective action plan: As the district is returning to in person engagement, the opportunity to conduct the formal risk assessment (which requires physical campus/district presence) is now viable and is expected to be completed by June 2022.

Significant Deficiency

2021-004 Internal Controls Over Federal Awards

Recommendation: We recommend the Colleges reinforce their review processes, monitor proper follow-up on audit findings, and review all activity level controls to ensure compliance with the various requirements of the Student Financial Assistance Cluster.

Explanation of disagreement with audit finding: Regulations do not specify the separation of preparer and reviewer. Colleges have other control keys to ensure compliance

Action taken in response to finding: Staffing gaps were evident at the colleges listed in the Condition (Merritt and Berkeley City College); district policy is updated to include Vice President of Student Services and Dean of Student Services to serve as reviewer in the absence of Financial Aid Director.

As similarly noted in previous audits, frequent staff turnover in critical roles combined with system limitations contribute to the District's inability to retain the subject matter experts needed to solidify, execute, and efficiently monitor related activities, resulting in compliance challenges across the organization.

The District has consulted with HURON Consulting Group, a firm used by the California Community College State Chancellor's Office, to assess PeopleSoft's Campus



Peralta Community College District

Solution (CS) module for system gaps for related workflow functionality.

The district is looking into the strategic investment of a mass contract so that several projects can be deployed simultaneously to expedite the rate of process improvement and operational efficiency, supporting the district in optimizing its technological infrastructure in financial aid operations.

Name(s) of the contact person(s) responsible for corrective action:

Dr. Marla Williams-Powell, Interim Executive Director Fiscal Services (District)

Berkeley City College

Dr. Angelica Garcia, President

Dr. Stacey Shears, VP Student Services

College of Alameda

Dr. Nathaniel Jones, President

Dr. Tina Vasconcellos, VP Student Services

Laney College

Dr. Rudy Besikof, President

Ramon Knox, VP of Student Services

Merritt College

Dr. David Johnson, President

Dr. Lilia Chavez, VP Student Services

Planned completion date for corrective action plan: April 2022, Financial Aid Policy is updated to include appropriate approval protocol. Any system related improvement is pending outcome of HURON assessment on enhancement or optimization. Recommendations will be considered for prioritization of technological investments.

Significant Deficiency

2021-005 Special Tests and Provisions: NSLDS Enrollment Reporting

Recommendation: We recommend the District review its reporting procedures to ensure that roster file submissions are reported timely to NSLDS as required by regulations.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The District will establish standing opportunities to collaborate across functional staff to support in its process improvement efforts. Staffing challenges in critical roles combined with system limitations contribute to the District's inability to retain the specialized skillset needed to solidify, execute, and efficiently monitor related activities, resulting in compliance challenges across the organization.

The District has consulted with HURON Consulting Group, a firm used by the California Community College State Chancellor's Office, to assess PeopleSoft's Campus Solution (CS) module for system gaps for related workflow functionality. The district is looking into the strategic investment of a mass contract so that several projects can be deployed simultaneously to expedite the rate process improvement and operational efficiency.



Peralta Community College District

Name(s) of the contact person(s) responsible for corrective action:

Dr. Marla Williams-Powell, Interim Executive Director Fiscal Services (District)

Dr. Stephanie Droker, Interim Deputy Chancellor/Chief Operating Officer

Berkeley City College

Dr. Angelica Garcia, President

Dr. Stacey Shears, VP Student Services

College of Alameda

Dr. Nathaniel Jones, President

Dr. Tina Vasconcellos, VP Student Services

Laney College

Dr. Rudy Besikof, President

Ramon Knox, VP of Student Services

Merritt College

Dr. David Johnson, President

Dr. Lilia Chavez, VP Student Services

Planned completion date for corrective action plan: June 2022, district offices are collaborating to identify opportunities to improve efficiency. Any system related advancement is pending outcome of HURON assessment on enhancement or optimization, which may extend full completion date. Recommendations will be considered for prioritization of technological investments.

Significant Deficiency

2021-006 Outstanding Student Refund Checks

Recommendation: We recommend that the District review its procedures related to outstanding student refund checks to ensure they are being returned to the Department of Education or disbursed to students as stated in the criteria mentioned above.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: As similarly noted in previous audits, frequent staff turnover in critical roles combined with system limitations contribute to the District's inability to retain the specialized skillset needed to solidify, execute, and efficiently monitor related activities; resulting in compliance challenges across the organization.

The District has consulted with HURON Consulting Group, a firm used by the California Community College State Chancellor's Office, to assess PeopleSoft's Campus Solution (CS) module for system gaps for related workflow functionality. The district is looking into the strategic investment of a mass contract so that several projects can be deployed simultaneously to expedite the rate process improvement and operational efficiency, supporting the district in optimizing its technological infrastructure in financial aid operations.

The District is exploring optimization functionality to help with mass student notification and date tracking for returned disbursements.



Peralta Community College District

The District is also currently working under recent guidance from the Department of Education to complete all downward COD adjustments.

Name(s) of the contact person(s) responsible for corrective action:

Dr. Marla Williams-Powell, Interim Executive Director Fiscal Services (District)

Berkeley City College

Dr. Angelica Garcia, President

Dr. Stacey Shears, VP Student Services

College of Alameda

Dr. Nathaniel Jones, President

Dr. Tina Vasconcellos, VP Student Services

Laney College

Dr. Rudy Besikof, President

Ramon Knox, VP of Student Services

Merritt College

Dr. David Johnson, President

Dr. Lilia Chavez, VP Student Services

Planned completion date for corrective action plan: June 2022.

Significant Deficiency

2021-007 Return of Title IV Funds

Recommendation: We recommend the Colleges' review the R2T4 requirements and implement procedures to ensure compliance with the applicable title IV regulations.

Explanation of disagreement with audit finding: The colleges currently adhere to guidance set forth by the FSA Handbook, utilizing the withdrawal date when the student begins the withdrawal process. This determination may include the date in which the student drops the last class for the term. For unofficial withdrawals, per FSA Handbook chapter 2 page 5-74, when a student unofficially withdraws from an institution that is not required to take attendance, the date may be the student's last date of attendance at an academically related activity or the midpoint of the period as the student's withdrawal date.

Action taken in response to finding: As a result of the new supplemental requirement to document proof of academic engagement, the colleges must collaborate on policy development that stipulates the modes of verification for student participation. This policy must include cross functional activities with instructional staff. Colleges are consulting with the Department of Education for clarification on what constitutes as "*proof of academic engagement*" as related to new OMB 2021 Compliance Requirement.

The District has consulted with HURON Consulting Group, a firm used by the California Community College State Chancellor's Office, to assess PeopleSoft's Campus Solution (CS) module for system gaps for related workflow functionality and record retention opportunities for dropped/withdrawn students. The district is looking into the strategic investment of a mass contract so that several projects can be deployed simultaneously to expedite the rate process improvement and operational efficiency.



Peralta Community College District

Name(s) of the contact person(s) responsible for corrective action:

Dr. Marla Williams-Powell, Interim Executive Director Fiscal Services (District)

Berkeley City College

Dr. Angelica Garcia, President

Dr. Stacey Shears, VP Student Services

College of Alameda

Dr. Nathaniel Jones, President

Dr. Tina Vasconcellos, VP Student Services

Laney College

Dr. Rudy Besikof, President

Ramon Knox, VP of Student Services

Merritt College

Dr. David Johnson, President

Dr. Lilia Chavez, VP Student Services

Planned completion date for corrective action plan: June 2022, significant improvement is expected with current HURON engagement. Any system related improvement is pending outcome of HURON assessment on enhancement or optimization, which may extend full completion date. Recommendations will be considered for prioritization of technological investments.

Significant Deficiency

2021-008 Activities Allowed or Unallowed and Allowable Cost/Cost Principles

Recommendation: We recommend that the District improve the existing procedures and controls to ensure compliance with the aforementioned criteria such as having an additional level of review by managements or an internal auditor. Also, we recommend the District improve the review process by maintaining adequate documentation to support all charges to new and existing federal programs.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Audit adjustment made in the amount of \$8,278

Name(s) of the contact person(s) responsible for corrective action:

Berkeley City College

Dr. Angelica Garcia, President

Dr. Stacey Shears, VP Student Services

College of Alameda

Dr. Nathaniel Jones, President

Dr. Tina Vasconcellos, VP Student Services

Laney College

Dr. Rudy Besikof, President

Ramon Knox, VP of Student Services



Peralta Community College District

Merritt College

Dr. David Johnson, President
Dr. Lilia Chavez, VP Student Services

Significant Deficiency

2021-009 Higher Education Emergency Relief Fund (HEERF) Reporting

Recommendation: We recommend the College to put a process in place to ensure compliance with the HEERF reporting.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Campuses have updated websites and complied with requisite HEERF reports guidelines. Campus Leaders are aware of scheduled reporting requirements and have scheduled posting and reporting obligations.

Name(s) of the contact person(s) responsible for corrective action:

Berkeley City College

Dr. Angelica Garcia, President
Dr. Stacey Shears, VP Student Services

College of Alameda

Dr. Nathaniel Jones, President
Dr. Tina Vasconcellos, VP Student Services

Laney College

Dr. Rudy Besikof, President
Ramon Knox, VP of Student Services

Merritt College

Dr. David Johnson, President
Dr. Lilia Chavez, VP Student Services

Significant Deficiency

2021-010 Procurement, Suspension and Debarment

Recommendation: We recommend the District update its purchasing policy and procedures to ensure compliance with the procurement and suspension and debarment standards as required by federal regulations.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The district will provide a Federal Debarment Certification form document to vendors for federal funded contracts/PO's prior to dispatching the purchase order

Name(s) of the contact person(s) responsible for corrective action:

Adil Ahmed, Interim Vice Chancellor of Finance and Administration



Peralta Community College District

Brian Slaughter, Director of Purchasing

Planned completion date for corrective action plan: April 2022.

If the Department of Education and the Department of Treasury has questions regarding this plan, please call Marla Williams-Powell at (510) 587-7897



Peralta Community College District

Department of Education

Peralta Community College District respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2021.

Audit period: July 1, 2019 – June 30, 2020

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT **2020-001: Closing Process and Control Environment**

Condition: Material Weakness - District appears to have an ineffective control environment over. As noted in the prior year, errors were made within the reconciliation processes of the District's financial records. As of year-end, material adjustments and reclassifications were required to conform to the BAM and GAAP. Differences were found in various accounts including, but not limited to:

- In reviewing items sampled for testing, we discovered that grants and contracts receivables include amounts recognized prior to June 30, 2019 that have yet to be collected. Additionally, we were unable to receive supporting documentation for such items sampled. The factual and projected error, based on the statical sample, associated with these items is approximately \$3.4 million.
- The District was unable to provide an aged student receivable listing to demonstrated it followed their policy on estimating their allowance for doubtful accounts. The gross student accounts receivable is approximately \$18.6 million and the related allowance for doubtful accounts is \$8.8 million.
- The District erroneously recognized approximately \$4 million of revenue instead of a liability in the Self Insurance Fund.
- The District was unable to provide evidence cash and investment reconciliations were reviewed by someone other than the preparer to demonstrate segregation of duties. Additionally, there are bank reconciliations that do not agree with the general ledger. Certain accounts were understated by approximately \$1.1 million and other accounts overstated by approximately \$570 thousand.

Status: See current year finding 2021-001.

Reason for finding's recurrence: Continued turnover in leadership and staffing assignments.

Corrective Action: The District has launched two operational projects (external and internal) to assess operational process needs and infrastructure challenges.

2020-002: Capital Assets

Condition: Material Weakness As noted in the prior year, the District's capital asset detail includes several items that cannot be clearly identified or separated by project. A reconciliation of construction in progress is not performed accurately and does not have proper review to ensure uncapitalizable expenditures are properly removed. Completed projects are not being correctly identified or removed



Peralta Community College District

from the construction in progress detail to the appropriate capital asset account to begin depreciating. In addition, an inventory has not been performed in accordance with District policy, every two years.

Deletions from the capital asset schedule are not being properly monitored or adjusted to accurately reflect items currently in use.

Status: Corrective action was taken.

2020-003: Vacation Accrual

Condition: Several employees were noted as having accrued vacation hours in excess of their maximum amount allowed.

Status: Corrective action was taken.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2020 – 004: Special Tests and Provisions: Eligibility and Certification Approval Report

Condition: Significant Deficiency- During our audit procedures, we noted that the new Presidents and Directors of Financial Aid for Laney, Alameda, and Merritt College were not reported to the Department of Education within 10 business days of the change.

Status: Corrective action was taken.

2020 – 005: Special Tests and Provisions: COD Reporting

Condition: Significant Deficiency- The audit identified the following conditions:

- (1) 2 out of the 15 Direct Loan disbursements, which is a statistically valid sample, tested for Berkeley College and 4 out of the 15 Pell Grant disbursements tested for Laney College, had incorrect disbursement dates reported to the Common Origination and Disbursement (COD) system.
- (2) 2 out of the 15 Direct Loan disbursements, which is a statistically valid sample, tested for Laney College were not reported to COD within the required 15 days.

Status: See current year finding 2021-002.

Reason for finding's recurrence: Continuous turnover and staffing gaps at colleges.

Corrective Action: The district is looking into the strategic investment of a mass contract with HURON so that several projects can be deployed simultaneously to expedite the rate of process improvement and operational efficiency, supporting the district in optimizing its technological infrastructure in financial aid operations.



Peralta Community College District

2020 – 006: Gramm-Leach-Bliley Act

Condition / Context: Significant Deficiency - During our audit procedures, we noted that the College did not perform a risk assessment that addresses two of the three areas noted in 16 CFR 314.4 (b) which are (Area 1) Employee training and management; (Area 3) Detecting, preventing and responding to attacks, intrusions, or other systems failures and document safeguards for identified risks.

Status: See current year finding 2021-002.

Reason for finding's recurrence: Continuous turnover and staffing gaps at colleges.

Corrective Action: As the district is returning to in person engagement, the opportunity to conduct the formal risk assessment (which requires physical campus/district presence) is now viable and is expected to be completed by June 2022.

2020 – 007: Internal Controls Over Federal Awards

Condition / Context: Significant Deficiency - During our audit procedures, we noted that there is no formal documented review process of R2T4 calculations, student award packaging, and review of documentation for those students selected for verification by the Department of Education, for Alameda, Berkeley, and Merritt College. Furthermore, we noted the Direct Loan, Pell Grant, Federal Work Study, and Supplemental Education Opportunity Grant reconciliations were not reviewed by someone other than the preparer for Berkeley and Merritt College.

Status: See current year finding 2021-002.

Reason for finding's recurrence: Continuous turnover and staffing gaps at colleges.

Corrective Action: The district is looking into the strategic investment of a mass contract so that several projects can be deployed simultaneously to expedite the rate of process improvement and operational efficiency, supporting the district in optimizing its technological infrastructure in financial aid operations.

2020 – 008: Special Tests and Provisions: Enrollment Reporting

Condition / Context: Significant Deficiency - During our testing of 60 students, which is a statistically valid sample, we noted 13 instances of late reporting of student status changes, 13 instances of improper student status reporting at the campus-level and program-level records including 8 students that were not updated to graduated from withdrawn, and 2 instances where the effective date of a student status change was improperly reported at both the campus-level and program-level record.

In addition, we noted that 37 out of the 60 students, which is a statistically valid sample, tested did not have the correct program begin date per the institution's record reported to the NSLDS system.

Status: See current year finding 2021-005.

Reason for finding's recurrence: Continuous turnover and staffing gaps at colleges.



Peralta Community College District

Corrective Action: The district is looking into the strategic investment of a mass contract so that several projects can be deployed simultaneously to expedite the rate of process improvement and operational efficiency, supporting the district in optimizing its technological infrastructure in financial aid operations.

2020 – 009: Outstanding Student Refund Checks

Condition / Context: Significant Deficiency - Management was unable to provide us with documentation for student refunds of Title IV federal financial aid that were outstanding as of June 30, 2020 for 18 out of the 40 refunds tested, which is a statistically valid sample. In addition, 5 out of the 40 refunds, which is a statistically valid sample, tested were not reissued within 45 days after the funds were returned or rejected.

Status: See current year finding 2021-006.

Reason for finding's recurrence: Continuous turnover and staffing gaps at colleges.

Corrective Action: The District is exploring optimization functionality to help with mass student notification and date tracking for returned disbursements.

2020 – 010: Activities Allowed or Unallowed, Allowable Cost/Cost Principles and Period of Performance

Condition / Context: Significant Deficiency - Our audit procedures on the expenditures charged to the Fund resulted in the following conditions:

1. \$378,498 were charged to the program as independent contractor/consultant fees. Although the description in the general ledger seems allowable, we were not provided with the supporting documentation to verify the expenditures met the criteria referenced above.
2. \$430,445 were charged to the Fund as miscellaneous operational expense for bus passes that were purchased for students attending the Spring 2020 semester and does not meet the allowability criteria referenced above. Furthermore, we were not provided with the supporting documentation to verify that these expenditures were incurred prior to March 1, 2020, the start of the period of performance of the Fund.

Status: Corrective action was taken.

If the Department of Education has questions regarding this schedule, please call Marla Williams-Powell at (510) 587-7897.

CONTINUING DISCLOSURE INFORMATION

**PERALTA COMMUNITY COLLEGE DISTRICT
TREND ANALYSIS BY FUND – CASH AND ENDING FUND BALANCES
YEAR ENDED JUNE 30, 2021**

Cash and Cash Equivalents and Investments			
	June 30, 2019	June 30, 2020	June 30, 2021
Unrestricted General Fund	\$ (1,262,792)	\$ (4,556,306)	\$ 4,611,307
Restricted General Fund	25,941,906	23,785,024	5,519,572
Bond Interest and Redemption Fund	23,864,672	39,245,492	50,975,618
Child Development Fund	1,943,145	2,745,856	2,212,542
Other Special Revenue Funds:			
Parcel Tax Fund	5,174,520	5,351,555	4,997,687
Retiree Benefits Fund	13,188,550	7,608,147	(1,640,805)
Capital Projects Fund	6,311,358	3,920,890	7,769,387
Bond Construction Funds	28,356,988	111,223,934	80,724,848
Self Insurance Fund	3,846,741	2,275,640	6,423,563
Student Financial Aid and Trust Fund	(3,638,975)	(1,772,959)	(2,456,754)
Associated Students Funds		711,519	705,658
Student Representative Fee Funds	234,392	362,050	483,026
Student Center Fee Funds	753,751	912,847	1,021,204
OPEB Lifetime Revocable Trust	197,969,424	187,037,655	219,942,393
Business-Type Activities Cash and Investments	<u>\$ 302,683,680</u>	<u>\$ 378,851,344</u>	<u>\$ 381,289,246</u>
Cash and Cash Equivalents	\$ 35,180,174	\$ 23,697,173	\$ 17,629,523
Restricted Cash and Cash Equivalents	52,221,660	150,469,426	131,700,466
Investments	<u>215,281,846</u>	<u>204,684,745</u>	<u>231,959,257</u>
Business-Type Activities Cash and Investments	<u>\$ 302,683,680</u>	<u>\$ 378,851,344</u>	<u>\$ 381,289,246</u>
OPEB Irrevocable Trust Investments	<u>\$ 1,050,602</u>	<u>\$ 1,103,673</u>	<u>\$ 1,326,881</u>
Ending Fund Balance/Net Position			
	June 30, 2019	June 30, 2020	June 30, 2021
Unrestricted General Fund	\$ 22,223,308	\$ 24,850,474	\$ 25,961,001
Restricted General Fund	5,510,284	7,245,912	6,586,914
Bond Interest and Redemption Fund	23,864,672	39,245,492	50,975,618
Child Development Fund	1,577,846	1,876,062	2,001,509
Other Special Revenue Funds:			
Parcel Tax Fund	1,040,388	934,926	965,109
Retiree Benefits Fund	14,052,562	9,472,039	5,672,659
Capital Projects Fund	5,804,950	3,515,755	7,801,409
Bond Construction Funds	24,231,512	101,707,818	75,666,802
Self Insurance Fund	(1,147,822)	(1,940,586)	6,797
Student Financial Aid and Trust Fund	200,380	(162,919)	(162,919)
Associated Students Funds	363,572	745,382	750,316
Student Representative Fee Funds	148,713	200,822	278,145
Student Center Fee Funds	741,561	858,988	1,000,798
OPEB Lifetime Revocable Trust	194,298,862	173,986,532	206,891,270
Full Accrual Net Position	<u>(539,669,004)</u>	<u>(688,006,699)</u>	<u>(666,470,364)</u>
Business-Type Activities Net Position	<u>\$ (246,758,216)</u>	<u>\$ (325,470,002)</u>	<u>\$ (282,074,936)</u>
OPEB Irrevocable Trust Net Position	<u>\$ 1,050,602</u>	<u>\$ 1,103,673</u>	<u>\$ 1,326,881</u>

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