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PERALTA COMMUNITY COLLEGE DISTRICT

AUDIT REPORT

JUNE 30, 2024

PERALTA COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Peralta Community College District
Oakland, California

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, the fiduciary activities, and the aggregate remaining fund information of Peralta Community College District (the "District") as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the fiduciary activities, and the aggregate remaining fund information of the District as of June 30, 2024, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information section, as listed in the table of contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Continuing Disclosure Information section, as listed in the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



San Diego, California
December 6, 2024

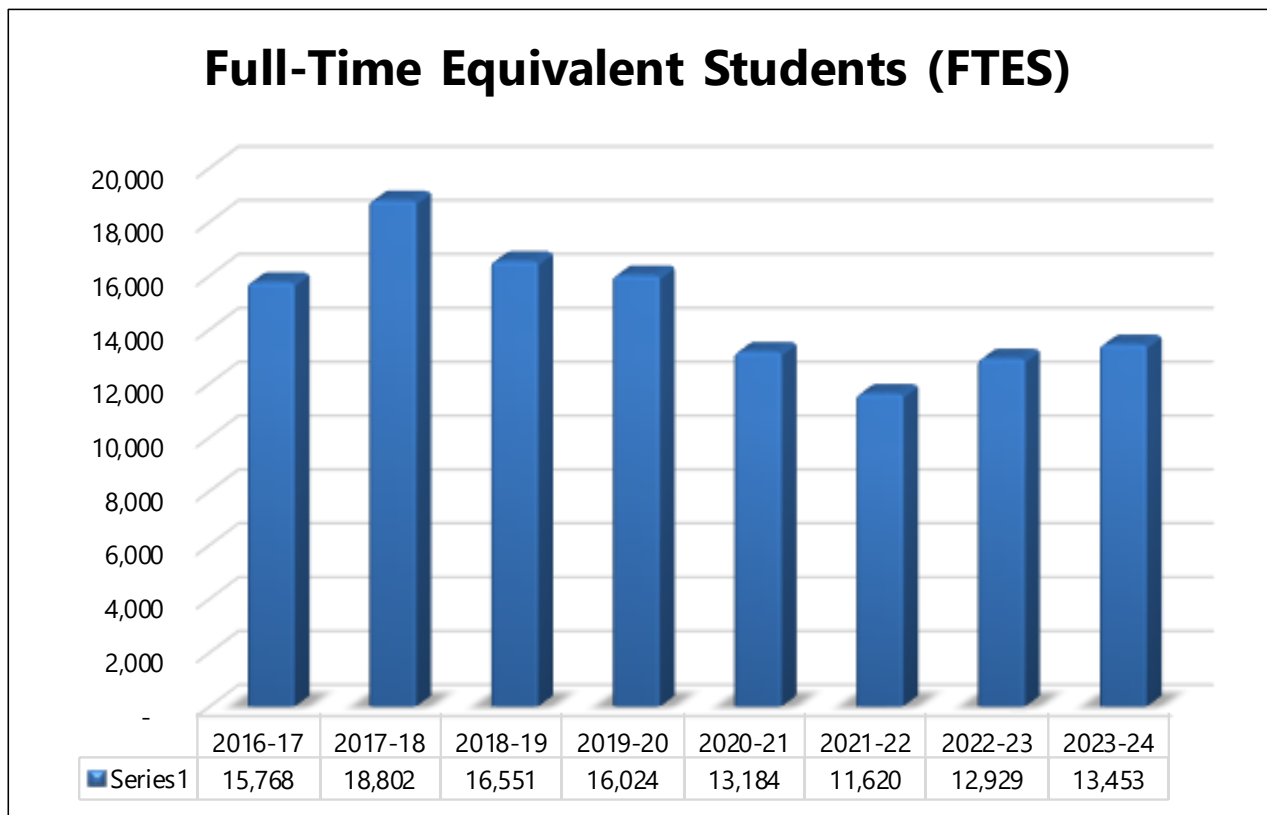
**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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, 2024. 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 served over 31,000 students during 2023-24, and is one of the top community college districts in California in transferring students into the UC system. Currently 889 full-time employees and over 1380 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 2023-2024, Peralta Colleges generated 13,524 FTES recal. (including credit and noncredit FTES), as compared to 12,929 (recalc) in the fiscal year 2022-23. This represents a 4.6% percent increase. FTES is generated at the District’s four colleges: Berkeley City College, College of Alameda, Laney College, and Merritt College.



**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Selected Highlights, continued

- Unrestricted General Fund revenues for the year were \$162,954,526 an increase of 0.73 percent from prior year's revenue of \$161,775,823. This was primarily due to increase in state apportionment and property taxes, offset by a decrease in federal HEERF revenues.
- Unrestricted General Fund expenditures for the year were \$170,879,260, an increase of 13.1 percent over prior year's expenditures of \$151,111,823. This is primarily due to increases in salaries and benefits.
- The District received approximately \$3,315,001 in Student Success Completion Grant funding allocated to the four Colleges.
- The District received approximately \$9,129,926 in Student Equity and Achievement program funding that was distributed among the four Colleges and the District Office.
- The District's allocation for Physical Plant and Instructional Support funding was cut by \$6,850,738 from the 2023-24 Budget Act. A decrease of 59.48 percent from the original allocation of \$11,517,915. This is reflected in the financial statements as a prior period adjustment.
- The District's allocation for Retention and Enrollment Outreach funding was cut by \$1,074,025 from the 2023-24 Budget Act. A decrease of 41.01 percent from original allocation of \$2,619,242
- 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, 2024, is \$156,518,547 (\$132,258,240 for those employees hired prior to July 1, 2004, and \$22,863,654 for employees hired after July 1, 2004, and \$396,653 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 its 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
JUNE 30, 2024**

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.

A summary of the Statement of Net Position as of June 30, 2024 and June 30, 2023, is presented below:

	2024	2023	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	\$ 139,534,191	\$ 148,892,562	\$ (9,358,371)
Non-current assets	775,092,385	815,426,007	(40,333,622)
Deferred outflow of resources	75,312,047	78,560,712	(3,248,665)
Total Assets and Deferred Outflows of Resources	989,938,623	1,042,879,281	(52,940,658)
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	175,841,300	167,690,903	8,150,397
Non-current liabilities	962,321,637	1,014,093,013	(51,771,376)
Deferred inflows of resources	26,660,307	38,784,695	(12,124,388)
Total Liabilities and Deferred Inflows of Resources	1,164,823,244	1,220,568,611	(55,745,367)
NET POSITION			
Net investment in capital assets	37,175,729	31,313,763	5,861,966
Restricted	89,977,246	92,503,266	(2,526,020)
Unrestricted (deficit)	(302,037,596)	(301,506,359)	(531,237)
Total Net Position	\$ (174,884,621)	\$ (177,689,330)	\$ 2,804,709

**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Statement of Net Position, continued

- 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 decrease in cash during the 2023-24 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 \$7,803,377 for reimbursements from Federal and State agencies related to grant awards, \$22,078,438 from miscellaneous sources, and \$29,554,737 for student receivables.
- Capital assets had a net increase of \$36,086,775. The District had additions of \$43,814,576 related to construction in progress. Depreciation expense of \$22,527,615 was recognized during 2023-24. 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, 2023. Total accounts payable are \$37,526,450; \$16,504,219 of the balance was accrued in the Capital Projects fund, Bond fund, and Special Revenue fund related to capital outlay with the remaining \$21,022,231 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 the 1992 Election, 1996 Election, 2000 Election, 2006 Election, and 2019 Election 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. Additional information related to long-term obligations is found in Note 10 of the financial statements.

**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Statement of Revenues, Expenses, and Changes in Net Position

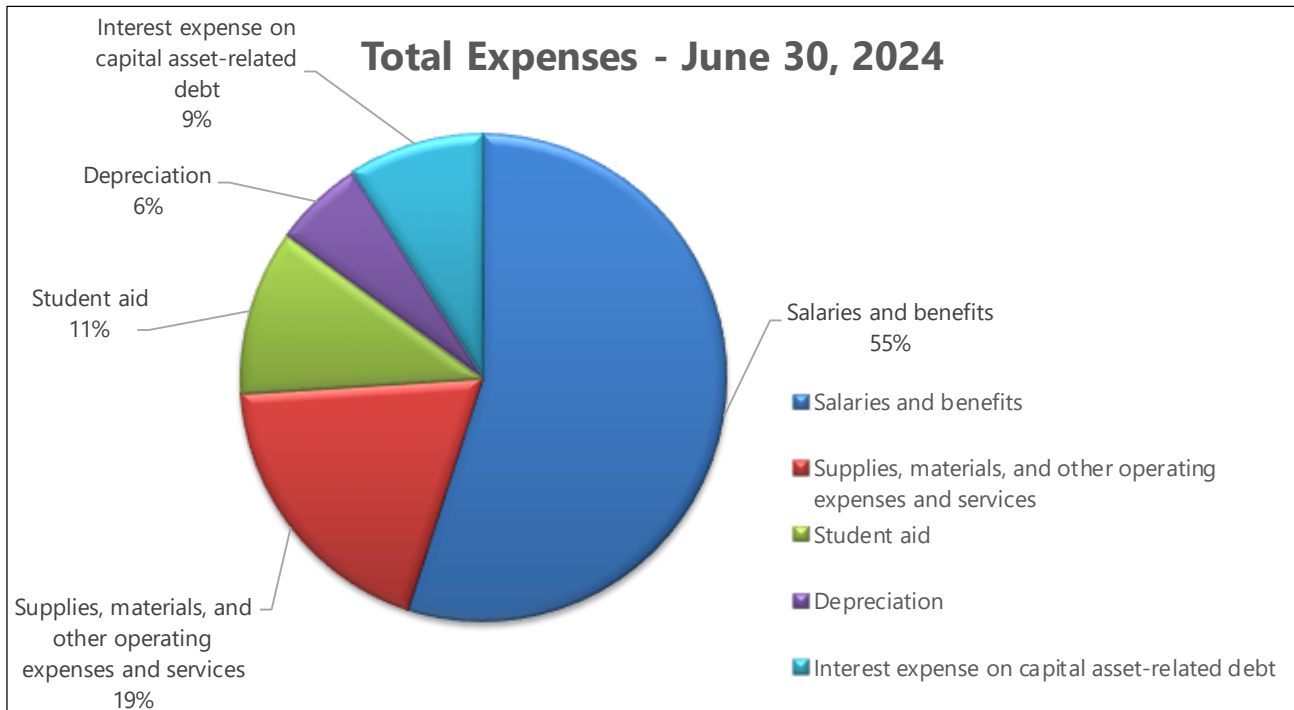
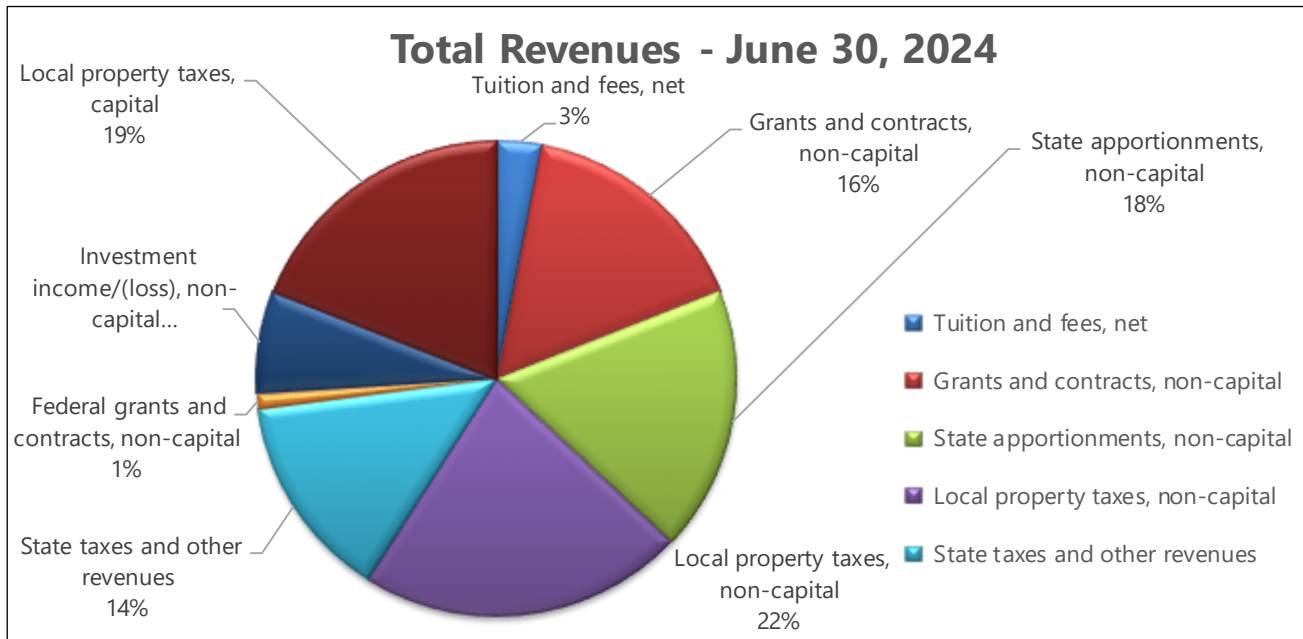
The Statement of Revenues, Expenses, and Changes in Net Position presents the financial results of the District's operations, as well as its non-operating activities. The distinction between these two activities involves the concepts of exchange and non-exchange. Operating activities are those in which 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 non-operating, 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.

The Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2024 and June 30, 2023, is summarized below:

	2024	2023	Change
OPERATING REVENUES			
Tuition and fees, net	\$ 11,402,976	\$ 11,408,762	\$ (5,786)
Grants and contracts, non-capital	58,940,464	64,050,251	(5,109,787)
Total Operating Revenues	70,343,440	75,459,013	(5,115,573)
OPERATING EXPENSES			
Salaries and benefits	193,156,434	128,196,742	64,959,692
Supplies, materials, and other operating expenses and services	65,455,721	84,450,657	(18,994,936)
Student aid	40,002,223	42,090,180	(2,087,957)
Depreciation	22,527,615	22,910,578	(382,963)
Total Operating Expenses	321,141,993	277,648,157	43,493,836
Operating Loss	(250,798,553)	(202,189,144)	(48,609,409)
NON-OPERATING REVENUES/(EXPENSES)			
State apportionments, non-capital	64,553,337	64,855,591	(302,254)
Local property taxes	82,423,251	77,438,165	4,985,086
State taxes and other revenues	49,212,685	38,684,125	10,528,560
Federal grants and contracts, non-capital	2,856,889	18,217,226	(15,360,337)
Investment income/(loss), non-capital	21,209,819	14,284,968	6,924,851
Total Non-Operating Revenues/(Expenses)	220,255,981	213,480,075	6,775,906
OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)			
Investment income, capital	3,687,008	2,276,504	1,410,504
Interest expense on capital asset-related debt	(30,083,873)	(28,524,259)	(1,559,614)
Local property taxes, capital	66,594,884	61,068,130	5,526,754
Changes in Net Position	9,655,447	46,111,306	(36,455,859)
NET POSITION, BEGINNING OF YEAR	(177,689,330)	(223,700,620)	46,011,290
PRIOR PERIOD ADJUSTMENT (SEE NOTE 16)	(6,850,738)	(100,016)	(6,750,722)
NET POSITION, END OF YEAR	\$ (174,884,621)	\$ (177,689,330)	\$ 2,804,709

**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Statement of Revenues, Expenses, and Changes in Net Position, continued



**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Statement of Revenues, Expenses, and Changes in Net Position, continued

- The primary components of tuition and fees are the \$46 per unit enrollment fee that is charged to all students registering for classes and an additional \$358 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 2024 compared to 46 percent in 2023. The remaining 40% of operating expenses is for supplies, materials, other operating expenses, student aid, and depreciation expense.
- The principal components of the District's non-operating 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 and student support activities. The amount of State general apportionment received by the District is dependent upon the number of FTES and supplemental and student success metrics generated and reported to the State in accordance with the Student-Centered Funding Formula, 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 and Benefits	Supplies, Material, and Other Operating Expenses and Services	Student Aid	Depreciation	Total
Instructional activities	\$ 84,094,493	\$ 2,026,097	\$ 1,973	\$ -	\$ 86,122,563
Academic support	20,629,211	923,599	-	-	21,552,810
Student services	38,329,981	1,744,762	373,981	-	40,448,724
Operation and maintenance of plant	8,244,452	6,814,881	-	-	15,059,333
Institutional support	35,726,807	13,025,239	7,340,316	-	56,092,362
Community services and economic development	214,496	24,595	-	-	239,091
Ancillary services and operations	4,598,356	792,442	42,401	-	5,433,199
Student aid	-	1,575	32,243,552	-	32,245,127
Physical property, interest and other outgo	1,318,638	40,102,531	-	-	41,421,169
Depreciation	-	-	-	22,527,615	22,527,615
Total	\$ 193,156,434	\$ 65,455,721	\$ 40,002,223	\$ 22,527,615	\$ 321,141,993

**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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 in the operating activities of the District. The second part details cash received/paid for non-operating, non-investing, and non-capital financing purposes. The third part shows cash flows from capital and related financing activities. It deals with the cash provided by/used in 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 in operating activities to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

The Statement of Cash Flows for the fiscal years ended June 30, 2024 and June 30, 2023, is summarized below:

Cash Provided by/(Used in)	2024	2023	Change
Operating activities	\$ (234,069,101)	\$ (187,019,725)	\$ (47,049,376)
Non-capital financing activities	192,195,424	199,195,107	(6,999,683)
Capital financing activities	(71,527,258)	105,153,532	(176,680,790)
Investing activities	14,053,113	19,688,690	(5,635,577)
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>\$ (99,347,822)</u>	<u>\$ 137,017,604</u>	<u>\$ (236,365,426)</u>

- 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 33.5 percent and 32.6 percent of noncapital financing for fiscal years 2024 and 2023, respectively. Cash received from property taxes accounts for 42.7 percent in fiscal year 2024 and 38.9 percent in fiscal year 2023 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 of the fiscal year, the District has an aggregate net pension liability of \$154,701,409 versus \$146,607,554 last year, an increase of \$8,093,855 or 6 percent.

**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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 \$156,518,547 as of June 30, 2024.

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, known as "Trust 1" (revocable) and "Trust 2" (irrevocable). 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, 2024, the balance of the Retiree Health Benefit Program Fund's revocable Pre-2004 OPEB Trust 1 was \$188,408,605, and the balance of the irrevocable Post-2004 OPEB Trust 2 was \$1,404,225.

Economic Factors that May Affect the Future

Recent reports have stated California could face a \$58 billion deficit over the next few years, which has the potential to impact the State similarly to the great recession of 2008. The District continues to focus its efforts on enhancing strategic enrollment management designed to provide excellent educational opportunities. The District looks forward to continued caution that has served it well over the recent past. Importantly, the District has increased marketing and educational and student support programming strategies, hopeful that these endeavors position it to meet with vigor, the post-pandemic environment in 2021-22 and thereafter. The State economy is uncertain: property taxes and personal income taxes are forecasted to be below projections.

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, 2024

ASSETS

Current Assets:

Cash and cash equivalents	\$ 66,518,892
Accounts receivable, net	61,649,267
Prepaid expenses	11,134,728
Other current assets	231,304
Total Current Assets	139,534,191

Non-Current Assets:

Restricted cash and cash equivalents	126,302,149
Restricted investments	189,913,558
Capital assets, net	458,876,678
Total Non-Current Assets	775,092,385

TOTAL ASSETS

914,626,576

DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on bond refunding	11,181,754
Interest rate SWAP	9,659,753
Deferred outflows related to OPEB	2,422,495
Deferred outflows related to pensions	52,048,045
Total Deferred Outflows of Resources	75,312,047

TOTAL DEFERRED OUTFLOWS OF RESOURCES

75,312,047

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 989,938,623

LIABILITIES

Current Liabilities:

Accounts payable	\$ 37,526,450
Accrued interest payable	8,513,083
Unearned revenue	62,920,754
Due to other funds	193,697
Long-term debt, current portion	66,687,316
Total Current Liabilities	175,841,300

Non-Current Liabilities:

Compensated absences and Load Banking	12,082,314
Net OPEB liability	156,518,547
Net pension liability	154,701,409
Long-term debt, non-current portion	639,019,367
Total Non-Current Liabilities	962,321,637

TOTAL LIABILITIES

1,138,162,937

DEFERRED INFLOWS OF RESOURCES

Deferred gain on bond refunding	1,864,555
Interest rate SWAP	9,659,753
Deferred inflows related to OPEB	3,895,160
Deferred inflows related to pensions	11,240,839
Total Deferred Inflows of Resources	26,660,307

TOTAL DEFERRED INFLOWS OF RESOURCES

26,660,307

NET POSITION

Net investment in capital assets	37,175,729
Restricted for:	
Debt service	57,214,262
Capital projects	25,098,953
Scholarships and loans	(1,634,494)
Other special purposes	9,298,525
Unrestricted (deficit)	(302,037,596)
Total Net Position	(174,884,621)

TOTAL NET POSITION

(174,884,621)

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

\$ 989,938,623

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

OPERATING REVENUES	
Tuition and fees, gross	\$ 20,542,394
Less: Scholarship discounts and allowances	(9,139,418)
Tuition and fees, net	<u>11,402,976</u>
Grants and contracts, non-capital	
Federal	30,393,288
State	16,746,483
Local	<u>11,800,693</u>
TOTAL OPERATING REVENUES	<u>70,343,440</u>
OPERATING EXPENSES	
Salaries and benefits	193,156,434
Supplies, materials, and other operating expenses and services	65,455,721
Student aid	40,002,223
Depreciation	<u>22,527,615</u>
TOTAL OPERATING EXPENSES	<u>321,141,993</u>
OPERATING LOSS	<u>(250,798,553)</u>
NON-OPERATING REVENUES/(EXPENSES)	
State apportionments, non-capital	64,553,337
Local property taxes	82,423,251
State taxes and other revenues	49,212,685
Federal grants and contracts, non-capital	2,856,889
Investment income/(loss), non-capital	<u>21,209,819</u>
TOTAL NON-OPERATING REVENUES/(EXPENSES)	<u>220,255,981</u>
INCOME/(LOSS) BEFORE OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)	(30,542,572)
OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)	
Investment income, capital	3,687,008
Interest expense on capital asset-related debt	(30,083,873)
Local property taxes, capital	<u>66,594,884</u>
TOTAL OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)	<u>40,198,019</u>
CHANGE IN NET POSITION	9,655,447
NET POSITION, BEGINNING OF YEAR	(177,689,330)
PRIOR PERIOD ADJUSTMENT (SEE NOTE 16)	<u>(6,850,738)</u>
NET POSITION, END OF YEAR	<u>\$ (174,884,621)</u>

**PERALTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 7,711,047
Grants and contracts	65,161,175
Payments to students	(45,791,761)
Payments to vendors	(67,993,128)
Payments to employees	(193,156,434)
Net Cash Used in Operating Activities	<u>(234,069,101)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State apportionments	64,553,337
Federal grants and contracts	2,856,889
Local property taxes	82,423,251
State taxes and other revenues	49,212,685
Net Cash Provided by/(Used in) Non-capital Financing Activities	<u>192,195,424</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Net purchase and sale of capital assets	(58,614,390)
Local property taxes	66,594,884
Principal paid on capital debt	(51,051,610)
Interest received on capital debt	3,687,008
Interest paid on capital debt	(32,143,150)
Net Cash Provided by/(Used in) Capital Financing Activities	<u>(71,527,258)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received/(paid) from investments	21,209,819
Net investment activity	(7,156,706)
Net Cash Provided by/(Used in) Investing Activities	<u>14,053,113</u>

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (99,347,822)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 290,200,834

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 190,853,012

**PERALTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED IN OPERATING ACTIVITIES**

Operating loss	\$ (250,798,553)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation	22,527,615
Changes in Assets and Liabilities:	
Accounts receivables, net	(3,821,675)
Prepaid expenses and other current assets	(622,644)
Deferred outflows related to OPEB and pensions	(4,948,922)
Accounts payable, net of unmatured interest	(5,789,538)
Unearned revenue	6,350,457
Due to other funds	(10,054)
Compensated absences and load banking	2,319,709
Net OPEB liability	(2,662,668)
Net pension liability	8,093,855
Deferred inflows related to OPEB and pensions	(4,706,683)
Total Adjustments	<u>16,729,452</u>
Net Cash Flows From Operating Activities	<u>\$ (234,069,101)</u>

SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS

On-Behalf Payments for Benefits	\$ 5,158,324
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**PERALTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024**

	OPEB <u>Post-2004 Trust Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,404,225
Total Assets	<u>1,404,225</u>
NET POSITION	
Restricted - OPEB	<u>1,404,225</u>
Total Net Position	<u>\$ 1,404,225</u>

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

	OPEB <u>Post-2004 Trust Fund</u>
OPERATING REVENUES:	
Interest and investment income	\$ 562,841
Total Operating Revenues	<u>562,841</u>
OPERATING EXPENSES:	
Other operating expenses	<u>416,883</u>
Total Operating Expenses	<u>416,883</u>
Net Change in Net Position	145,958
Net Position - Beginning of Year	<u>1,258,267</u>
Net Position - End of Year	<u>\$ 1,404,225</u>

PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – ORGANIZATION

Background

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. The 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, 2024**

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 – Exchange and Nonexchange Transactions: 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 an 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 as well as supplemental and student success metrics under the Student-centered Funding Formula. 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 and Non-Operating Expenses: 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 an accrual basis as they are incurred, when goods are received, or services are rendered.

PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash in county treasury for purposes of the Statement of Cash Flows. Fair values of cash in county treasury are determined by the program sponsor

Investments

In accordance with GASB Statement No. 72, *Accounting and Financial Reporting for investments held at June 30, 2024*, are stated at fair value. Fair value is estimated based on quoted market prices at year end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted 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. 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 \$14,541,673 for the year ended June 30, 2024.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Prepaid Expenses and Other Current Assets

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30, 2023. Other current assets are other categories of assets that are expected to be converted into cash, sold, or consumed within the operating cycle.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, site improvements, software and IT development, machinery 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; site improvements, 20 to 40 years; software and IT development, machinery and equipment, 5 to 20 years; vehicles, 5 to 10 years.

Accounts Payable and Accrued Interest Payable

Accounts payable comprise of amounts owed to vendors or suppliers for services incurred for which payment is made in a timely manner and in full, from current financial resources and accrued amount related to capital outlay. Accrued interest payable are interest related to capital-asset related debts that are expected to be paid within one year.

Long-Term Debt

Long-term debt consists of claims liability, general obligation bonds, and bond premiums. Bond premiums are amortized over the life of the bonds using the straight-line method. The portion of the long-term debt that is due within a year is reported as current liabilities, while portion of long-term debt that is scheduled to mature or is payable beyond one year is reported as non-current liabilities.

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.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 loss on bond refunding, interest rate SWAPs, 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 deferred gain on bond refunding, interest rate SWAPs, pension related items and OPEB related items.

Deferred Loss/Gain on Bond Refunding

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

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.

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.

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.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences and Load Banking

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.

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.

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, 2024**

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 non-operating. Certain significant revenue streams relied upon for operation are classified as non-operating 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.

Non-Operating Revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, local property taxes, investment income, 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 non-operating 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.

Non-Operating Expenses - Nonoperating expenses include interest expenses 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 from 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.

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.

Interfund Activity

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, except for the net residual amounts due between funds, which are presented as due to/from other funds.

PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property Taxes

Secured property taxes are attached 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.

The voters of the District passed general obligation bonds in 2000, 2006 and 2018 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 as a continuation of the 2012 Measure B Parcel Tax, and became effective upon the expiration of the 2012 Measure B parcel tax. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Federal Financial Assistance Programs

The District participates in 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.

Risks and Uncertainties

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

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Adoption of New Accounting Standards

The following Governmental Accounting Standards Board (GASB) Pronouncements were adopted by the District during the year ended June 30, 2024:

GASB Statement No. 100 – In June 2022, GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections*, which focuses on accounting changes and error corrections, providing clarity and guidance on how these should be handled in financial statements. It aims to improve the consistency and transparency of reporting such changes. This statement is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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

Upcoming GASB Pronouncements

The GASB has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the District.

GASB Statement No. 101 – In June 2022, GASB issued GASB Statement No. 101, *Compensated Absences*, which addresses compensated absences, revising the recognition and measurement of liabilities related to employee leave benefits. It aims to standardize how these liabilities are reported across different governmental entities. This statement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102 – In December 2023, GASB issued GASB Statement No. 102, *Certain Risk Disclosures*, which pertains to the disclosure of non-current liabilities, including guidance on how these liabilities should be presented in financial statements to enhance the relevance and comparability of the information. This statement is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103 – In April 2024, GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*, which introduces changes to the presentation model for business-type activities (BTAs). It revises the required sections and subtotals in financial statements, particularly affecting the presentation of operating and nonoperating activities. One significant change is the separate identification of noncapital subsidies within nonoperating activities. This statement is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents and investments as of June 30, 2024, are consist of the following:

Cash on hand and in banks	\$ 11,591,752
Cash in revolving	55,000
Cash in County Treasury	181,174,289
Total Cash and Cash Equivalents	\$ 192,821,041
Restricted investments - OPEB Revocable Trust 1	\$ 189,913,558

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.

Cash 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 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. The cash in county treasury balance is reported in the financial statement at amortized cost since fair market value adjustment for cash in county treasury is considered immaterial for the current year.

Restricted Investments

In December 2005, the District issued approximately \$153 million 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.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS, continued

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	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*.

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 \$181,174,289 with the Alameda County Investment Pool with a weighted maturity of 742 days. Additionally, the OPEB revocable Trust 1 balance of \$189,913,558 and irrevocable Trust 2 balance of \$1,404,225 have been invested in other instruments which equate to the CalPERS investment strategy.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS, continued

Credit Risk

Credit risk is the risk that the 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, 2024.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposit 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, 2024, the District's bank balance of \$10,391,438 was not collateralized.

NOTE 4 – FAIR VALUE MEASUREMENT

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

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

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

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

Uncategorized - Investments in the 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.

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

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2024, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

Federal Government	\$	2,212,715
State Government		7,803,377
Miscellaneous		22,078,438
Subtotal		<u>32,094,530</u>
Student Receivables		44,096,410
Less: Allowance for doubtful accounts		<u>(14,541,673)</u>
Student Receivables, Net		<u>29,554,737</u>
Total	\$	<u>61,649,267</u>

NOTE 6 – CAPITAL ASSETS

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

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Capital Assets not being Depreciated				
Land	\$ 11,913,296	\$ -	\$ -	\$ 11,913,296
Construction in progress	68,821,783	43,814,576	-	112,636,359
Total Capital Assets Not Being Depreciated	<u>80,735,079</u>	<u>43,814,576</u>	-	<u>124,549,655</u>
Capital Assets Being Depreciated				
Buildings	318,248,555	10,067,209	-	328,315,764
Site improvements	297,709,689	1,409,912	-	299,119,601
Software and IT development	39,017,366	14,234	-	39,031,600
Machinery and equipment	64,590,829	3,308,459	-	67,899,288
Total Capital Assets Being Depreciated	<u>719,566,439</u>	<u>14,799,814</u>	-	<u>734,366,253</u>
Total Capital Assets	<u>800,301,518</u>	<u>58,614,390</u>	-	<u>858,915,908</u>
Less: Accumulated Depreciation				
Buildings	159,286,214	5,551,451	-	164,837,665
Site improvements	120,583,761	14,185,762	-	134,769,523
Software and IT development	38,339,810	462,724	-	38,802,534
Machinery and equipment	59,301,830	2,327,678	-	61,629,508
Total Accumulated Depreciation	<u>377,511,615</u>	<u>22,527,615</u>	-	<u>400,039,230</u>
Capital Assets, Net	<u>\$ 422,789,903</u>	<u>\$ 36,086,775</u>	\$ -	<u>\$ 458,876,678</u>

Depreciation expense of \$22,527,615 was recorded during the year.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 ACCOUNTS PAYABLE

Accounts payable at June 30, 2024 consists of the following:

Construction	\$ 16,504,219
Other Vendors and Supplies	21,022,231
Total	<u>\$ 37,526,450</u>

NOTE 8 – UNEARNED REVENUE

Unearned revenue at June 30, 2024 consists of the following:

Federal Government	\$ 1,378,981
State Government	50,161,238
Enrollment Fees	9,051,099
Other Local	361,407
Total	<u>\$ 60,952,725</u>

NOTE 9 – LONG-TERM OBLIGATIONS

Summary

A schedule of changes in long-term obligations during the fiscal year June 30, 2024 consist of the following:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due Within One Year
General obligation bonds					
Measure E (2000)					
Construction bonds payable	\$ 153,095,000	\$ -	\$ 13,955,000	\$ 139,140,000	\$ 14,160,000
Premium	17,973,745	-	2,072,275	15,901,470	1,652,101
Measure A (2006)					
Construction bonds payable	199,045,000	-	5,480,000	193,565,000	6,705,000
Premium	27,314,319	-	2,570,189	24,744,130	2,366,619
Measure G (2018)					
Construction bonds payable	126,350,000	-	24,845,000	101,505,000	28,510,000
Premium	7,201,663	-	273,317	6,928,346	253,145
Limited Obligation Bonds					
Other postemployment benefits					
(OPEB) bonds payable	121,921,653	-	6,771,610	115,150,043	7,682,241
Accreted interest	102,667,986	7,790,499	4,330,959	106,127,526	5,358,210
Other long-term obligations					
Claims liability	2,645,168	-	-	2,645,168	-
Compensated absences	7,566,744	1,948,438	-	9,515,182	-
Load banking	2,195,861	371,271	-	2,567,132	-
Medicare premium payment plan	421,899	-	25,246	396,653	-
Net OPEB liability	158,759,316	-	2,637,422	156,121,894	-
Net Pension liability	146,607,554	8,093,855	-	154,701,409	-
Total long-term obligation	<u>\$ 1,073,765,908</u>	<u>\$ 18,204,063</u>	<u>\$ 62,961,018</u>	<u>\$ 1,029,008,953</u>	<u>\$ 66,687,316</u>

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 – LONG-TERM OBLIGATIONS, continued

Summary, continued

Liabilities for compensated absences and load banking, 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 0.131%. 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.

General Obligations Bonds – Construction Bonds Payable

The District has had various 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	Balance June 30, 2024
2014A Refunding	8/21/2014	8/1/2035	2.00-5.00%	\$ 127,505,000	\$ 86,685,000
2014B Refunding	8/21/2014	8/1/2032	2.00-5.00%	\$ 30,220,000	10,575,000
2020 Refunding	5/27/2020	8/1/2031	5.00%	\$ 19,550,000	13,745,000
2022 Refunding	11/10/2022	7/31/2034	5.00%	\$ 31,800,000	28,135,000
Total Measure E (2000)					<u>139,140,000</u>
2016D	6/16/2016	8/1/2039	3.50%	\$ 50,000,000	50,000,000
2016A Refunding	6/16/2016	8/1/2039	3.00-5.00%	\$ 107,825,000	94,980,000
2020E-1	5/22/2020	8/1/2030	5.00%	\$ 53,625,000	48,585,000
Total Measure A (2006)					<u>193,565,000</u>
2020A	5/22/2020	8/1/2050	5.00%	\$ 50,000,000	6,350,000
2022 Series B	11/10/2022	7/31/1952	5.00%	\$ 120,000,000	95,155,000
Total Measure G (2018)					<u>101,505,000</u>
Total General Obligation Bonds - Construction Bonds Payable					<u>\$ 434,210,000</u>

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 – LONG-TERM OBLIGATIONS, continued

General Obligations Bonds – Construction Bonds Payable, continued

Proposition 39 General Obligation Bonds - Measure E (2000)

On November 7, 2000, \$153.2 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:

Fiscal Year	Principal	Interest	Total
2025	\$ 14,160,000	\$ 6,485,025	\$ 20,645,025
2026	11,795,000	5,825,400	17,620,400
2027	11,975,000	5,238,025	17,213,025
2028	12,575,000	4,637,650	17,212,650
2029	14,520,000	3,969,150	18,489,150
2030 - 2034	66,315,000	8,949,250	75,264,250
2035 - 2036	7,800,000	379,525	8,179,525
Total	\$ 139,140,000	\$ 35,484,025	\$ 174,624,025

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 \$17,973,745 which are amortized using the straight-line method. Amortization of \$2,072,275 was recognized during the fiscal year ended June 30, 2024, 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.

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:

Fiscal Year	Principal	Interest	Total
2025	\$ 6,705,000	\$ 8,672,225	\$ 15,377,225
2026	8,045,000	8,336,975	16,381,975
2027	9,485,000	7,934,725	17,419,725
2028	11,010,000	7,493,225	18,503,225
2029	12,685,000	6,942,725	19,627,725
2030 - 2034	46,835,000	26,420,350	73,255,350
2035 - 2039	78,750,000	14,079,375	92,829,375
2040	20,050,000	802,000	20,852,000
Total	\$ 193,565,000	\$ 80,681,600	\$ 274,246,600

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 \$27,314,319 which are amortized using the straight-line method. Amortization of \$2,570,189 was recognized during the fiscal year ended June 30, 2024, 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.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 – LONG-TERM OBLIGATIONS, continued

General Obligations Bonds – Construction Bonds Payable, continued

Proposition 39 General Obligation Bonds - Measure G (2018)

On November 16, 2018, \$800 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:

Fiscal Year	Principal	Interest	Total
2025	\$ 21,475,000	\$ 4,652,275	\$ 26,127,275
2026	2,000,000	4,065,400	6,065,400
2027	2,000,000	3,965,400	5,965,400
2028	2,000,000	3,865,400	5,865,400
2029	2,000,000	3,765,400	5,765,400
2030 - 2034	4,000,000	17,777,000	21,777,000
2035 - 2039	12,000,000	16,002,000	28,002,000
2040 - 2044	15,000,000	12,458,250	27,458,250
2045 - 2049	-	10,489,500	10,489,500
2050 - 2053	41,030,000	4,400,902	45,430,902
Total	\$ 101,505,000	\$ 81,441,527	\$ 182,946,527

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 \$7,201,663 which are amortized using the straight-line method. Amortization of \$273,317 was recognized during the fiscal year ended June 30, 2024, which includes premiums recognized for the refunded portion of bonds.

Limited Obligation Bonds – OPEB Bonds Payable

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%.

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%.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 – LIMITED OBLIGATION BONDS, continued

Limited Obligation Bonds – OPEB Bonds Payable, continued

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 7.309% 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 total debt service on all outstanding OPEB bonds mature through 2050 as follows:

Fiscal Year	Principal	Accreted Interest	Interest	Total
2025	\$ 7,682,241	\$ 5,358,210	\$ 3,635,676	\$ 16,676,127
2026	7,807,999	4,278,470	4,413,301	16,499,770
2027	5,891,604	5,426,901	5,238,238	16,556,743
2028	6,851,403	5,769,138	4,550,687	17,171,228
2029	7,574,244	6,437,315	3,776,161	17,787,720
2030 - 2034	33,214,685	33,039,761	16,862,044	87,481,232
2035 - 2039	16,579,840	45,440,870	12,416,746	72,058,117
2040 - 2044	10,690,594	39,863,866	27,861,759	77,387,620
2045 - 2049	15,052,584	63,328,203	15,396,968	90,844,022
2050	3,804,849	16,199,262	498,231	40,266,990
OPEB Bonds Payable	115,150,043	225,141,996	94,649,811	452,729,569
Accumulated Accretion	106,127,526	(106,127,526)	-	-
Total	\$ 221,277,569	\$ 119,014,470	\$ 94,649,811	\$ 452,729,569

Other Postemployment Benefits Letter of Credit (LOC)

In August 2020, the District converted \$43,175,000 of the Series B-3 Convertible Auction Rate Securities to variable rate bonds with an LOC from Barclays Bank. As of June 30, 2024, the bonds carry Barclays Bank’s short-term rating of VMIG-1 (Moody’s Investors Service) and A-1+ (Standard & Poor’s).

Claims Liability

At June 30, 2024, the claims liability for insured events that occurred, both reported and unreported, and other insurance expenses amounted to \$2,645,168. See Note 12 for additional information regarding claims liability.

Compensated Absences and Load Banking

Total unpaid employee compensated absences and load banking as of June 30, 2024 amounted to \$12,082,314.

Net OPEB Liability and Net Pension Liability

The District’s beginning net OPEB liability was \$159,181,215, and decreased to \$156,518,547 during the fiscal year ended June 30, 2024. See Note 10 for additional information regarding the net OPEB liability. The District’s beginning net pension liability was \$146,607,554, and decreased to \$154,701,409 during the fiscal year ended June 30, 2024. See Note 13 for additional information regarding the net pension liability.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS

For the fiscal year ended June 30, 2024, the District reported an aggregate net OPEB liability/(asset), deferred outflows, and inflows of resources, and OPEB expense/(benefit) for the following plans:

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:

	<u>Number of Participants</u>
Inactive Employees Receiving Benefits	579
Active Employees	<u>147</u>
Total	<u>726</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.

	<u>Certificated</u>	<u>Local 39</u>	<u>Management</u>	<u>SEIU Local 1021</u>
Benefit Types Provided	Medical only	Medical only	Medical only	Medical only
Duration of Benefits	Lifetime	Lifetime	Lifetime	Lifetime
Required Service	Retirement	Retirement	Retirement	Retirement
Minimum Age	Retirement	Retirement	Retirement	Retirement
Dependent Coverage	Yes	Yes	Yes	Yes
District Contribution %	100%	100%	100%	100%
District Cap	None	None	None	None

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, continued

District Plan - Pre-2004 Employees, continued

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 \$7,405,435 to the Plan, all of which was used for current premiums.

Funding Policy

District maintains an OPEB Lifetime Revocable Trust to designate resources for retiree health care costs. As described in Note 9, the District issued limited obligation bonds and 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 \$189,913,558 at June 30, 2024.

Total OPEB Liability of the District

The District's total OPEB liability of \$132,258,240 as measured as of June 30, 2024, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Actuarial cost methods	Entry-age actuarial cost method
Inflation rate	2.50%
Investment rate of return/discount rate	3.93%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2021 CalPERS active mortality for miscellaneous and school employees were used.

The discount rate was based on the Bond Buyer 20-bond General Obligation Index. Mortality rates were based on the 2020 CalSTRS and 2021 CalPERS. 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, 2024**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, continued

District Plan - Pre-2004 Employees, continued

Changes in the Net OPEB Liability/(Asset)

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance July 1, 2023	\$ 137,314,369	\$ -	\$ 137,314,369
Changes for the year:			
Service cost	1,524,148	-	1,524,148
Interest on TOL	4,904,641	-	4,904,641
Employer contributions	-	7,405,435	(7,405,435)
Assumption changes	(4,079,483)	-	(4,079,483)
Experience (gains)/losses	-	-	-
Benefit payments	(7,405,435)	(7,405,435)	-
Net change	(5,056,129)	-	(5,056,129)
Balance June 30, 2024	\$ 132,258,240	\$ -	\$ 132,258,240

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

Changes of assumptions and other inputs reflect a decrease in the investment rate of return/discount rate from 4.14% to 3.93% since the previous valuation.

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

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

	Discount Rate 1% Lower (2.93%)	Discount Rate Current (3.93%)	Discount Rate 1% Higher (4.93%)
Net OPEB liability/(asset)	\$ 147,191,183	\$ 132,258,240	\$ 120,105,647

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, continued

District Plan - Pre-2004 Employees, continued

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability/(asset) of the District, as well as what the District’s net OPEB liability/(asset) 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:

	Health Care Cost Trend Rate 1% Lower (3.00%)	Health Care Cost Trend Rate Current (4.00%)	Health Care Cost Trend Rate 1% Higher (5.00%)
Net OPEB liability/(asset)	\$ 117,752,200	\$ 132,258,240	\$ 149,206,198

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, 2024, the Plan membership consists of the following:

	Number of Participants
Inactive Employees Receiving Benefits	14
Active Employees	612
Total	626

Peralta Community College District OPEB Trust

The District’s OPEB Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the *Internal Revenue Code* 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.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, continued

District Plan – Post 2004 Employees, continued

Benefits Provided

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

	Certificated	Local 39	Management	SEIU Local 1021
Benefit Types Provided	Medical only	Medical only	Medical only	Medical only
Duration of Benefits	To age 65	To age 65	To age 65	To age 65
Required Service	10 years	10 years	10 years	10 years
Minimum Age	55	50	50	50
Dependent Coverage	Yes	Yes	Yes	Yes
District Contribution %	100%	100%	100%	100%
District Cap	Varies by plan and coverage level	Varies by plan and coverage level	Varies by plan and coverage level	Varies by plan and coverage level

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 \$416,883 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, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 11.60%. 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, 2024**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, continued

District Plan – Post 2004 Employees, continued

Total OPEB Liability of the District

The District's total OPEB liability of \$25,267,879 was measured as of June 30, 2024, and the net OPEB liability/(asset) was determined by an actuarial valuation as of June 30, 2023.

Total OPEB liability	\$ 25,267,879
Plan fiduciary net position	1,404,225
District's net OPEB liability/(asset)	<u>\$ 23,863,654</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 5.56%

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Actuarial cost methods	Entry-age actuarial cost method
Inflation rate	2.50%
Investment rate of return/discount rate	4.09%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2021 CalPERS active mortality for miscellaneous and school employees were used.

The discount rate was based on the Bond Buyer 20-bond General Obligation Index. Mortality rates were based on the 2020 CalSTRS and 2021 CalPERS. 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.

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.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, continued

District Plan – Post 2004 Employees, continued

Actuarial Assumptions, continued

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2024, (see the discussion of the Plan's investment policy) are summarized herein.

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Large Cap	29%	7.545%
US Small Cap	13%	7.545%
All Foreign Stock	9%	7.545%
Other Fixed Income	49%	3.000%
Total	100%	

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09%. 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, 2024 and the rate was rounded to 4.09%. The municipal bond rate beyond 19 years resulted in an equivalent valuation rate of 4.09% applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability/(Asset) of the District

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance July 1, 2023	\$ 22,703,214	\$ 1,258,267	\$ 21,444,947
Changes for the year:			
Service cost	1,908,080	-	1,908,080
Interest on TOL	970,781	-	970,781
Employer contributions	-	416,883	(416,883)
Assumption changes	102,687	-	102,687
Expected investment income	-	72,260	(72,260)
Investment (gains)/losses	-	76,840	(76,840)
Administrative expense	-	(3,142)	3,142
Benefit payments	(416,883)	(416,883)	-
Net change	2,564,665	145,958	2,418,707
Balance June 30, 2024	\$ 25,267,879	\$ 1,404,225	\$ 23,863,654

**PERALTA COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, continued

District Plan – Post 2004 Employees, continued

Changes in the Net OPEB Liability/(Asset) of the District, continued

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

Changes of assumptions and other inputs reflect a decrease in the investment rate of return/discount rate from 4.14% to 4.09% since the previous valuation.

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

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

	Discount Rate 1% Lower (3.09%)	Discount Rate Current (4.09%)	Discount Rate 1% Higher (5.09%)
Net OPEB liability/(asset)	\$ 25,817,186	\$ 23,863,654	\$ 22,022,824

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability/(asset) of the District, as well as what the District’s net OPEB liability/(asset) 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:

	Health Care Cost Trend Rate 1% Lower (3.00%)	Health Care Cost Trend Rate Current (4.00%)	Health Care Cost Trend Rate 1% Higher (5.00%)
Net OPEB liability/(asset)	\$ 20,746,057	\$ 23,863,654	\$ 27,552,064

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, continued

District Plan – Post 2004 Employees, continued

Deferred Outflows and Inflows of Resources Related to OPEB

Deferred outflows of resources result from changes in assumptions and investment gains or losses. A year of amortization is recognized in OPEB expense/(benefit) 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 result from experience gains or losses, changes in assumptions and investment gains or losses. A year of amortization is recognized in OPEB expense/(benefit) 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.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ -	\$ 17,304
Differences between expected and actual experience	153,676	3,718,639
Change in assumptions	2,268,819	159,217
Total	<u>\$ 2,422,495</u>	<u>\$ 3,895,160</u>

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/(benefit) as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (135,880)
2026	(104,869)
2027	(156,776)
2028	(147,231)
2029	(131,863)
Thereafter	(796,046)
Total	<u>\$ (1,472,665)</u>

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, continued

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis. The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

Contributions

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with *California Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability/(Asset) and OPEB Expense/(Benefit)

At June 30, 2024, the District reported a liability of \$396,653 for its proportionate share of the net OPEB liability/(asset) for the MPP Program. The net OPEB liability/(asset) was measured as of June 30, 2023, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net OPEB liability/(asset) was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, was 0.131%, and 0.128%, respectively, resulting in a net increase in the proportionate share of 0.003%.

For the year ended June 30, 2024, the District recognized OPEB expense/(benefit) of \$24,246.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, continued

Medicare Premium Payment (MPP) Program, continued

Actuarial Assumptions

The total OPEB liability/(asset) was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total OPEB liability/(asset) to June 30, 2023, using the assumptions listed in the following table:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Discount Rate	3.65%
Investment Rate of Return	3.65%
Medicare Part A Premium	
Cost Trend Rate*	4.50%
Medicare Part B Premium	
Cost Trend Rate*	5.40%
Mortality Rate Table*	Derived Using CalSTRS' Membership Data

*The assumed increase in the Medicare Part A and Part B Cost Trend Rates vary by year; however, the increases are approximately equivalent to a 4.50% and 5.40% increase each year for Medicare Part A and Part B, respectively.

For the valuation as of June 30, 2022, 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 members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2023, is 3.65%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.65%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2023, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased by 0.11% from 3.54% as of June 30, 2022.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, continued

Medicare Premium Payment (MPP) Program, continued

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

The following presents the District's proportionate share of the net OPEB liability/(asset) calculated using the current discount rate, as well as what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	Discount Rate 1% Lower (2.65%)	Discount Rate Current (3.65%)	Discount Rate 1% Higher (4.65%)
Net OPEB liability/(asset)	\$ 431,081	\$ 396,653	\$ 366,718

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Medicare Cost Trend Rates

The following presents the District's proportionate share of the net OPEB liability/(asset) calculated using the Medicare cost trend rates, as well as what the net OPEB liability/(asset) would be if it were calculated using Medicare cost trend rates that are one percent lower or higher than the current rates:

	Medicare Cost Trend Rates 1% Lower (3.50% Part A and 4.40% Part B)	Medicare Cost Trend Rates Current (4.50% Part A and 5.40% Part B)	Medicare Cost Trend Rates 1% Higher (5.50% Part A and 6.40% Part B)
Net OPEB liability/(asset)	\$ 364,960	\$ 396,653	\$ 432,434

NOTE 11 – 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, 2023, the 2005 Series B-3 through B-6 has a fair market value of \$9,659,753. The intention of the swap was to effectively change the variable interest rate on the bonds to a synthetic fixed rate of 5.279%, 5.207%, 5.055%, and 4.935%, respectively.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – INTEREST RATE SWAPS, continued

2005 Limited Obligation Other Postemployment Benefits Bonds, continued

- *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 a designated maturity of one month.
- *Credit Risk* - As of June 30, 2024, the District was not exposed to credit risk because the swap had a negative fair value. Ongoing swap risks exist 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.
- *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, 2024, 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.

Trade Date	Effective Date	Maturity Date	Currency	Original Notational Amount	Market Value	Fixed Rate
November 28, 2006	August 5, 2020	August 5, 2025	USD	\$43,175,000	\$ (78,107)	5.279%
November 28, 2006	August 5, 2025	August 5, 2031	USD	57,525,000	(3,320,358)	5.207%
November 28, 2006	August 5, 2031	August 5, 2039	USD	86,650,000	(4,849,786)	5.055%
November 28, 2006	August 5, 2039	August 5, 2049	USD	134,475,000	(8,644,930)	4.935%

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – 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, 2024, 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.

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, 2022 to June 30, 2024:

	Workers' Compensation
Claims Liability Balance - July 1, 2022	\$ 5,383,381
Net Claims and Changes in Estimates	(884,138)
Claims Payments	(1,854,075)
Claims Liability Balance - June 30, 2023	<u>2,645,168</u>
Net Claims and Changes in Estimates	-
Claims Payments	-
Claims Liability Balance - June 30, 2024	<u>\$ 2,645,168</u>

Employee Medical Benefits

The District has contracted with the Alameda County Schools Insurance Group (ACSIG) Joint Powers Authority (JPA) to provide employees with 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.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 – PENSIONS

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, 2024, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 67,308,292	\$ 21,886,324	\$ 6,429,497	\$ 11,247,724
CalPERS	87,393,117	30,161,721	4,811,342	13,043,618
Total	\$ 154,701,409	\$ 52,048,045	\$ 11,240,839	\$ 24,291,342

The details of each plan are as follows:

California State Teachers’ Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members’ final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 – PENSIONS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Benefits Provided

The STRP provisions and benefits in effect on June 30, 2024, are summarized as follows:

	<u>STRP Defined Benefit Plan</u>	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers’ Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.10 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the District’s total contributions were \$11,675,431.

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 67,308,292
State's proportionate share of the net pension liability associated with the District	<u>32,249,878</u>
Total	<u>\$ 99,558,170</u>

The net pension liability was measured as of June 30, 2023. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District’s proportionate share for the measurement periods of June 30, 2023 and June 30, 2022, was 0.088% and 0.085%, respectively, resulting in a net increase in the District's proportionate share by 0.003%.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 – PENSIONS, continued

California State Teachers’ Retirement System (CalSTRS), continued

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

For the year ended June 30, 2024, the District recognized pension expense of \$11,247,724. In addition, the District recognized pension expense and revenue of (\$468,328) for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 284,748	\$ -
Differences between expected and actual experience	5,289,702	3,600,452
Changes in assumptions	389,739	-
Net changes in proportionate share of net pension liability	4,246,704	2,829,045
District contributions subsequent to the measurement date	11,675,431	-
Total	<u>\$ 21,886,324</u>	<u>\$ 6,429,497</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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (36,394)
2026	(1,850,664)
2027	7,230,946
2028	2,485,493
2029	670,398
Thereafter	881,617
Total	<u>\$ 9,381,396</u>

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 – PENSIONS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Investment rate of return/discount rate	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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 investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS’ independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 – PENSIONS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions, continued

Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	38%	5.25%
Real Estate	15%	4.05%
Private Equity	14%	6.75%
Fixed Income	14%	2.45%
Risk Mitigating Strategies	10%	2.25%
Inflation Sensitive	7%	3.65%
Cash/Liquidity	2%	0.05%
Total	100%	

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

Discount Rate

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.

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:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 112,904,288	\$ 67,308,292	\$ 29,435,502

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 – PENSIONS, continued

California Public Employees’ Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees’ Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member’s final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 62 with statutorily reduced benefits. All members are eligible for 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 55 (or age 62 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

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

	<u>School Employer Pool (CalPERS)</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	26.68%	26.68%

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 – PENSIONS, continued

California Public Employees’ Retirement System (CalPERS), continued

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, 2024, are presented above, and the total District contributions were \$12,618,291.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$87,393,117. The net pension liability was measured as of June 30, 2023. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District’s proportionate share for the measurement periods of June 30, 2023 and June 30, 2022, was 0.241% and 0.2524%, respectively, resulting in a net decrease in the proportionate share of 0.013.

For the year ended June 30, 2024, the District recognized pension expense of \$13,043,618. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 9,334,833	\$ -
Differences between expected and actual experience	3,189,222	1,342,230
Changes in assumptions	4,026,166	-
Net changes in proportionate share of net pension liability	993,209	3,469,112
District contributions subsequent to the measurement date	12,618,291	-
Total	<u>\$ 30,161,721</u>	<u>\$ 4,811,342</u>

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 – PENSIONS, continued

California Public Employees’ Retirement System (CalPERS), continued

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

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 3,357,015
2026	3,211,660
2027	6,566,253
2028	(402,840)
Total	<u>\$ 12,732,088</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Investment rate of return/discount rate	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 – PENSIONS, continued

California Public Employees’ Retirement System (CalPERS), continued

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity Cap-weighted	30%	4.54%
Global Equity Non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

*An expected inflation of 2.30% used for this period.

**Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 126,347,857	\$ 87,393,117	\$ 55,197,911

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 – PENSIONS, continued

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$5,158,324. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separately issued CalPERS CAFR at <https://www.calpers.ca.gov> and CalSTRS CAFR at <http://www.calstrs.com/comprehensive-annualfinancial-report>.

NOTE 14 – 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.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Grants

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

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2024.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 15 – COMMITMENTS AND CONTINGENCIES, continued

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. 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 16 – PRIOR PERIOD ADJUSTMNET

The District's beginning fund balance decreased by \$6,850,738 in the Capital Outlay Fund due to District identified adjustments.

NOTE 17 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2024 through December 6, 2024, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024**

	Pre-2004 Employees			
	2024	2023	2022	2021
Total OPEB liability				
Service cost	\$ 1,524,148	\$ 2,340,798	\$ 4,155,000	\$ 4,001,535
Interest	4,904,641	6,267,770	4,905,933	6,002,951
Assumption changes	(4,079,483)	(1,877,970)	(29,815,613)	150,570
Experience gains/(losses)	-	(40,443,266)	(18,195,233)	-
Benefit payments	(7,405,435)	(9,716,420)	(10,711,357)	(10,312,820)
Net change in total OPEB liability	(5,056,129)	(43,429,088)	(49,661,270)	(157,764)
Total OPEB liability, beginning of year	137,314,369	180,743,457	230,404,727	230,562,491
Total OPEB liability, end of year (a)	\$ 132,258,240	\$ 137,314,369	\$ 180,743,457	\$ 230,404,727
Plan fiduciary net position				
Employer contributions	\$ 7,405,435	\$ 9,716,420	\$ 10,711,357	\$ 10,312,820
Expected benefit payments	(7,405,435)	(9,716,420)	(10,711,357)	(10,312,820)
Change in plan fiduciary net position	-	-	-	-
Fiduciary trust net position, beginning of year	-	-	-	-
Fiduciary trust net position, end of year (b)	\$ -	\$ -	\$ -	\$ -
Net OPEB liability/(asset), ending (a) - (b)	\$ 132,258,240	\$ 137,314,369	\$ 180,743,457	\$ 230,404,727
Covered payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	N/A	N/A	N/A	N/A
Net OPEB liability/(asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A
	Post-2004 Employees			
	2024	2023	2022	2021
Total OPEB liability				
Service cost	\$ 1,908,080	\$ 2,157,664	\$ 1,930,974	\$ 1,706,112
Interest	970,781	942,014	869,728	862,327
Assumption changes	102,687	873,215	302,323	1,129,328
Experience (gains)/losses	-	(3,048,438)	197,173	-
Benefit payments	(416,883)	(689,472)	(661,321)	(523,812)
Net change in total OPEB liability	2,564,665	234,983	2,638,877	3,173,955
Total OPEB liability, beginning of year	22,703,214	22,468,231	19,829,354	16,655,399
Total OPEB liability, end of year (a)	\$ 25,267,879	\$ 22,703,214	\$ 22,468,231	\$ 19,829,354
Plan fiduciary net position				
Employer contributions	\$ 416,883	\$ 689,472	\$ 661,321	\$ 523,812
Expected investment income	72,260	65,863	80,235	155,065
Investment gains/(losses)	76,840	47,729	(259,548)	69,489
Administrative expense	(3,142)	(1,527)	(1,365)	(1,347)
Expected benefit payments	(416,883)	(689,472)	(661,321)	(523,812)
Change in plan fiduciary net position	145,958	112,065	(180,678)	223,207
Fiduciary trust net position, beginning of year	1,258,267	1,146,202	1,326,880	1,103,673
Fiduciary trust net position, end of year (b)	\$ 1,404,225	\$ 1,258,267	\$ 1,146,202	\$ 1,326,880
Net OPEB liability/(asset), ending (a) - (b)	\$ 23,863,654	\$ 21,444,947	\$ 21,322,029	\$ 18,502,474
Covered payroll	\$ 128,075,830	\$ 83,671,798	\$ 77,782,530	\$ 72,071,286
Plan fiduciary net position as a percentage of the total OPEB liability	5.56%	5.54%	5.10%	6.69%
Net OPEB liability/(asset) as a percentage of covered payroll	19%	26%	27%	26%

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

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024**

	Pre-2004 Employees		
	2020	2019	2018
Total OPEB liability			
Service cost	\$ 4,055,775	\$ 3,659,580	\$ 3,561,635
Interest	6,770,128	6,529,779	7,061,221
Assumption changes	40,557,472	6,705,116	-
Experience gains/(losses)	(7,086,262)	-	-
Benefit payments	(10,277,949)	(10,172,935)	(9,781,668)
Net change in total OPEB liability	34,019,164	6,721,540	841,188
Total OPEB liability, beginning of year	196,543,327	189,821,787	188,980,599
Total OPEB liability, end of year (a)	\$ 230,562,491	\$ 196,543,327	\$ 189,821,787
Plan fiduciary net position			
Employer contributions	\$ 10,277,949	\$ 10,172,935	\$ 9,781,668
Expected benefit payments	(10,277,949)	(10,172,935)	(9,781,668)
Change in plan fiduciary net position	-	-	-
Fiduciary trust net position, beginning of year	-	-	-
Fiduciary trust net position, end of year (b)	\$ -	\$ -	\$ -
Net OPEB liability/(asset), ending (a) - (b)	\$ 230,562,491	\$ 196,543,327	\$ 189,821,787
Covered payroll	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	N/A	N/A	N/A
Net OPEB liability/(asset) as a percentage of covered payroll	N/A	N/A	N/A
	Post-2004 Employees		
	2020	2019	2018
Total OPEB liability			
Service cost	\$ 2,031,290	\$ 1,850,993	\$ 1,801,453
Interest	1,055,715	862,139	767,563
Assumption changes	(243,017)	637,838	-
Experience (gains)/losses	(1,717,403)	-	-
Benefit payments	(425,856)	(311,092)	(299,127)
Net change in total OPEB liability	700,729	3,039,878	2,269,889
Total OPEB liability, beginning of year	15,954,670	12,914,792	10,644,903
Total OPEB liability, end of year (a)	\$ 16,655,399	\$ 15,954,670	\$ 12,914,792
Plan fiduciary net position			
Employer contributions	\$ 425,856	\$ 1,311,092	\$ -
Expected investment income	66,148	51,420	-
Investment gains/(losses)	(11,801)	-	-
Administrative expense	(1,276)	(818)	-
Expected benefit payments	(425,856)	(311,092)	-
Change in plan fiduciary net position	53,071	1,050,602	-
Fiduciary trust net position, beginning of year	1,050,602	-	-
Fiduciary trust net position, end of year (b)	\$ 1,103,673	\$ 1,050,602	\$ -
Net OPEB liability/(asset), ending (a) - (b)	\$ 15,551,726	\$ 14,904,068	\$ 12,914,792
Covered payroll	\$ 35,000,000	\$ 35,360,298	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	6.63%	6.58%	N/A
Net OPEB liability/(asset) as a percentage of covered payroll	44%	42%	N/A

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

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF OPEB INVESTMENT RETURNS
FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023	2022	2021	2020	2019
Annual Money-Weighted Rate of Return, Net of Investment Expense	11.60%	9.78%	-13.62%	23.56%	9.76%	9.76%

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

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET) –
MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2024**

	Reporting Fiscal Year (Measurement Date)			
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
District's Proportion of the Net OPEB Liability/(Asset)	0.131%	0.128%	0.133%	0.130%
District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ 396,653	\$ 421,899	\$ 529,397	\$ 550,921
District's Covered-Employee Payroll	N/A*	N/A*	N/A*	N/A*
Plan's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered-Employee Payroll	N/A*	N/A*	N/A*	N/A*
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total OPEB Liability	-0.96%	-0.94%	-0.80%	-0.80%

	Reporting Fiscal Year (Measurement Date)		
	2020 (2019)	2019 (2018)	2018 (2017)
District's Proportion of the Net OPEB Liability/(Asset)	0.136%	0.145%	0.153%
District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	N/A*	N/A*	N/A*
Plan's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered-Employee Payroll	N/A*	N/A*	N/A*
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total OPEB Liability	-0.80%	-0.40%	0.01%

**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, ten years of information will be presented.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024**

	Reporting Fiscal Year (Measurement Date)				
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
CalSTRS					
District's proportion of the net pension liability	0.088%	0.085%	0.088%	0.087%	0.088%
District's proportionate share of the net pension liability	\$ 67,308,292	\$ 59,298,841	\$ 39,831,972	\$ 84,310,830	\$ 79,478,080
State's proportionate share of the net pension liability associated with the District	32,249,878	29,697,033	20,042,321	43,461,891	43,360,949
Total	\$ 99,558,170	\$ 88,995,874	\$ 59,874,293	\$ 127,772,721	\$ 122,839,029
District's covered-employee payroll	\$ 56,209,435	\$ 53,049,243	\$ 50,390,847	\$ 50,451,661	\$ 49,877,764
District's proportionate share of the net pension liability as percentage of covered-employee payroll	120%	112%	79%	167%	159%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%
	Reporting Fiscal Year (Measurement Date)				
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
CalPERS					
District's proportion of the net pension liability	0.241%	0.254%	0.253%	0.246%	0.254%
District's proportionate share of the net pension liability	\$ 87,393,117	\$ 87,308,713	\$ 51,335,980	\$ 75,603,099	\$ 73,909,821
District's covered-employee payroll	\$ 41,961,368	\$ 39,195,928	\$ 36,835,367	\$ 35,511,983	\$ 35,063,708
District's proportionate share of the net pension liability as percentage of covered-employee payroll	208%	223%	139%	213%	211%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024**

	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalSTRS					
District's proportion of the net pension liability	0.092%	0.091%	0.098%	0.098%	0.094%
District's proportionate share of the net pension liability	\$ 84,224,453	\$ 83,830,537	\$ 79,009,663	\$ 65,754,587	\$ 54,918,256
State's proportionate share of the net pension liability associated with the District	48,222,438	49,593,437	44,978,792	34,776,928	33,162,014
Total	\$ 132,446,891	\$ 133,423,974	\$ 123,988,455	\$ 100,531,515	\$ 88,080,270
District's covered-employee payroll	\$ 50,396,341	\$ 49,997,536	\$ 49,324,706	\$ 45,180,068	\$ 39,942,761
District's proportionate share of the net pension liability as percentage of covered-employee payroll	167%	168%	160%	146%	137%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%

	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalPERS					
District's proportion of the net pension liability	0.285%	0.273%	0.270%	0.264%	0.253%
District's proportionate share of the net pension liability	\$ 84,224,453	\$ 73,830,537	\$ 79,009,663	\$ 38,855,675	\$ 28,756,787
District's covered-employee payroll	\$ 37,694,952	\$ 34,847,408	\$ 32,908,677	\$ 28,389,491	\$ 26,884,113
District's proportionate share of the net pension liability as percentage of covered-employee payroll	223%	212%	240%	137%	107%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%

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

	Reporting Fiscal Year				
	2024	2023	2022	2021	2020
CalSTRS					
Statutorily required contribution	\$ 11,675,431	\$ 10,736,002	\$ 8,975,932	\$ 8,138,122	\$ 8,627,234
District's contributions in relation to	11,675,431	10,736,002	8,975,932	8,138,122	8,627,234
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 61,127,911	\$ 56,209,435	\$ 53,049,243	\$ 50,390,847	\$ 50,451,661
District's contributions as a percentage of covered-employee payroll	19.10%	19.10%	16.92%	16.15%	17.10%
	Reporting Fiscal Year				
	2024	2023	2022	2021	2020
CalPERS					
Statutorily required contribution	\$ 12,618,291	\$ 10,645,599	\$ 8,979,787	\$ 7,624,921	\$ 7,002,963
District's contributions in relation to the statutorily required contribution	12,618,291	10,645,599	8,979,787	7,624,921	7,002,963
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 47,294,944	\$ 41,961,368	\$ 39,195,928	\$ 36,835,367	\$ 35,511,983
District's contributions as a percentage of covered-employee payroll	26.68%	25.37%	22.91%	20.70%	19.72%
	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
CalSTRS					
Statutorily required contribution	\$ 8,121,728	\$ 7,272,192	\$ 6,289,690	\$ 5,292,541	\$ 4,011,990
District's contributions in relation to the statutorily required contribution	8,121,728	7,272,192	6,289,690	5,292,541	4,011,990
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 49,877,764	\$ 50,396,341	\$ 49,997,536	\$ 49,324,706	\$ 45,180,068
District's contributions as a percentage of covered-employee payroll	16.28%	14.43%	12.58%	10.73%	8.88%
	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
CalPERS					
Statutorily required contribution	\$ 6,333,207	\$ 5,854,403	\$ 4,839,608	\$ 3,898,691	\$ 3,341,727
District's contributions in relation to the statutorily required contribution	6,333,207	5,854,403	4,839,608	3,898,691	3,341,727
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 35,063,708	\$ 37,694,952	\$ 34,847,408	\$ 32,908,677	\$ 28,389,491
District's contributions as a percentage of covered-employee payroll	18.06%	15.53%	13.89%	11.85%	11.77%

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 – PURPOSE OF SCHEDULES

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

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

DISTRICT PLAN-PRE-2004

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

Changes of Assumptions – The investment rate or return/discount rate has decreased from 4.14% to 3.93% since the previous valuation.

DISTRICT PLAN - POST-2004

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

Changes of Assumptions - The investment rate or return/discount rate has decreased from 4.14% to 4.09% 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. This is a 10-year schedule, however the information in this schedule is not required to be presented retrospectively.

Schedule of the District's Proportionate Share of the Net OPEB Liability/(Asset) – MPP Program

This schedule presents information on the District's proportionate share of the net OPEB liability/(asset) – 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 have been no changes in benefit terms since the previous valuation.

Changes of Assumptions – The discount rate has increased from 3.54% to 3.65% since the previous valuation. The Medicare Part A Premium cost trend rate has increased from 4.30% to 4.50%, while Medicare Part B Premium has decreased from 5.50% to 5.40% since the previous valuation.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 – PURPOSE OF SCHEDULES, continued

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

The schedule presents 10 years of 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.

Changes in Benefit Terms – The required employer contributions rate changed from 25.37% to 26.68% since the previous valuation for CalPERS. There were no changes in benefit terms since the previous valuation for CalSTRS.

Changes in Assumptions – The consumer price inflation rate changed from 2.50% to 2.30% since the previous valuation for CalPERS. There were no changes in assumptions since the previous valuation for CalSTRS.

Schedule of District Contributions – Pensions

This schedule presents 10 years of information on the District’s required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

SUPPLEMENTARY INFORMATION

**PERALTA COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATION
FOR THE YEAR ENDED JUNE 30, 2024**

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.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Mr. Bill Withrow	Trustee - Area 1	2024
Ms. Paulina Gonzalez-Brito	President - Area 2	2024
Mr. Louis Quindlen	Vice-President - Area 3	2026
Dr. Nicky Gonzalez Yuen	Trustee - Area 4	2024
Ms. Cindi Reiss	Trustee - Area 5	2026
Ms. Dyana Delfin Polk	President - Area 6	2024
Ms. Sheweeet Yohannes	Trustee - Area 7	2026
Ms. Sophia Parmigiani	Student Trustee	2025
Mr. Pierce Byrne	Student Trustee	2025

DISTRICT ADMINISTRATION

Dr. Tammeil Gilkerson <i>Chancellor</i>	Greg Nelson <i>Deputy Chancellor/Chief Operating Officer</i>
Dr. Tina Vasconcellos <i>Vice Chancellor of Educational Services</i>	Andrea Epps <i>Interim Vice Chancellor of Human Resources & Employee Relations</i>
Dr. Marla Williams-Powell <i>Interim Associate Vice Chancellor of Finance and Administration</i>	Mr. Antoine Mehouelley <i>Chief Technology & Information Systems Officer</i>
Mr. Mark Johnson <i>Executive Director for Marketing, Communications, & Public Relations</i>	Abdul Pridgen <i>Interim Executive Director of Community Safety</i>
Dr. Rudy Besikof <i>President, Laney College</i>	Dr. Denise (Cynthia) Richardson <i>President, Berkeley City College</i>
Melanie Dixon <i>President, College of Alameda</i>	Dr. David Johnson <i>President, Merritt College</i>

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
Peralta Community College Foundation	LaNiece Jones, Foundation Interim Executive 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)	Emilyn Inestroza, 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
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Program</i>			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063	[1]	\$ 21,614,638
Federal Supplemental Educational Opportunity Grant (SEOG)	84.007	[1]	958,016
Federal Work Study (FWS)	84.033	[1]	702,589
Federal Direct Student Loan	84.268	[1]	2,094,478
Subtotal Student Financial Aid Cluster			<u>25,369,721</u>
Higher Education Emergency Relief Fund			
COVID-19 HEERF III ARP - Institutional	84.425F	n/a	2,293,290
COVID-19 HEERF III ARP - Minority Serving Institutions	84.425L	n/a	563,599
Subtotal Higher Education Emergency Relief Fund			<u>2,856,889</u>
Higher Education Institutional Aid			
Developing Hispanic-Serving Institutions Program - Title V	84.031S	[1]	229,146
Hispanic-Serving Institutions	84.031S	[1]	1,362,962
Adelante Project at Berkeley City College	84.031S		178,045
American and Native American Pacific Islander-Serving Institutions Co-Op	84.031L	[1]	60,302
American and Native American Pacific Islander-Serving Institutions	84.031L	[1]	332,937
Cybersecurity Pathway Enhancement Program	84.116Z	[1]	76,496
<i>Passed through California Community Colleges Chancellor's Office</i>			
Career and Technical Education, Perkins IV, Title I-C	84.048A	18-C01-041	1,007,188
<i>Passed through the California Department of Rehabilitation</i>			
State Vocational Rehabilitation Services - Workability	84.126	30715	239,656
College 2 Career Program	84.126A	30370	290,000
Total U.S. Department of Education			<u>32,003,342</u>
NATIONAL SCIENCE FOUNDATION			
<i>Passed through San Mateo County Community College District</i>			
Advance Technology Education	47.076	[1]	46,576
<i>Direct Program</i>			
HIS Pilot Project	47.076	[1]	198,839
Total National Science Foundation			<u>245,415</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through California Community Colleges Chancellor's Office:</i>			
Temporary Assistance for Needy Families (TANF) Cluster			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	112,379
Total Department of Health and Human Services			<u>112,379</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Direct Program</i>			
USDA - National Institute of Food and Agriculture	10.031	n/a	95,938
Total U.S. Department of Agriculture			<u>95,938</u>
U.S. DEPARTMENT OF LABOR			
<i>Passed through the Alameda County Workforce Development Board</i>			
Workforce Innovation and Opportunity Act (WIOA) Cluster			
DOL - Strengthening CC Training	17.258	17372	181,144
Total US Department of Labor			<u>181,144</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES (CNCS)			
<i>Direct Program</i>			
AmeriCorps National Service Awards	94.006	n/a	41,112
Total Corporation for National and Community Services (CNCS)			<u>41,112</u>
U.S. DEPARTMENT OF THE TREASURY			
<i>Passed through California Community Colleges Chancellor's Office</i>			
Coronavirus State Fiscal Recovery Fund	21.027	n/a	715,181
Total U.S. Department of the Treasury			<u>756,293</u>
Total Federal Programs			<u>\$ 33,435,623</u>

[1] - Pass-through entity identifying number not readily available.
n/a - Pass-through entity identifying number not applicable.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Revenues				Program Expenditures
	Cash Received	Accounts Receivable (Payables)	Unearned Revenue	Total Revenue	
Strong Workforce Regional	\$ 1,542,330	\$ 73,595	\$ -	\$ 1,615,925	\$ 1,615,925
Alameda County Department	4,428	-	3,935	493	493
Instructional Equipment	-	864,805	-	864,805	864,805
Staff Diversity	257,060	-	240,107	16,953	16,953
CARE	888,695	-	235,780	652,915	652,915
EOPS	4,584,134	-	1,362,277	3,221,857	3,221,857
SFAA/BFAP	1,100,911	612,445	-	1,713,356	1,713,356
DSPS	5,565,751	-	701,212	4,864,539	4,864,539
Deputy Sector Navigator Grant	378,638	-	182,377	196,261	196,261
CalWORKs	1,219,793	-	492,540	727,253	727,253
Nextup	1,398,191	-	376,678	1,021,513	1,021,513
Nursing Enrollment Growth	70,784	50,296	-	121,080	121,080
Lottery-Restricted	5,245,650	-	4,410,848	834,802	834,802
Career Ladders Project	1,615	-	1,615	-	-
CTE Community Collaborative	6,995	-	6,995	-	-
Adult Education Block Grant	10,238,205	-	297,804	9,940,401	9,940,401
Healthcare-Focused Vocational	520,876	-	513,607	7,269	7,269
Cal Grant	3,291,684	-	54,026	3,237,658	3,237,658
2017-18 Financial Aid	31,500	-	31,500	-	-
CIRM - California Institute	728,813	-	292,264	436,549	436,549
California Apprenticeship Init	36,744	78,638	-	115,382	115,382
Apprenticeship Program	28,438	-	21,072	7,366	7,366
Strong Workforce Program	5,983,012	-	2,764,445	3,218,567	3,218,567
CTE Unlocked	76,401	-	48,401	28,000	28,000
AB 798 Textbook Affordability	13,225	-	13,225	-	-
Institutional Effectiveness	19,393	-	19,393	-	-
Zero Textbook Cost Degree	14,849	-	14,849	-	-
Zero Txtbk Cost Degree	1,753,583	-	1,647,380	106,203	106,203
Veterans Resource Center	339,597	-	210,718	128,879	128,879
California College Promise	1,258,420	-	319,567	938,853	938,853
Financial Aid Technology	175,440	-	167,940	7,500	7,500
Student Success Completion	9,001,439	-	4,379,892	4,621,547	4,621,547
Veteran Program	271,645	-	271,645	-	-
Guiding Reentry	11,109	-	11,109	-	-
SEA	13,058,683	-	3,162,495	9,896,188	9,896,188
Improving Online CTE Pathways	417,732	-	417,732	-	-
Teamsters Apprenticeship Program	-	154,054	-	154,054	154,054
Re-Entry Apprenticeships	129,837	24,409	-	154,246	154,246
Advanced Transportation	30,626	-	30,626	-	-
IEPI Grant	796,301	-	517,818	278,483	278,483
Disaster Relief Emg Student FA	126,063	-	127,992	(1,929)	(1,929)
Undocumented Resources Liaisons	686,383	-	485,216	201,167	201,167
CalFresh Outreach	24,343	-	21,579	2,764	2,764
Student Retention & Outreach	2,897,286	-	1,252,303	1,644,983	1,644,983
Veterans Program	-	21,245	-	21,245	21,245
Middle College High School Pro	10,500	8,720	-	19,220	19,220
Basic Needs Centers	2,009,538	-	182,134	1,827,404	1,827,404
Mental Health Support	1,878,676	-	1,189,700	688,976	688,976
Early Care and ED (ECEPTS)	6	3,328	-	3,334	3,334
Foundation for CA CC	6,111	-	6,111	-	-
LGBTQ+One-Time Funding	462,421	-	410,867	51,554	51,554
G0380 Rising Scholars Network	286,261	-	45,472	240,789	240,789
BACCC Regional Director	68,272	127,994	-	196,266	196,266
Culturally Competent Faculty P	492,388	-	375,748	116,640	116,640
Balance Forward	79,440,775	2,019,529	27,318,994	54,141,310	54,141,310

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Revenues				Program Expenditures
	Cash Received	Accounts Receivable (Payables)	Unearned Revenue	Total Revenue	
Balance Forward	79,440,775	2,019,529	27,318,994	54,141,310	54,141,310
EEO Best Practices	286,083	-	286,083	-	-
Library Services Platform	44,576	-	27,146	17,430	17,430
Students Food & Housing Support	2,608,095	-	2,608,095	-	-
CCAP Instructional Materials	56,611	-	38,230	18,381	18,381
COVID Recovery Block Grant	4,725,024	-	1,449,943	3,275,081	3,275,081
CA Student Aid Comm - CSAC	3,685,302	-	3,531,454	153,848	153,848
Learning Lab Grant	50,000	-	8,362	41,638	41,638
California Energy Commission	60,649	-	60,649	-	-
System wide Technology and Data	650,000	-	432,480	217,520	217,520
Emergency FA Assistance Supplement	324,549	-	324,549	-	-
Student Housing (Planning)	299,500	-	262,779	36,721	36,721
CSU East Bay Foundation (EMAP)	54,000	-	10,385	43,615	43,615
Innovation & Effectiven Grant	200,000	-	29,577	170,423	170,423
Regional Equity and Recovery	35,816	-	35,816	-	-
Chafee Grant	186,592	-	51,592	135,000	135,000
Asian American Native Hawaiian	1,121,188	-	711,285	409,903	409,903
MESA - Math, Engineering, Sci	2,609,871	-	2,421,507	188,364	188,364
Transfer and Articulation	194,780	-	144,635	50,145	50,145
California Energy Commission	-	250,166	-	250,166	250,166
Equitable Placement, (AB 1705)	1,222,468	-	1,121,809	100,659	100,659
Local Systemwide & Technology	715,000	-	609,593	105,407	105,407
CAI-Community Health Worker	96,000	20,862	-	116,862	116,862
CAI- Social & Human Service As	96,000	5,912	-	101,912	101,912
CAI- Teacher Assistant	300,000	88,699	-	388,699	388,699
Rising Scholars - Juvenile Jus	-	89,834	-	89,834	89,834
Hire Up	1,320,000	-	1,026,868	293,132	293,132
High Road Construction Careers	208,521	-	106,331	102,190	102,190
Building Inclusive and Collabo	-	12,289	-	12,289	12,289
CLL Data Science	-	16,683	-	16,683	16,683
Inclusive Novel Curriculum	-	215	-	215	215
Collaborative Design of Interd	-	23,611	-	23,611	23,611
Student Transfer Achievement R	2,260,868	-	2,258,329	2,539	2,539
ASCCC: Heather Dodge Reassignm	9,170	-	9,170	-	-
Child Care - Department of Education	418,018	-	-	418,018	418,018
Child Care - Tax Bailout	644,254	-	-	644,254	644,254
Total	\$ 103,923,710	\$ 2,527,800	\$ 44,885,661	\$ 61,565,849	\$ 61,565,849

See accompanying note to supplementary information.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT – ANNUAL
(ACTUAL) ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2024**

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2023 only)			
1. Noncredit	0.35	-	0.35
2. Credit	70.75	-	70.75
B. Summer Intersession (Summer 2024 - Prior to July 1, 2024)			
1. Noncredit	-	-	-
2. Credit	1,218.67	-	1,218.67
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	4,286.22	-	4,286.22
(b) Daily Census Contact Hours	458.75	-	458.75
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	154.70	-	154.70
(b) Credit	68.67	-	68.67
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	4,944.46	-	4,944.46
(b) Daily Census Contact Hours	2,170.18	-	2,170.18
(c) Noncredit Independent Study/Distance Education Courses	79.94	-	79.94
D. Total FTES	13,452.69	-	13,452.69
Supplemental Information (subset of above information)			
E. In-service Training Courses	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Credit	350.13	-	350.13
2. Noncredit	171.35	-	171.35
Total Basic Skills FTES	521.48	-	521.48
<u>CCFS 320 Addendum</u>			
CDCP Noncredit FTES	182.60	-	182.60

**PERALTA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2024**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 28,481,700	\$ -	\$ 28,481,700	\$ 28,481,700	\$ -	\$ 28,481,700
Other	1300	20,904,042	-	20,904,042	20,904,042	-	20,904,042
Total Instructional Salaries		49,385,742	-	49,385,742	49,385,742	-	49,385,742
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	13,433,691	-	13,433,691
Other	1400	-	-	-	1,561,816	-	1,561,816
Total Non-Instructional Salaries		-	-	-	14,995,507	-	14,995,507
Total Academic Salaries		49,385,742	-	49,385,742	64,381,249	-	64,381,249
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	29,901,631	-	29,901,631
Other	2300	-	-	-	1,929,864	-	1,929,864
Total Non-Instructional Salaries		-	-	-	31,831,495	-	31,831,495
Instructional Aides							
Regular Status	2200	2,502,015	-	2,502,015	2,357,354	-	2,357,354
Other	2400	491,663	-	491,663	829,982	-	829,982
Total Instructional Aides		2,993,678	-	2,993,678	3,187,336	-	3,187,336
Total Classified Salaries		2,993,678	-	2,993,678	35,018,831	-	35,018,831
Employee Benefits	3000	22,012,764	-	22,012,764	46,227,097	-	46,227,097
Supplies and Materials	4000	-	-	-	1,062,223	-	1,062,223
Other Operating Expenses	5000	-	-	-	6,838,468	-	6,838,468
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		74,392,184	-	74,392,184	153,527,868	-	153,527,868
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	-	-	-
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	1,374,449	-	1,374,449
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	2,656,664	-	2,656,664
Employee Benefits	3000	-	-	-	1,480,862	-	1,480,862
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	29,544	-	29,544
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	29,544	-	29,544
Other Operating Expenses and Services	5000	-	-	-	16,279	-	16,279
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ -	\$ -	\$ -	\$ 5,557,798	\$ -	\$ 5,557,798
Total for ECS 84362, 50% Law		\$ 74,392,184	\$ -	\$ 74,392,184	\$ 147,970,070	\$ -	\$ 147,970,070
Percent of CEE (Instructional Salary Cost/Total CEE)		50.28%	0.00%	50.28%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 73,985,035	\$ -	\$ 73,985,035

See accompanying note to supplementary information.

**PERALTA COMMUNITY COLLEGE DISTRICT
 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
 FOR THE YEAR ENDED JUNE 30, 2024**

EPA Revenue	\$ 13,423,561
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 13,423,561	\$ -	\$ -	\$ 13,423,561
Total		\$ 13,423,561	\$ -	\$ -	\$ 13,423,561

**PERALTA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

Total Fund Equity - District Funds Included in the Reporting Entity

General Fund Unrestricted		\$	25,419,610
General Fund Restricted			9,284,816
Debt Service Fund			57,214,262
Capital Project Funds			78,613,417
Child and Adult Development Fund Balances			4,168,998
Other Special Revenue Funds			5,107,889
Self Insurance Fund			(1,206,441)
Student Financial Aid Fund			(1,634,494)
Associated Students Fund			688,564
Other Student Funds			1,676,981
Total fund balances as reported in the CCFS-311			<u>179,333,602</u>
Other Funds (not reported on CCFS-311)			75,303
Total ending fund balances - Governmental Funds		\$	<u>179,408,905</u>

Assets recorded within the statements of net position not included in the fund financial statements:

Capital assets	\$	858,915,908	
Accumulated depreciation		<u>(400,039,230)</u>	458,876,678
OPEB Bond Assets			232,225,558
Unmatured Interest			(8,513,083)
OPEB Bond Liabilities			(280,448,203)

Deferred outflows recorded within the statement of net position not included in the District fund financial statements:

Deferred outflows related to bond refundings			11,181,754
Interest Rate SWAP			9,659,753
Deferred outflows related to OPEB			2,422,495
Deferred outflows related to pensions			52,048,045

Liabilities recorded within the statements of net position not recorded in the District fund financial statements:

General obligation (GO) bonds	\$	434,210,000	
Bond premium - GO bonds		47,573,946	
Net OPEB liability		156,121,894	
Medicare premium payment plan		396,653	
Net pension liability		154,701,409	
Compensated absences		9,515,182	
Load banking		<u>2,567,132</u>	(805,086,216)

Deferred inflows recorded within the statement of net position not included in the District fund financial statements:

Deferred inflows related to leases			(1,864,555)
Interest Rate SWAP			(9,659,753)
Deferred inflows related to OPEB			(3,895,160)
Deferred inflows related to pensions			<u>(11,240,839)</u>

Net Assets Reported Within the Statement of Net Position \$ (174,884,621)

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

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, 2024.

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.

Education Protection Account (EPA) Expenditure Report

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

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 governmentwide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

OTHER INDEPENDENT AUDITORS' REPORTS



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Trustees
Peralta Community College District
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Peralta Community College District (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



San Diego, California
December 6, 2024



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

The Board of Trustees
Peralta Community College District
Oakland, California

Report on Compliance for Each Major Federal Program

Opinion on 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, 2024. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about Peralta Community College District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Peralta Community College District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 findings 2023-001 through 2023-002. 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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified significant deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as findings 2023-001 through 2023-002.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



San Diego, California
December 6, 2024



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

The Board of Trustees
Peralta Community College District
Oakland, California

Report on State Compliance

Opinion on State Compliance

We have audited Peralta Community College District's (the District) compliance with the types of compliance requirements as identified in the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual* for the year ended June 30, 2024. The applicable state compliance requirements are identified in the table below.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the compliance requirements are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements listed in the table below.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2023-2024 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

Compliance Requirements Tested

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

- Section 411 – SCFF Data Management Control Environment
- Section 412 – SCFF Supplemental Allocation Metrics
- Section 413 – SCFF Success Allocation Metrics
- Section 421 – Salaries of Classroom Instructors (50 Percent Law)
- Section 423 – Apportionment for Activities Funded From Other Sources
- Section 424 – Student Centered Funding Formula Base Allocation: FTES
- Section 425 – Residency Determination for Credit Courses
- Section 426 – Students Actively Enrolled
- Section 427 – Dual Enrollment (CCAP)
- Section 430 – Scheduled Maintenance Program
- Section 431 – Gann Limit Calculation
- Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Section 475 – Disabled Student Programs and Services (DSPS)
- Section 490 – Propositions 1D and 51 State Bond Funded Projects
- Section 491 – Education Protection Account Funds
- Section 492 – Student Representation Fee
- Section 499 – COVID-19 Response Block Grant Expenditures

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



San Diego, California
December 6, 2024

FINDINGS AND QUESTIONED COSTS SECTION

**PERALTA COMMUNITY COLLEGE DISTRICT
SUMMARY OF AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards	<u>Yes</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.007, 84.033, 84.063, 84.268</u>	<u>Student Financial Aid Cluster</u>
<u>84.031S, 84.031L</u>	<u>Higher Education Institutional Aid</u>
<u>84.048A</u>	<u>Career and Technical Education</u>
	<u>Coronavirus State Fiscal Recovery</u>
<u>21.027</u>	<u>Fund</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,003,069</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE AWARDS

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

**PERALTA COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2024**

There were no financial statement findings for the fiscal year ended June 30, 2024.

**PERALTA COMMUNITY COLLEGE DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

FINDING #2024 – 001: 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, 2023 to June 30, 2024

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 at one of the District's four colleges:

- R2T4 calculations
- Student award packaging
- Students selected for verification by the Department of Education

Questioned Costs: None.

Cause: One of the four colleges was without a Director for more than half of the academic year, which resulted in secondary reviews not being completed.

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 2023-002.

Recommendation: We recommend the District ensure that all 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.

Action taken in response to finding: The District will work with the colleges to develop standard operating procedures and a common template to complete secondary reviews completion in a uniformed manner across the district. Training will be provided to the colleges to ensure that the colleges are performing adequate reviews.

Planned completion date for corrective action plan: March 1, 2025.

**PERALTA COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

FINDING #2024-002: STATE COMPLIANCE – 002: STUDENT CENTERED FUNDING FORMULA BASE ALLOCATION: FTES

Criteria or Specific Requirement: Education Code Section 58006, Application of Actual Student Contact Hours of Attendance Procedure, requires that Districts use a count of students present at each course meeting to determine claimed FTES.

Condition / Context: From an initial sample of seven (7) positive attendance courses, we noted one (1) course reported at 100% participation and performed an interview with the instructor. During the interview, the instructor indicated that the course received significantly less than 100% participation. Upon expanding our sample to an additional five instructors with positive attendance courses claimed at 100% we noted one additional instructor who indicated that her classes also received less participation than claimed. Between those two instructors, we noted a total of four courses claimed at 100% for which participation was lower. The total FTES claimed for the four courses amounted to 13.39 FTES.

Questioned Costs: Unknown, due to actual rosters not being maintained. The total questioned cost is not to exceed \$70,141.77 (13.39 FTES times \$5,238.37 FY2024 credit FTES).

Cause: Misunderstanding by instructors who erroneously believed positive attendance courses were to be reported at 100% participation rather than actual participation.

Effect: Overstatement of FTES.

Repeat Finding: No.

Recommendation: We recommend the District ensure that all Colleges work with instructors to prevent similar technical misunderstandings going forward.

Action taken in response to finding: The District will develop a communication to support college Vice Presidents and Deans, as well as instructors on proper recording and management of attendance rosters for positive attendance courses going forward.

Planned completion date for corrective action plan: January 21, 2025

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

FINDING #2023 – 001: 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, 2022 to June 30, 2023

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 at two of the District's four colleges:

- R2T4 calculations (two colleges)
- Student award packaging (one college)
- Students selected for verification by the Department of Education (one college)

Questioned Costs: None.

Cause: The Colleges' Financial Aid Director positions were vacant in early 2022-23, 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 2024-001.

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.

Action taken in response to finding: The District continues to enlist the assistance of Huron and other vendors to assess our internal controls over financial aid federal awards. The district collaborates with external entities to engage in comprehensive training to district-wide staff involved in student financial aid processing. College FA staff are sent regular reminders to reconcile and perform R2T4 calculations. Management is actively recruiting to fill vacant positions in this area across the district.

Planned completion date for corrective action plan: June 30, 2024.

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

FINDING #2023 – 002: 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, 2022 to June 30, 2023

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

Criteria or Specific Requirement: In accordance with 34 CFR 668.164(l), 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: Four (4) out of a sample of 25 outstanding refund checks tested were returned to the U.S. Department of Education after aging past the 240-day requirement.

Questioned Costs: \$5,826.99

Cause: Following the District's receipt of refund checks, we noted that there is not a process for ensuring all checks are remitted back to the U.S. Department of Education within the 240-day requirement period.

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.

Repeat Finding: Implemented in 2023-24.

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.

Action taken in response to finding: The district in collaboration with the colleges has established procedures, notification protocols, adjusted business processes and trained financial aid staff over the past year to address this audit finding. The District will continue to work closely with each college to return funds to the Department of Education in a timely manner. Query reports have been created to identify funds to be slated for return. This effort is monitored on a regular basis by the college Dean of Student Services and their Business Service Office.

Planned completion date for corrective action plan: March 31, 2024.

CONTINUING DISCLOSURE INFORMATION

**PERALTA COMMUNITY COLLEGE DISTRICT
TREND ANALYSIS BY FUND – CASH AND ENDING FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

Cash and Cash Equivalents and Investments			
	June 30, 2022	June 30, 2023	June 30, 2024
Unrestricted General Fund	\$ 24,501,117	\$ 18,753,087	\$ 15,264,358
Restricted General Fund	18,018,401	42,198,958	40,083,564
Bond Interest and Redemption Fund	50,545,060	55,096,348	57,214,262
Child Development Fund	2,657,375	3,210,312	4,278,404
Other Special Revenue Funds:			
Parcel Tax Fund	3,795,037	4,048,674	703,068
Retiree Benefits Fund	(10,329,812)	(5,398,540)	1,421,403
Capital Projects Fund	18,115,059	31,863,066	26,561,505
Bond Construction Funds	58,311,805	150,520,624	68,171,213
Self Insurance Fund	5,938,549	4,834,053	5,445,956
Student Financial Aid and Trust Fund	(4,420,214)	(365,775)	(2,315,877)
Associated Students Funds	710,971	718,051	709,588
Student Representative Fee Funds	578,126	654,139	766,822
Student Center Fee Funds	1,110,109	1,234,739	1,344,755
OPEB Lifetime Revocable Trust	171,912,237	165,386,199	162,891,881
Business-Type Activities Cash and Investments	<u>341,443,820</u>	<u>472,753,935</u>	<u>382,540,902</u>
Cash and Cash Equivalents	40,417,738	80,321,582	66,518,892
Restricted Cash and Cash Equivalents	112,865,508	209,879,252	126,302,149
Investments	188,160,574	182,756,852	189,913,558
Business-Type Activities Cash and Investments	<u>\$ 341,443,820</u>	<u>\$ 472,957,686</u>	<u>\$ 382,734,599</u>
OPEB Irrevocable Trust Investments	<u>\$ 1,146,202</u>	<u>\$ 1,258,268</u>	<u>\$ 1,404,225</u>
Ending Fund Balance/Net Position			
	June 30, 2022	June 30, 2023	June 30, 2024
Unrestricted General Fund	\$ 30,753,995	\$ 33,301,379	\$ 25,419,610
Restricted General Fund	8,380,639	8,147,536	9,284,816
Other Restricted Funds	13,709	13,709	13,709
Bond Interest and Redemption Fund	50,545,060	55,096,348	57,214,262
Child Development Fund	2,386,308	2,896,217	4,168,998
Other Special Revenue Funds:			
Parcel Tax Fund	402,850	548,927	738,528
Retiree Benefits Fund	3,574,440	1,717,749	4,369,361
Capital Projects Fund	18,130,400	30,880,167	25,098,953
Bond Construction Funds	54,017,127	131,751,257	53,514,464
Self Insurance Fund	206	164,009	(1,206,441)
Student Financial Aid and Trust Fund	(1,634,494)	(1,634,494)	(1,634,494)
Associated Students Funds	752,084	755,530	750,158
Student Representative Fee Funds	328,315	333,157	384,140
Student Center Fee Funds	1,106,400	1,156,008	1,292,841
OPEB Lifetime Revocable Trust	179,911,827	174,942,534	173,054,925
Full Accrual Net Position	(572,369,486)	(615,708,351)	(527,348,451)
Business-Type Activities Net Position	<u>(223,700,620)</u>	<u>(175,638,318)</u>	<u>(174,884,621)</u>
OPEB Irrevocable Trust Investments	<u>\$ 1,146,202</u>	<u>\$ 1,258,268</u>	<u>\$ 1,404,225</u>