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PERALTA COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2023

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OTHER INDEPENDENT AUDITORS' REPORTS

FINDINGS AND QUESTIONED COSTS SECTION

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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 and the aggregate remaining fund information of Peralta Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Peralta Community College District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

Other Information
Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis section and unaudited supplementary information section, but does not include the basic financial statements and our auditor's 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 8, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

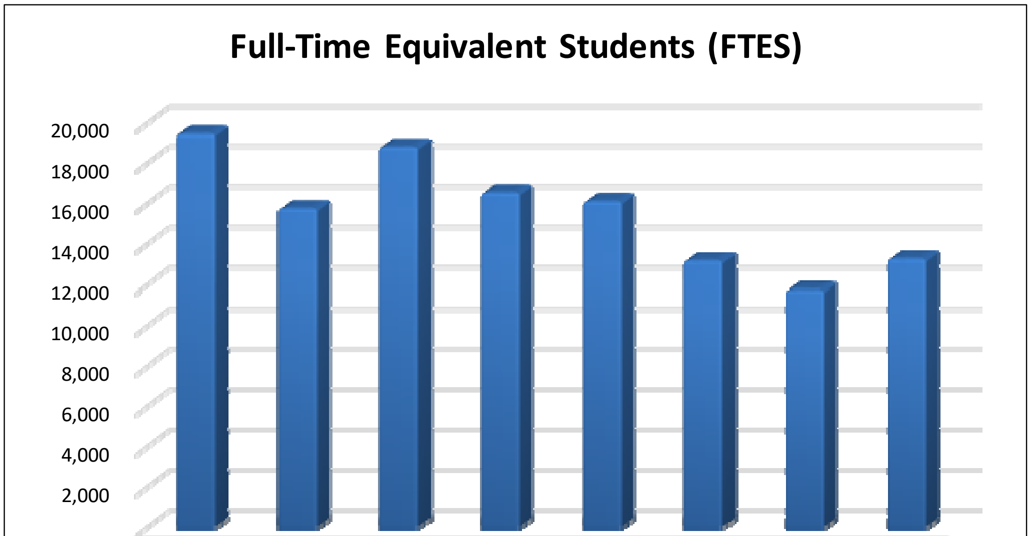
San Diego, California
December 8, 2023

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, 2023. 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 47,719 students during 2022-23, and is one of the top community college districts in California in transferring students into the UC system. Currently, 923 full-time employees and over 1,258 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 2022-2023, Peralta Colleges generated 13,274 FTES (including credit and noncredit FTES), as compared to 11,776 in the fiscal year 2021-22. This represents a 13 percent increase. FTES is generated at the District's four colleges: Berkeley City College, College of Alameda, Laney College, and Merritt College.



	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
FTES	19,507	15,768	18,802	16,551	16,118	13,184	11,776	13,274

Selected Highlights, continued

- Unrestricted General Fund revenues for the year were $161,775,823, an increase of 8.07 percent from prior year's revenue of $149,592,705. This was due, in large part, to the State-provided Cost-of-Living-Adjustment (COLA).
- Unrestricted General Fund expenditures for the year were $151,111,283, an increase of 7.76 percent over prior year's expenditures of $140,223,252.
- The District received approximately $7,894,085 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
- 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.
- 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, 2023, is $159,181,215 ($137,314,369 for those employees hired prior to July 1, 2004, and $22,703,214 for employees hired after July 1, 2004, and $421,899 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.

Selected Highlights, continued

- 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.

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.

Statement of Net Position, continued

A summary of the Statement of Net Position as of June 30, 2023 and June 30, 2022, is presented below:

	2023	2022	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	$ 148,892,562	$ 114,789,109	$ 34,103,453
Noncurrent assets	815,426,007	737,738,266	77,687,741
Deferred outflow of resources	78,560,712	70,520,609	8,040,103
Total Assets and Deferred Outflows of Resources	1,042,879,281	923,047,984	119,831,297
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	167,690,903	125,142,653	42,548,250
Noncurrent liabilities	1,013,737,172	935,287,144	78,450,028
Deferred inflows of resources	38,784,695	86,318,807	(47,534,112)
Total Liabilities and Deferred Inflows of Resources	1,220,212,770	1,146,748,604	73,464,166
NET POSITION			
Invested in capital assets, net of related debt	31,313,763	48,378,992	(17,065,229)
Restricted	92,503,266	75,435,314	17,067,952
Unrestricted	(301,150,518)	(347,514,926)	46,364,408
Total Net Position	$ (177,333,489)	$ (223,700,620)	$ 46,367,131

- Approximately 97 percent of the cash equivalent balance per the Statement of Cash Flows is cash deposited in the Alameda County Treasury Pool, and approximately 3 percent is cash deposited in local financial banking institutions. All funds are invested in accordance with Board Policy, which emphasizes prudence, safety, liquidity, and return on investment. The Statement of Cash Flows contained within these financial statements provides greater detail regarding the sources and uses of cash, and the net increase in cash during the 2022-23 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 $1,616,362 for reimbursements from Federal and State agencies related to grant awards, $28,805,910 from miscellaneous sources, and $25,360,529 for student receivables.
- Capital assets had a net decrease of $13,922,281. The District had additions of $8,988,297 related to construction in progress. Depreciation expense of $22,910,578 was recognized during 2022-23. 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 $44,007,447; $23,672,117 of the balance was accrued in the Capital Projects fund, Bond fund, and Special Revenue fund related to capital outlay with the remaining $20,335,330 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.

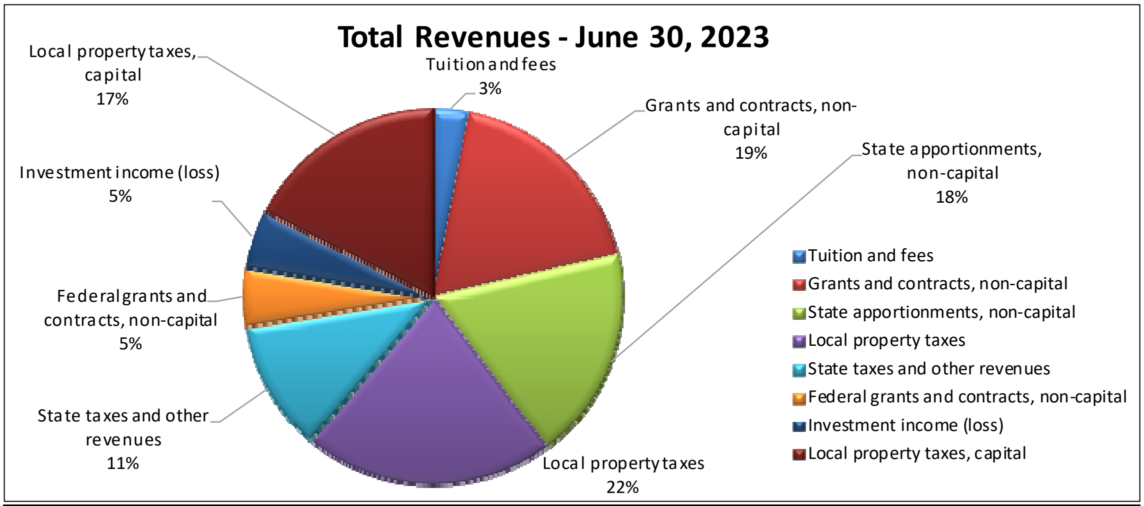
Statement of Revenues, Expenses, and Changes in Net Position

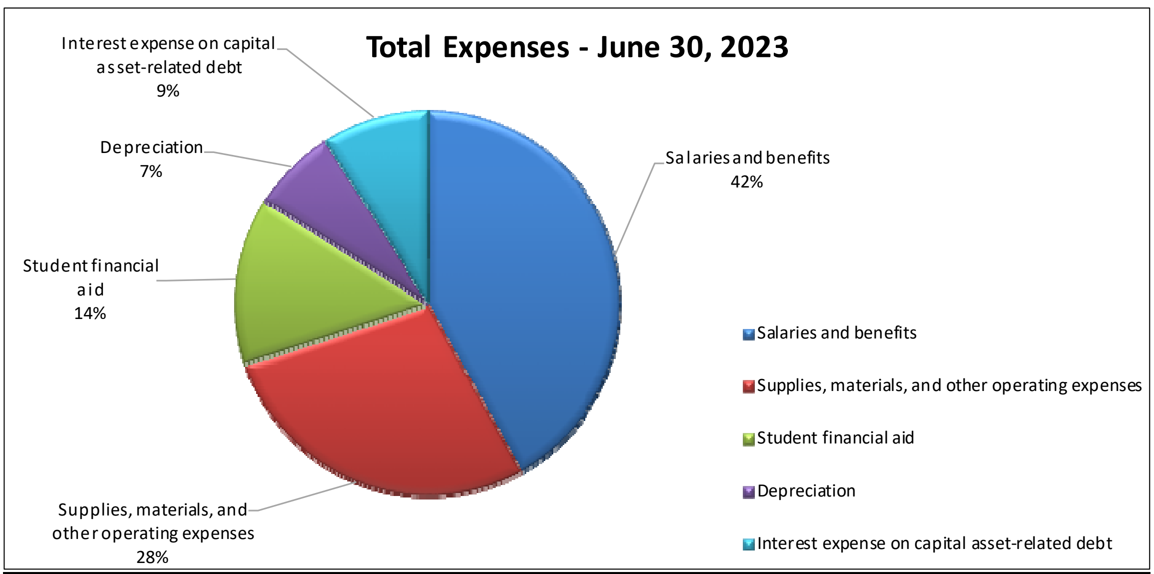
The Statement of Revenues, Expenses, and Changes in Net Position presents the financial results of the District's operations, as well as its nonoperating activities. The distinction between these two activities involves the concepts of exchange and nonexchange. Operating activities are those in which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

The Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2023 and June 30, 2022, is summarized below:

	2023	2022	Change
OPERATING REVENUES			
Tuition and fees	$ 11,408,762	$ 11,211,431	$ 197,331
Grants and contracts, non-capital	64,050,251	46,884,362	17,165,889
Total Operating Revenues	75,459,013	58,095,793	17,363,220
OPERATING EXPENSES			
Salaries and benefits	128,196,742	110,273,255	17,923,487
Supplies, materials, and other operating expenses	84,450,657	45,506,566	38,944,091
Student financial aid	42,090,180	39,018,190	3,071,990
Depreciation	22,910,578	24,488,058	(1,577,480)
Total Operating Expenses	277,648,157	219,286,069	58,362,088
Operating Loss	(202,189,144)	(161,190,276)	(40,998,868)
NON-OPERATING REVENUES (EXPENSES)			
State apportionments, non-capital	64,855,591	65,913,800	(1,058,209)
Local property taxes	77,438,165	69,272,256	8,165,909
State taxes and other revenues	38,684,125	31,118,172	7,565,953
Federal grants and contracts, non-capital	18,217,226	35,291,462	(17,074,236)
Investment income (loss), non-capital	14,284,968	(23,571,834)	37,856,802
Total Non-Operating Revenues (Expenses)	213,480,075	178,023,856	35,456,219
OTHER REVENUES (EXPENSES)			
Investment income, capital	2,276,504	606,583	1,669,921
Interest expense on capital asset-related debt	(28,168,418)	(28,252,089)	83,671
Local property taxes, capital	61,068,130	56,135,119	4,933,011
Change in Net Position	46,467,147	45,323,193	1,060,283
NET POSITION, BEGINNING OF YEAR	(223,700,620)	(269,023,813)	45,323,193
PRIOR PERIOD ADJUSTMENT (SEE NOTE 19)	(100,016)	-	(100,016)
NET POSITION, END OF YEAR	$ (177,333,489)	$ (223,700,620)	$ 46,283,460

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





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 46 percent of operating expenses in fiscal year 2023 compared to 45 percent in 2022. The balance of operating expenses is for supplies, materials, other operating expenses, financial aid, equipment, maintenance, and depreciation expense.
- The principal components of the District's nonoperating revenue are: capital Federal and State grants, State apportionment, local property taxes, other State funding, and interest income. With the exception of interest income, the majority of this revenue is received to support the District's instructional 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	Financial Aid	Depreciation	Total
Instructional activities	$ 54,800,901	$ 3,653,291	$ 5,136	$ -	$ 58,459,328
Academic support	14,362,367	2,555,710	875,197	-	17,793,274
Student services	26,098,531	5,481,568	1,191,585	-	32,771,684
Operation and maintenance of plant	5,627,513	9,896,482	-	-	15,523,995
Institutional Support	23,084,274	22,695,787	6,186,033	-	51,966,094
Community services and economic development	127,543	162,436	-	-	289,979
Ancillary services and auxiliary operations	2,958,806	1,281,028	72,992	-	4,312,826
Student aid	-	-	33,759,237	-	33,759,237
Physical property, interest and other outgo	1,136,807	38,724,355	-	-	39,861,162
Depreciation expense	-	-	-	22,910,578	22,910,578
Total	$ 128,196,742	$ 84,450,657	$ 42,090,180	$ 22,910,578	$ 277,648,157

Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This Statement also helps users assess the District's ability to generate positive cash flows, meet obligations as they come due, and the need for external financing. The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the District. The second part details cash received for nonoperating, non-investing, and noncapital financing purposes. The third part shows cash flows from capital and related financing activities. It deals with the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received. The last section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

The Statement of Cash Flows for the fiscal years ended June 30, 2023 and June 30, 2022, is summarized below:

Cash Provided by (Used by)	2023	2022	Change
Operating activities	$ (187,019,725)	$ (181,990,921)	$ (5,028,804)
Noncapital financing activities	199,095,091	201,582,607	(2,487,516)
Capital financing activities	264,416,636	(35,865,520)	300,282,156
Investing activities	19,688,690	20,226,849	(538,159)
Net Increase (Decrease) in Cash	$ 296,180,692	$ 3,953,015	$ 292,227,677

- 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 32.6 percent and 32.7 percent of noncapital financing for fiscal years 2023 and 2022, respectively. Cash received from property taxes accounts for 38.9 percent in fiscal year 2023 and 34.3 percent in fiscal year 2022 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 $146,607,554 versus $91,167,952 last year, an increase of $55,439,602 or 61 percent.

Other Postemployment Benefits Obligation (OPEB)

During the year ended June 30, 2018, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees. The District's has a total OPEB liability (TOL) of $159,181,215 as of June 30, 2023.

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, 2023, the balance of the Retiree Health Benefit Program Fund's revocable Pre-2004 OPEB Trust 1 was $181,962,886, and the balance of the irrevocable Post-2004 OPEB Trust 2 was $1,258,268.

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, 2023

ASSETS	
Current Assets:	
Cash and cash equivalents	$ 80,321,582
Accounts receivable, net	57,827,592
Prepaid expenses	10,491,385
Other current assets	252,003
Total Current Assets	148,892,562
Noncurrent Assets:	
Restricted cash and cash equivalents	209,879,252
Restricted investments	182,756,852
Capital assets, net	422,789,903
Total Noncurrent Assets	815,426,007
TOTAL ASSETS	964,318,569
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to bond refundings	12,148,092
Interest rate SWAP	16,891,002
Deferred outflows related to OPEB	2,608,519
Deferred outflows related to pensions	46,913,099
TOTAL DEFERRED OUTFLOWS OF RESOURCES	78,560,712
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,042,879,281
LIABILITIES	
Current Liabilities:	
Accounts payable	$ 44,007,447
Accrued interest payable	9,204,542
Unearned revenue	54,602,268
Due to other funds	203,751
Long-term debt, current portion	59,672,895
Total Current Liabilities	167,690,903
Noncurrent Liabilities:	
Compensated absences	9,762,605
Net OPEB liability	159,181,215
Net pension liability	146,607,554
Long-term debt, non-current portion	698,185,798
Total Noncurrent Liabilities	1,013,737,172
TOTAL LIABILITIES	1,181,428,075
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to bond refundings	2,051,011
Interest rate SWAP	16,891,002
Deferred inflows related to OPEB	4,240,554
Deferred inflows related to pensions	15,602,128
TOTAL DEFERRED INFLOWS OF RESOURCES	38,784,695
NET POSITION	
Net investment in capital assets	31,313,763
Restricted for:	
Debt service	55,096,348
Capital projects	30,880,167
Scholarships and loans	(1,634,494)
Other special purposes	8,161,245
Unrestricted	(301,150,518)
TOTAL NET POSITION	(177,333,489)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 1,042,879,281

PERALTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

OPERATING REVENUES	
Tuition and fees	$ 19,603,447
Less: Scholarship discounts and allowances	(8,194,685)
Net tuition and fees	11,408,762
Grants and contracts, non-capital	
Federal	30,768,587
State	26,700,827
Local	6,580,837
TOTAL OPERATING REVENUES	75,459,013
OPERATING EXPENSES	
Salaries and benefits	128,196,742
Supplies, materials, and other operating expenses and services	84,450,657
Student aid	42,090,180
Depreciation	22,910,578
TOTAL OPERATING EXPENSES	277,648,157
OPERATING LOSS	(202,189,144)
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, non-capital	64,855,591
Local property taxes	77,438,165
State taxes and other revenues	38,684,125
Federal grants and contracts, non-capital	18,217,226
Investment income (loss), non-capital	14,284,968
TOTAL NON-OPERATING REVENUES (EXPENSES)	213,480,075
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	11,290,931
OTHER REVENUES, EXPENSES, GAINS AND LOSSES	
Investment income, capital	2,276,504
Interest expense on capital asset-related debt	(28,168,418)
Local property taxes, capital	61,068,130
TOTAL OTHER REVENUES, EXPENSES, GAINS AND LOSSES	35,176,216
CHANGE IN NET POSITION	46,467,147
NET POSITION, BEGINNING OF YEAR	(223,700,620)
PRIOR YEAR ADJUSTMENT (SEE NOTE 19)	(100,016)
NET POSITION, END OF YEAR	$ (177,333,489)

See accompanying notes to financial statements.

PERALTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$	11,909,728
Grants and contracts		97,017,688
Payments to students		(31,415,240)
Payments to vendors		(133,596,946)
Payments to employees		(130,934,955)
Net Cash Used by Operating Activities		(187,019,725)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State apportionments		64,855,591
Federal grants and contracts		18,217,226
Local property taxes		77,438,165
State taxes and other apportionments		38,684,125
Net Cash Provided by Non-capital Financing Activities		199,095,091
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Net purchase and sale of capital assets		(8,988,297)
Local property taxes for capital purposes		61,068,130
Principal paid on capital debt		239,557,388
Interest received on capital debt		2,276,504
Interest paid on capital debt		(29,497,089)
Net Cash Provided (Used) by Capital Financing Activities		264,416,636
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received (paid) from investments		14,284,968
Net investment activity		5,403,722
Net Cash Provided by Investing Activities		19,688,690
NET INCREASE IN CASH & CASH EQUIVALENTS		296,180,692
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR		153,283,246
CASH & CASH EQUIVALENTS, END OF YEAR	$	449,463,938

See accompanying notes to financial statements.

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$	(202,189,144)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense		22,910,578
Changes in Assets and Liabilities:		
Accounts receivables, net		6,833,717
Inventories		89,919
Prepaid expenses		(1,123,245)
Deferred outflows of resources		(14,894,582)
Accounts payable and accrued liabilities		10,674,940
Unearned revenue		26,634,686
Compensated absences		(1,751,084)
Net OPEB liability		(43,413,668)
Net pension liability		55,439,602
Claims liability		(2,738,213)
Deferred inflows of resources		(43,696,982)
Total Adjustments		15,169,419
Net Cash Flows From Operating Activities	$	(187,019,725)
SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS		
On-Behalf Payments for Benefits	$	4,763,956

PERALTA COMMUNITY COLLEGE DISTRICT
OTHER POSTEMPLOYMENT BENEFITS PLAN
STATEMENT OF NET POSITION
JUNE 30, 2023

	OPEB Post-2004 Trust Fund
ASSETS	
Cash and cash equivalents	$ 1,258,268
Total Assets	1,258,268
NET POSITION	
Restricted - OPEB	1,258,268
Total Net Position	$ 1,258,268

See accompanying notes to financial statements.

PERALTA COMMUNITY COLLEGE DISTRICT
OTHER POSTEMPLOYMENT BENEFITS PLAN
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

		OPEB Post-2004 Trust Fund
OPERATING REVENUES:		
Interest and investment income (loss)	$	113,593
Total Operating Revenues		113,593
OPERATING EXPENSES:		
Other operating expenses		1,527
Total Operating Expenses		1,527
Net Change in Net Position		112,066
Net Position - Beginning of Year		1,146,202
Net Position - End of Year	$	1,258,268

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION

Peralta Community College District (the District) was established in 1964 as a political subdivision of the state of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected seven-member board of trustees form of government, which establishes the policies and procedures by which the District operates. The board of trustees must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates four college campuses located in Alameda, Oakland, and Berkeley, California. While the District is a political subdivision of the state of California, it is legally separate and is independent of other state and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

Financial Reporting Entity

The District has adopted GASB Statement No. 61, D*etermining Whether Certain Organizations are Component Units*. This Statement amends GASB Statement No. 14, The Financial Reporting Entity, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District. Peralta Community College District and the Golden West Financing Authority, as represented by the 2005 General Obligation Revenue Bonds, Series B, have a financial and operational relationship that meets the reporting definition antenna of GASB Statement No. 14, The Financial Reporting Entity, for the inclusion of the related debt. Therefore, the related debt has been included in the financial statements of the District. The following entity does not meet the above criteria for inclusion as a component unit of the District.

Peralta Colleges Foundation, Inc.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on 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 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.

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 the Financial Statements

Cash and Cash Equivalents

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

Investments

In accordance with GASB Statement No. 72, *Accounting and Financial* Reporting for investments held at June 30, 2023, 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 $12,541,673 for the year ended June 30, 2023.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Prepaid Expenses
Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30, 2023.

Inventories
Inventories consist primarily of operating supplies. Inventories are stated at cost, utilizing the weighted average method. The cost is recorded as an expense as the inventory is consumed.

Lease Receivable
The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Intangible Right of Use Assets
The District has recorded intangible right of use assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Capital Assets and Depreciation
Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of $50,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed. Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 to 40 years; equipment, 5 to 20 years; vehicles, 5 to 10 years.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accrued Liabilities and Long-Term Obligations
All payables, accrued liabilities, and long-term obligations are reported in the governmentwide financial statements.

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

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

Deferred Charges on Refunding
Deferred charges on refunding 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.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, interest rate SWAPs, for pension related items and OPEB related items. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for interest rate SWAPs, pension related items and OPEB related items.

Pensions
For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Medicare Premium Liability

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the District's OPEB Plan and the CalSTRS Medicare Premium Payment (MPP) Program fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by District's OPEB Plan and MPP. For this purpose, the District's OPEB Plan and MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the government-wide financial statements. Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified employees who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Noncurrent Liabilities
Noncurrent liabilities include general obligation bonds, OPEB bond obligations, compensated absences, claims liability, load banking, the aggregate net OPEB liability, and the aggregate net pension obligation with maturities greater than one year.

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

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

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

Unrestricted - Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed.

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

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.

Scholarships, Discounts, and Allowances
Student tuition and fee revenue is reported net of scholarships, discounts, and allowances. Fee waivers approved by the board of governors are included within the scholarships, discounts, and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Federal Financial Assistance Programs

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

Estimates

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

Interfund Activity

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

Risks and Uncertainties

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

NOTE 3 DEPOSITS AND INVESTMENTS

Policies and Practices

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

Investment in County Treasury

In accordance with the Budget and Accounting Manual, the District maintains substantially all of its cash in the county treasury as part of the common investment pool. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the Alameda County Investment Pool is reported in the accompanying financial statements at amounts based upon the District's pro- rata share of the fair value provided by the county treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the Alameda County Treasurer, which is recorded on the amortized cost basis.

NOTE 3 – DEPOSITS AND INVESTMENTS, continued

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

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

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.

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

Cash on hand and in banks	$	17,383,796
Cash in revolving		58,091
Investments		455,515,799
Total Deposits and Investments	$	472,957,686

NOTE 3 – DEPOSITS AND INVESTMENTS, continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Alameda County 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 $273,552,913 with the Alameda County Investment Pool with a weighted maturity of 473 days. Additionally, the OPEB revocable Trust 1 balance of $181,962,886 and irrevocable Trust 2 balance of $1,258,268 have been invested in other instruments which equate to the CalPERS investment strategy.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Alameda County Investment Pool and OPEB Trust are not required to be rated, nor have they been rated as of June 30, 2023.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District's bank balance of $17,383,796 was not collateralized.

NOTE 4 – FAIR VALUE MEASUREMENTS

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

> *Level 1* - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
>
> *Level 2* - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
>
> *Level 3* - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

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.

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2023, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

Federal Government	$	2,044,791
State Government		1,616,362
Miscellaneous		28,805,910
Subtotal		32,467,063
Student Receivables		37,902,202
Less: Allowance for doubtful accounts		(12,541,673)
Student Receivables, Net		25,360,529
Total	$	57,827,592

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the primary government for the fiscal year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital Assets not being Depreciated				
Land	$ 11,913,296	$ -	$ -	$ 11,913,296
Construction in progress	66,098,582	2,723,201	-	68,821,783
Total Capital Assets Not Being Depreciated	78,011,878	2,723,201	-	80,735,079
Capital Assets Being Depreciated				
Buildings	315,480,534	2,768,021	-	318,248,555
Site improvements	296,901,459	808,230	-	297,709,689
Software and IT development	39,000,088	17,278	-	39,017,366
Machinery and equipment	61,919,262	2,671,567	-	64,590,829
Total Capital Assets Being Depreciated	713,301,343	6,265,096	-	719,566,439
Total Capital Assets	791,313,221	8,988,297	-	800,301,518
Less Accumulated Depreciation				
Buildings	153,917,542	5,368,672	-	159,286,214
Site improvements	106,391,505	14,192,256	-	120,583,761
Software and IT development	37,673,395	666,415	-	38,339,810
Machinery and equipment	56,618,595	2,683,235	-	59,301,830
Total Accumulated Depreciation	354,601,037	22,910,578	-	377,511,615
Net Capital Assets	$ 436,712,184	$ (13,922,281)	$ -	$ 422,789,903

Depreciation expense of $22,910,578 was recorded during the year.

NOTE 7 ACCOUNTS PAYABLE

Accounts payable at June 30, 2023 consists of the following:

Construction	$	23,672,117
State Categorical		-
Other Vendors and Supplies		20,335,330
Total unearned revenue	$	44,007,447

NOTE 8 – UNEARNED REVENUE

Unearned revenue at June 30, 2023 consists of the following:

Federal Government	$ 1,664,519
State Government	44,046,572
Enrollment Fees	8,548,820
Other Local	342,357
Total unearned revenue	$ 54,602,268

NOTE 9 – INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

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

NOTE 10 – LONG-TERM OBLIGATIONS

A schedule of changes in long-term obligations during the fiscal year June 30, 2023 consist of the following:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
General obligation bonds					
Measure E (2000)					
Construction bonds payable	$ 167,620,000	$ -	$ 46,325,000	$ 121,295,000	$ 10,290,000
Premium	19,856,147	-	4,233,117	15,623,030	1,452,539
Measure A (2006)					
Construction bonds payable	203,395,000	-	4,350,000	199,045,000	5,480,000
Premium	29,544,834	-	2,230,515	27,314,319	2,230,515
Measure G (2018)					
Construction bonds payable	28,205,000	151,800,000	21,855,000	158,150,000	28,510,000
Premium	2,533,086	7,463,104	443,812	9,552,378	443,812
Limited Obligation Bonds					
Other postemployment benefits (OPEB) bonds payable	128,004,632	-	6,082,979	121,921,653	6,771,611
Accreted interest	99,180,853	7,981,551	4,494,418	102,667,986	4,494,418
Other long-term obligations					
Claims liability	5,383,381	-	2,738,213	2,645,168	-
Compensated absences	9,347,679	-	1,780,935	7,566,744	-
Load banking	2,166,010	29,851	-	2,195,861	-
Medicare premium payment plan	529,397	-	107,498	421,899	-
Net OPEB liability	202,065,486	-	43,306,170	158,759,316	-
Net Pension liability	91,167,952	55,439,602	-	146,607,554	-
Total long-term obligation	$ 988,999,457	$ 222,714,108	$ 137,947,657	$ 1,073,765,908	$ 59,672,895

NOTE 10 – LONG-TERM OBLIGATIONS, continued

Liabilities for compensated absences, pension liabilities, and OPEB obligations are liquidated by the governmental fund in which associated salaries are reported. General obligation bond liabilities are liquidated through property tax collections as administered by the County Controller's office through the Bond Interest and Redemption Fund. Debt service payments on the Other Postemployment Benefits (OPEB) Bonds will be made from the Unrestricted General Fund and the Deferred Compensation Trust Fund. The District participates in the Medicare Premium Payment (MPP) Program of the California State Teachers' Retirement Plan (the STRP). The District's proportionate share of the liability is 0.1300%. As the plan activity and the District's proportionate share of the total OPEB liability is not significant, additional disclosures regarding the plan are not included in these financial statements.

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

The outstanding general obligation debt is as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding June 30, 2023
2014A Refunding	8/21/2014	8/1/2035	2.00-5.00%	$ 127,505,000	$ 93,010,000
2014B Refunding	8/21/2014	8/1/2032	2.00-5.00%	$ 30,220,000	12,510,000
2020 Refunding	5/27/2020	8/1/2031	5.00%	$ 19,550,000	15,775,000
2022 Refunding	11/10/2022	7/31/2034	5.00%	$ 31,800,000	31,800,000
Total Measure E (2000)					153,095,000
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	97,810,000
2020E-1	5/22/2020	8/1/2030	5.00%	$ 53,625,000	51,235,000
Total Measure A (2006)					199,045,000
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	120,000,000
Total Measure G (2018)					126,350,000
Total General Obligation Bonds Payable					$ 478,490,000

NOTE 10 – LONG-TERM OBLIGATIONS, 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
2024	$ 10,290,000	$ 5,629,725	$ 15,919,725
2025	10,760,000	5,163,275	15,923,275
2026	10,330,000	4,625,275	14,955,275
2027	10,605,000	4,108,775	14,713,775
2028	11,140,000	3,578,525	14,718,525
2029 - 2033	59,570,000	9,328,325	68,898,325
2034 - 2035	8,600,000	663,475	9,263,475
Total	$ 121,295,000	$ 33,097,375	$ 154,392,375

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 $19,856,147 which are amortized using the straight-line method. Amortization of $1,666,430 was recognized during the fiscal year ended June 30, 2023, 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
2024	$ 5,480,000	$ 8,946,225	$ 14,426,225
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 - 2033	47,625,000	28,775,125	76,400,125
2034 - 2038	72,135,000	17,124,925	89,259,925
2039 - 2040	38,560,000	2,344,400	40,904,400
Total	$ 199,045,000	$ 89,627,825	$ 288,672,825

NOTE 10 – LONG-TERM OBLIGATIONS, continued

Proposition 39 General Obligation Bonds - Measure A (2006), continued
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 $29,544,834 which are amortized using the straight-line method. Amortization of $2,230,515 was recognized during the fiscal year ended June 30, 2023, 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 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
2024	$ -	$ 190,500	$ 190,500
2025	-	190,500	190,500
2026	-	190,500	190,500
2027	-	190,500	190,500
2028	-	190,500	190,500
2029 - 2033	-	952,500	952,500
2034 - 2038	-	952,500	952,500
2039 - 2043	-	952,500	952,500
2044 - 2048	-	952,500	952,500
2049 - 2051	6,350,000	470,250	6,820,250
Total	$ 6,350,000	$ 5,232,750	$ 11,582,750

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The collective bonds included total premiums of $2,533,086 which are amortized using the straight-line method. Amortization of $87,971 was recognized during the fiscal year ended June 30, 2023, which includes premiums recognized for the refunded portion of bonds.

NOTE 10 – LONG-TERM OBLIGATIONS, continued

Proposition 39 General Obligation Bonds - Measure G (2022) & Measure E (2000)

On November10, 2022, $120 million in general obligation bonds and $31.8 million of refunding bonds were authorized under the 2018 Measure G and 2000 Measure E issuances held within the District.

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

Fiscal Year	Principal	Interest	Total
2024	$ 28,510,000	$ 7,118,150	$ 35,628,150
2025	24,875,000	5,783,525	30,658,525
2026	3,465,000	5,075,025	8,540,025
2027	3,370,000	4,904,150	8,274,150
2028	3,435,000	4,734,025	8,169,025
2029 - 2033	22,645,000	20,187,375	42,832,375
2034 - 2038	15,820,000	15,872,750	31,692,750
2039 - 2043	15,000,000	12,293,250	27,293,250
2044 - 2048	-	9,537,000	9,537,000
2049 - 2051	34,680,000	6,028,552	40,708,552
	$ 151,800,000	$ 91,533,802	$ 243,333,802

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 $7,463,104 which are amortized using the straight-line method. Amortization of $355,841 was recognized during the fiscal year ended June 30, 2023, which includes premiums recognized for the refunded portion of bonds.

NOTE 11 – LIMITED OBLIGATION BONDS

Taxable 2005 Limited Obligation Other Postemployment Benefits Bonds

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

NOTE 11 – LIMITED OBLIGATION BONDS, continued

2006 Limited Obligation Other Postemployment Benefits Bond Modification and Restructuring

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

2011 Taxable Refunding Bonds

In October 2011, the District refunded the District's outstanding 2009 Taxable OPEB Refunding Bonds. The refunding was a current legal defeasance of the previously issued bonds. The new refunding bonds carry interest rates ranging from 3.47% to 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
2024	$ 6,771,611	$ 4,966,804	$ 4,330,958	$ 16,069,373
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 - 2033	38,301,751	32,730,479	16,449,002	87,481,232
2034 - 2038	15,167,614	41,456,807	15,433,696	72,058,117
2039 - 2043	12,311,177	41,235,885	23,840,558	77,387,620
2044 - 2048	13,833,771	57,872,493	19,137,758	90,844,022
2049 - 2050	7,302,482	31,013,613	1,950,894	40,266,990
	121,921,653	230,108,800	98,980,768	451,011,222
Accumulated Accretion	102,667,986	(102,667,986)	-	-
	$ 224,589,639	$ 127,440,814	$ 98,980,768	$ 451,011,222

Other Postemployment Benefits Letter of Credit

In August 2020, the District converted $43,175,000 of the Series B-3 Convertible Auction Rate Securities (CARS) to variable rate bonds with an LOC from Barclays Bank. As of June 30, 2023, the bonds carry Barclays Bank's short-term rating of VMIG-1 (Moody's Investors Service) and A-1+ (Standard & Poor's).

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

For the fiscal year ended June 30, 2023, the District reported an aggregate net OPEB liability, deferred outflows, and inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan - Pre-2004	$ 137,314,369	$ -	$ -	$ (43,429,088)
District Plan - Post-2004	21,444,947	2,608,519	4,240,554	2,216,237
MPP Program	421,899	-	-	(107,498)
Total	$ 159,181,215	$ 2,608,519	$ 4,240,554	$ (41,320,349)

The details of each plan are as follows:

<u>District Plan - Pre-2004 Employees</u>

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:

	Number of Participants
Inactive Employees Receiving Benefits	579
Active Employees	147
	726

Benefits Provided

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

Contributions

The contribution requirements of the Plan members and the District are established and may be amended by the District, the bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District Board of Trustees. The District contributed $9,716,420 to the Plan, all of which was used for current premiums.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS, continued

Funding Policy

District maintains an OPEB Lifetime Revocable Trust to designate resources for retiree health care costs. As described in Note 11, 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 $181,962,886 at June 30, 2023

Total OPEB Liability of the District

The District's total OPEB liability of $137,314,369 as measured as of June 30, 2023, 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, 2023
Actuarial cost methods	Entry-age actuarial cost method
Inflation rate	2.50%
Investment rate of return	3.65%
Health care cost trend rate	4.00%
Payroll increase	2.75%

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

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

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS, continued

Changes in the Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance July 1, 2022	$ 180,743,457	$ -	$ 180,743,457
Changes for the year:			
Service cost	2,340,798	-	2,340,798
Interest on TOL	6,267,770	-	6,267,770
Employer contributions	-	9,716,420	(9,716,420)
Assumption changes	(1,877,970)	-	(1,877,970)
Experience (gains)/losses	(40,443,266)	-	(40,443,266)
Benefit payments	(9,716,420)	(9,716,420)	-
Net change	(43,429,088)	-	(43,429,088)
Balance June 30, 2023	$ 137,314,369	$ -	$ 137,314,369

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

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% to 3.65% since the previous valuation.

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

	Discount Rate 1% Lower (2.65%)	Discount Rate (3.65%)	Discount Rate 1% Higher (4.65%)
Net OPEB liability	$ 153,229,998	$ 137,314,369	$ 123,971,633

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower or higher than the current health care costs trend rates:

	Trend Rate 1% Lower (3.00%)	Healthcare Cost Trend Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability	$ 122,945,123	$ 137,314,369	$ 154,451,744

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS, continued

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, 2023, the Plan membership consists of the following:

	Number of Participants
Inactive Employees Receiving Benefits	14
Active Employees	612
	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 IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the Retiree Health Benefit Program Joint Powers Agency as directed by the investment alternative choice selected by the Board. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California Government Code Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

Benefits Provided

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

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Peralta Federation of Teachers, the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District Board of Trustees. The District contributed $689,472 to the Plan, which was used for current premiums.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS, continued

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, expect 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, 2023, the annual money-weighed rate of return on investments, net of investment expense, was 9.78%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability of $21,444,947 was measured as of June 30, 2023, and the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

Total OPEB liability	$	22,703,214
Plan fiduciary net position		1,258,267
District's net OPEB liability	$	21,444,947
Plan fiduciary net position as a percentage of the total OPEB liability		5.54%

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, 2023
Actuarial cost methods	Entry-age actuarial cost method
Inflation rate	2.50%
Investment rate of return	4.14%
Health care cost trend rate	4.00%
Payroll increase	2.75%

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

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

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS, continued

Actuarial Assumptions, continued

The long-term expected rate of return on OPEB plan investments was determined using historic 20-year real rates of return for each asset class along with assumed long-term inflation assumptions to set the discount rate. The expected investment return was offset by investment expenses of 25 basis points. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023, (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%	7.55%
US Small Cap	13%	7.55%
All Foreign Stock	9%	7.55%
Other Fixed Income	49%	3.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 4.14%. 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, 2023 and the rate was rounded to 4.14%. The municipal bond rate beyond 19 years resulted in an equivalent valuation rate of 3.65% applied to all periods of projected benefit payments to determine the total OPEB lability.

Changes in the Net OPEB Liability of the District

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance July 1, 2022	$ 22,468,231	$ 1,146,202	$ 21,322,029
Changes for the year:			
Service cost	2,157,664	-	2,157,664
Interest on TOL	942,014	-	942,014
Employer contributions	-	689,472	(689,472)
Assumption changes	873,215	-	873,215
Expected investment income	-	65,863	(65,863)
Experience (gains)/losses	(3,048,438)	-	(3,048,438)
Investment (gains)/losses	-	47,729	(47,729)
Administrative expense	-	(1,527)	1,527
Benefit payments	(689,472)	(689,472)	-
Net change	234,983	112,065	122,918
Balance June 30, 2023	$ 22,703,214	$ 1,258,267	$ 21,444,947

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

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS, continued

Changes in the Net OPEB Liability of the District, continued

Changes of assumptions and other inputs reflect a change in the discount rate from 4.06% to 4.14% since the previous valuation.

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

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

	Discount Rate 1% Lower (3.14%)	Discount Rate (4.14%)	Discount Rate 1% Higher (5.14%)
Net OPEB liability	$ 23,297,930	$ 21,444,947	$ 19,719,959

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

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

	Trend Rate 1% Lower (3.00%)	Healthcare Cost Trend Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability	$ 18,706,053	$ 21,444,947	$ 24,673,027

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 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 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	$ 57,876	$ -
Differences between expected and actual experience	168,175	4,064,577
Change in assumptions	2,382,468	175,977
	$ 2,608,519	$ 4,240,554

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS, continued

Deferred Outflows and Inflows of Resources Related to OPEB (Continued)
The deferred outflows and inflows of resources will be amortized and recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (125,819)
2025	(128,176)
2026	(97,165)
2027	(149,072)
2028	(139,527)
Thereafter	(992,276)
	$ (1,632,035)

NOTE 13 – 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 ($16,891,002). 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.

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

Credit Risk - As of June 30, 2023, 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.

NOTE 13 – INTEREST RATE SWAPS, continued

Derivative Instrument Types

Hedge Effectiveness - As of June 30, 2023, 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%

NOTE 14 – 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, 2023, 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, 2021 to June 30, 2023:

	Workers' Compensation
Liability Balance - July 1, 2020	$ 3,951,000
Net Claims and Changes in Estimates	2,325,862
Claims Payments	(893,481)
Liability Balance - June 30, 2021	5,383,381
Net Claims and Changes in Estimates	(884,138)
Claims Payments	(1,854,075)
Liability Balance - June 30, 2022	$ 2,645,168

NOTE 14 – RISK MANAGEMENT, continued

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.

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS
Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the state of California. Academic employees are members of the California State Teachers' Retirement Systems (CalSTRS) and classified employees are members of California Public Employees' Retirement Systems (CalPERS). For the fiscal year ended June 30, 2023, the District reported the net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 59,298,841	$ 17,658,010	$ 12,038,341	$ 5,127,501
CalPERS	87,308,713	29,255,089	3,563,787	11,008,819
Total	$ 146,607,554	$ 46,913,099	$ 15,602,128	$ 16,136,320

California State Teachers' Retirement System (CALSTRS)

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

Benefits Provided
The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and non-employer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

Benefits Provided
The STRP provisions and benefits in effect on June 30, 2023, are summarized as follows:

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

Contributions
Required member, District, and state of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the District's total contributions were $10,736,002.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2023, 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	$	59,298,841
State's proportionate share of the net pension liability associated with the District		29,697,033
Total	$	88,995,874

The net pension liability was measured as of June 30, 2022. 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, 2022 and June 30, 2021, was 0.0853% and 0.0875%, respectively, resulting in a net decrease in the District's proportionate share by 0.0022%.

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

For the year ended June 30, 2023, the District recognized pension expense of $5,127,501. In addition, the District recognized pension expense and revenue of ($2,221,102) for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ -	$ 2,901,704
Differences between expected and actual experience	48,643	4,445,446
Changes in assumptions	2,938,597	-
Net changes in proportionate share of net pension liability	3,934,768	4,691,191
District contributions subsequent to the measurement date	10,736,002	-
Total	$ 17,658,010	$ 12,038,341

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (384,025)
2025	(3,046,292)
2026	(4,819,744)
2027	3,952,376
2028	(614,687)
Thereafter	(203,961)
	$ (5,116,333)

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, 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, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

Discount Rate

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants and adopted by the CalSTRS Board in January 2020. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	42%	4.8%
Real Estate	15%	3.6%
Private Equity	13%	6.3%
Fixed Income	12%	1.3%
Risk Mitigating Strategies	10%	1.8%
Inflation Sensitive	6%	3.3%
Cash/Liquidity	2%	-0.4%
	100%	

*20-year average

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

Discount Rate, continued

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	$ 100,711,426	$ 59,298,841	$ 24,913,945

Changes of Assumptions

During the fiscal year of the measurement date of June 30, 2022, CalSTRS completed an experience study for the period starting July 1, 2015 and ending June 30, 2018. The experience study was adopted by the CaSTRS Board in January 2020. As a result of the study, certain assumptions used in determining the net pension liability of the STRP changed, including termination rates and service rates.

California Public Employees' Retirement System (CALPERS)

Plan Description

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

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2023 are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	7.000%
Required employer contribution rate	25.370%	25.370%

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, 2023, are presented above, and the total District contributions were $10,645,599.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $87,308,713. The net pension liability was measured as of June 30, 2022. 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, 2022 and June 30, 2021, was 0.2537% and 0.2525%, respectively, resulting in a net increase in the proportionate share of 0.0012.

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

For the year ended June 30, 2023, the District recognized pension expense of $11,008,819. At June 30, 2023, 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	$ 10,308,784	$ -
Differences between expected and actual experience	394,585	2,172,353
Changes in assumptions	6,458,602	-
Net changes in proportionate share of net pension liability	1,447,519	1,391,434
District contributions subsequent to the measurement date	10,645,599	-
Total	$ 29,255,089	$ 3,563,787

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expenses.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 3,309,787
2025	2,776,821
2026	2,588,573
2027	6,370,522
	$ 15,045,703

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

Actuarial Methods and Assumptions
Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of mortality improvements using 90% of scale MP 2016 published by the Society of Actuaries. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long- term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
	100%	

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

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS, continued

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	$ 126,121,858	$ 87,308,713	$ 55,231,075

NOTE 16 – 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 17 – 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, 2023.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2023.

NOTE 17 – 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 18 – GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUES, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2023, that have effective dates that impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

Statement No. 91 – *Conduit Debt Obligations*
The objective of the statement is to eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations and related note disclosures. The statement clarifies the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the user, and establishing standards for accounting and financial reporting. The statement effective date has been postponed to fiscal year 2022-23. The District has implemented this standard as of June 30, 2023.

Statement No. 92 – *Omnibus 2020*
The objectives of the statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The statement addresses a variety of topics. Some requirements are effective upon issuance of the statement and for other requirements the effective date has been postponed to fiscal year 2022-23. The District has implemented this standard as of June 30, 2023.

Statement No. 93 – *Replacement of Interbank Offered Rates (IBOR)*
This statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The statement effective date was postponed to fiscal year 2022-23. The District has implemented this standard as of June 30, 2023.

Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The statement is effective for fiscal year 2022-23. The District has implemented this standard as of June 30, 2023.

NOTE 18 – GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUES, NOT YET EFFECTIVE, continued

Statement No. 96 – *Subscription-Based Information Technology Arrangements*
This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for fiscal year 2022-23. The District has implemented this standard as of June 30, 2023.

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, Omnibus 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

NOTE 19 – PRIOR PERIOD ADJUSTMNET

The District's beginning fund balance decreased by $100,016 in the General Fund due to District identified adjustments.

REQUIRED SUPPLEMENTARY INFORMATION

PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

	Pre-2004 Employees					
	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 2,340,798	$ 4,155,000	$ 4,001,535	$ 4,055,775	$ 3,659,580	$ 3,561,635
Interest	6,267,770	4,905,933	6,002,951	6,770,128	6,529,779	7,061,221
Assumption changes	(1,877,970)	(29,815,613)	1,150,570	40,557,472	6,705,116	-
Experience gains/losses	(40,443,266)	(18,195,233)	-	(7,086,262)	-	-
Benefit payments	(9,716,420)	(10,711,357)	(10,312,820)	(10,277,949)	(10,172,935)	(9,781,668)
Net change in total OPEB liability	(43,429,088)	(49,661,270)	842,236	34,019,164	6,721,540	841,188
Total OPEB liability, beginning of year	180,743,457	230,404,727	230,562,491	196,543,327	189,821,787	188,980,599
Total OPEB liability, end of year (a)	$ 137,314,369	$ 180,743,457	$ 231,404,727	$ 230,562,491	$ 196,543,327	$ 189,821,787
Plan fiduciary net position						
Employer contributions	$ 9,716,420	$ 10,711,357	$ 10,312,820	$ 10,277,949	$ 10,172,935	$ 9,781,668
Expected benefit payments	(9,716,420)	(10,711,357)	(10,312,820)	(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)	$ 137,314,369	$ 180,743,457	$ 231,404,727	$ 230,562,491	$ 196,543,327	$ 189,821,787
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB asset as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

	Post-2004 Employees					
	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 2,157,664	$ 1,930,974	$ 1,706,112	$ 2,031,290	$ 1,850,993	$ 1,801,453
Interest	942,014	869,728	862,327	1,055,715	862,139	767,563
Assumption changes	873,215	302,323	1,129,328	(243,017)	637,838	-
Experience gains/losses	(3,048,438)	197,173	-	(1,717,403)	-	-
Benefit payments	(689,472)	(661,321)	(523,812)	(425,856)	(311,092)	(299,127)
Net change in total OPEB liability	234,983	2,638,877	3,173,955	700,729	3,039,878	2,269,889
Total OPEB liability, beginning of year	22,468,231	19,829,354	16,655,399	15,954,670	12,914,792	10,644,903
Total OPEB liability, end of year (a)	$ 22,703,214	$ 22,468,231	$ 19,829,354	$ 16,655,399	$ 15,954,670	$ 12,914,792
Plan fiduciary net position						
Employer contributions	$ 689,472	$ 661,321	$ 523,812	$ 425,856	$ 1,311,092	$ -
Expected investment income	65,863	80,235	155,065	66,148	51,420	-
Investment gains/losses	47,729	(259,548)	69,489	(11,801)	-	-
Administrative expense	(1,527)	(1,365)	(1,347)	(1,276)	(818)	-
Expected benefit payments	(689,472)	(661,321)	(523,812)	(425,856)	(311,092)	(299,127)
Other	-	-	-	-	-	-
Change in plan fiduciary net position	112,065	(180,678)	223,207	53,071	1,050,602	(299,127)
Fiduciary trust net position, beginning of year	1,146,202	1,326,880	1,103,673	1,050,602	-	-
Fiduciary trust net position, end of year (b)	$ 1,258,267	$ 1,146,202	$ 1,326,880	$ 1,103,673	$ 1,050,602	$ (299,127)
Net OPEB liability (asset), ending (a) - (b)	$ 21,444,947	$ 21,322,029	$ 18,502,474	$ 15,551,726	$ 14,904,068	$ 13,213,919
Covered payroll	$ 83,671,798	$ 77,782,530	$ 72,071,286	$ 35,000,000	$ 35,360,298	N/A
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	5.54%	5.10%	6.69%	6.63%	6.58%	N/A
Net OPEB asset as a percentage of covered payroll	26%	27%	26%	44%	42%	N/A

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 OPEB INVESTMENT RETURNS
FOR THE YEAR ENDED JUNE 30, 2023

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

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 – MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2023

	Measurement Date					
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
District's proportion of the net OPEB liability	0.128%	0.133%	0.130%	0.136%	0.145%	0.153%
District's Proportionate Share of the Net OPEB Liability/(Asset)	$ 421,899	$ 529,397	$ 550,921	$ -	$ -	$ -
District's Covered-Employee Payroll	N/A*	N/A*	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*	N/A*	N/A*
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total OPEB Liability	-0.94%	-0.80%	-0.80%	-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, 2023

	Reporting Fiscal Year (Measurement Date)				
CalSTRS	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
District's proportion of the net pension liability	0.0853%	0.0875%	0.0870%	0.0880%	0.0916%
District's proportionate share of the net pension liability	$ 59,298,841	$ 39,831,972	$ 84,310,830	$ 79,478,080	$ 84,224,453
State's proportionate share of the net pension liability associated with the District	29,697,033	20,042,321	43,461,891	43,360,949	48,222,438
Total	$ 88,995,874	$ 59,874,293	$ 127,772,721	$ 122,839,029	$ 132,446,891
District's covered - employee payroll	$ 53,049,243	$ 50,390,847	$ 50,451,661	$ 49,877,764	$ 50,396,341
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	112%	79%	167%	159%	167%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%

	Reporting Fiscal Year (Measurement Date)				
CalPERS	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
District's proportion of the net pension liability	0.2537%	0.2525%	0.2464%	0.2536%	0.2847%
District's proportionate share of the net pension liability	$ 87,308,713	$ 51,335,980	$ 75,603,099	$ 73,909,821	$ 84,224,453
District's covered - employee payroll	$ 39,195,928	$ 36,835,367	$ 35,511,983	$ 35,063,708	$ 37,694,952
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	223%	139%	213%	211%	201%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%

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, 2023

	Reporting Fiscal Year (Measurement Date)			
CalSTRS	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.0906%	0.0977%	0.0977%	0.0940%
District's proportionate share of the net pension liability	$ 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	49,593,437	44,978,792	34,776,928	33,162,014
Total	$ 133,423,974	$ 123,988,455	$ 100,531,515	$ 88,080,270
District's covered - employee payroll	$ 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	168%	160%	146%	137%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

	Reporting Fiscal Year (Measurement Date)			
CalPERS	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.2731%	0.2700%	0.2636%	0.2533%
District's proportionate share of the net pension liability	$ 73,830,537	$ 79,009,663	$ 38,855,675	$ 28,756,787
District's covered - employee payroll	$ 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	187%	162%	187%	108%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

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

PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year				
CalSTRS	2023	2022	2021	2020	2019
Statutorily required contribution	$ 10,736,002	$ 8,975,932	$ 8,138,122	$ 8,627,234	$ 8,121,728
District's contributions in relation to the statutorily required contribution	10,736,002	8,975,932	8,138,122	8,627,234	8,121,728
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 56,209,435	$ 53,049,243	$ 50,390,847	$ 50,451,661	$ 49,877,764
District's contributions as a percentage of covered-employee payroll	19.10%	16.92%	16.15%	17.10%	16.28%

	Reporting Fiscal Year				
CalPERS	2023	2022	2021	2020	2019
Statutorily required contribution	$ 10,645,599	$ 8,979,787	$ 7,624,921	$ 7,002,963	$ 6,333,207
District's contributions in relation to the statutorily required contribution	10,645,599	8,979,787	7,624,921	7,002,963	6,333,207
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 41,961,368	$ 39,195,928	$ 36,835,367	$ 35,511,983	$ 35,063,708
District's contributions as a percentage of covered-employee payroll	25.37%	22.91%	20.70%	19.72%	18.06%

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

PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year			
CalSTRS	2018	2017	2016	2015
Statutorily required contribution	$ 7,272,192	$ 6,289,690	$ 5,292,541	$ 4,011,990
District's contributions in relation to the statutorily required contribution	7,272,192	6,289,690	5,292,541	4,011,990
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 50,396,341	$ 49,997,536	$ 49,324,706	$ 45,180,068
District's contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%

	Reporting Fiscal Year			
CalPERS	2018	2017	2016	2015
Statutorily required contribution	$ 5,854,403	$ 4,839,608	$ 3,898,691	$ 3,341,727
District's contributions in relation to the statutorily required contribution	5,854,403	4,839,608	3,898,691	3,341,727
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 37,694,952	$ 34,847,408	$ 32,908,677	$ 28,389,491
District's contributions as a percentage of covered-employee payroll	15.53%	13.89%	11.85%	11.77%

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

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liabilities and Related Ratios

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

DISTRICT PLAN-PRE-2004
Changes in Benefit Terms – There have been no changes in benefit terms since the previous valuation.
Changes of Assumptions - Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% to 3.65% 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 - Changes of assumptions and other inputs reflect a change in the discount rate from 4.06% to 4.14% since the previous valuation.

Schedule of OPEB Investment Returns

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

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

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

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.
Changes of Assumptions - The plan rate of investment return assumption was changed from 2.16% to 3.54% since the previous valuation.

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

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

Changes in Benefit Terms – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
Changes in Assumptions – The discount rate decreased from 7.15% to 6.90% since the previous valuation for CalPERS. There have been no changes since the previous valuation for CalSTRS.

Schedule of District Contributions – Pensions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

SUPPLEMENTARY INFORMATION

PERALTA COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATION
JUNE 30, 2023

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	Trustee - 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. Sheweet Yohannes	Trustee - Area 7	2026
Ms. Natasha Masand	Student Trustee	2023
Ms. Naomi Vasquez	Student Trustee	2023

DISTRICT ADMINISTRATION

Dr. Jannett N. Jackson
Interim Chancellor

Dr. Stephanie Droker
Interim Deputy Chancellor/COO

Dr. Nathaniel Jones, III
Interim Vice Chancellor of Finance and Administration

Dr. Marla Williams-Powell
Interim Assocciate Vice Chancellor of Finance and Administration

Dr. Ronald McKinley
Interim Vice Chancellor of Human Resources & Employee Relations

Ms. Atheria Smith
Interim Vice Chancellor of General Services

Mr. Antoine Mehouelley
Chief Technology & Information Systems Officer

Tim Thomas
Executive Director of Public Safety

Mr. Mark Johnson
Executive Director for Marketing, Communications,

Dr. Denise (Cynthia) Richardson
President, Berkeley City College

Dr. Diana Bajrami
Acting President, College of Alameda

Dr. Rudy Besikof
President, Laney College

Dr. David Johnson
President, Merritt College

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
Peralta Community College Foundation	LaNiece Jones, Foundation Director	Organized as an independent organization in January 24, 2006 and has a signed master agreement dated September 14, 2006.
Associated Students of Merritt College (ASMC)	Cooper Michael, ASMC President	Organized as an independent organization in October 21, 1964. Filed with the Secretary of State, State of California on December 10, 2018.

PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct Program			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063	[1]	$ 17,790,090
Federal Supplemental Educational Opportunity Grant (SEOG)	84.007	[1]	2,045,656
Federal Work Study (FWS)	84.033	[1]	888,370
Federal Direct Student Loan	84.268	[1]	1,708,325
Subtotal Student Financial Aid Cluster			22,432,441
COVID-19 HEERF III ARP - Institutional	84.425F	n/a	17,664,953
COVID-19 HEERF III ARP - Minority Serving Institutions	84.425L	n/a	552,273
Subtotal Higher Education Emergency Relief Fund			18,217,226
Research and Development Cluster			
Developing Hispanic-Serving Institutions Program - Title V	84.031S	[1]	22,680
Hispanic-Serving Institutions	84.031S	[1]	1,436,933
American and Native American Pacific Islander-Serving Institutions Co-Op	84.031L	[1]	293,445
American and Native American Pacific Islander-Serving Institutions	84.031L	[1]	329,254
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education, Perkins IV, Title I-C	84.048A	18-C01-041	1,048,459
Passed through the California Department of Rehabilitation			
State Vocational Rehabilitation Services - Workability	84.126	30715	205,575
College 2 Career Program	84.126A	30370	290,000
Total U.S. Department of Education			42,509,826
NATIONAL SCIENCE FOUNDATION			
Direct Program			
Environmental Control Technology Education	47.076	[1]	54,672
HIS Pilot Project	47.076	[1]	153,589
Total National Science Foundation			208,261
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Community Colleges Chancellor's Office:			
Temporary Assistance for Needy Families (TANF) Cluster			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	149,388
Total Department of Health and Human Services			149,388
U.S DEPARTMENT OF LABOR			
Passed through the Alameda County Workforce Development Board			
Workforce Innovation and Opportunity Act (WIOA) Cluster			
DOL - Strengthening CC Training	17.258	17372	210,000
Total US Department of Labor			210,000
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES (CNCS)			
Direct Program			
AmeriCorps National Service Awards	94.006	n/a	11,807
Total Corporation for National and Community Services (CNCS)			11,807
Total Federal Programs			$ 43,089,282

See accompanying note to supplementary information.

PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
JUNE 30, 2023

	Program Revenues				
	Cash Received	Accounts Receivable (Payables)	Unearned Revenue	Total Revenue	Program Expenditures
Strong Workforce Regional	$ 1,594,775	$ -	$ 213,274	$ 1,381,501	$ 1,381,501
Alameda County Department	4,786	-	2,988	1,798	1,798
Instructional Equipment	173,586	814,957	-	988,543	988,543
Staff Diversity	217,955	-	118,172	99,783	99,783
CARE	885,816	-	200,234	685,582	685,582
EOPS	4,319,741	-	795,707	3,524,034	3,524,034
SFAA/BFAP	1,147,458	185,707	-	1,333,165	1,333,165
DSPS	4,961,672	-	380,007	4,581,665	4,581,665
Deputy Sector Navigator Grant	92,400	103,432	-	195,832	195,832
CalWORKs	1,228,875	-	423,336	805,539	805,539
Nextup	1,410,717	-	396,654	1,014,063	1,014,063
Nursing Enrollment Growth	139,204	-	60,025	79,179	79,179
Lottery-Restricted	4,119,687	-	3,384,051	735,636	735,636
Career Ladders Project	3,253	-	1,615	1,638	1,638
CTE Community Collaborative	6,995	-	6,995	-	-
Adult Education Block Grant	9,263,123	-	396,850	8,866,273	8,866,273
Cal Grant	2,810,513	49,308	-	2,859,821	2,859,821
2017-18 Financial Aid	31,500	-	31,500	-	-
CIRM - California Institute	624,342	-	176,069	448,273	448,273
California Apprenticeship Init	124,959	-	36,744	88,215	88,215
Apprenticeship Program	28,438	-	28,438	-	-
Strong Workforce Program	5,764,430	-	3,520,824	2,243,606	2,243,606
CTE Unlocked	98,401	-	76,401	22,000	22,000
AB 798 Textbook Affordability	13,225	-	13,225	-	-
Institutional Effectiveness	19,393	-	19,393	-	-
Basic Skills Partnership Pilot	28,686	2,359	-	31,045	31,045
Zero Textbook Cost Degree	14,849	-	14,849	-	-
Zero Txtbk Cost Degree	800,000	-	768,583	31,417	31,417
Guided Pathways	847,941	3,827	-	851,768	851,768
Veterans Resource Center	267,266	-	152,032	115,234	115,234
Cailfornia College Promise	1,044,414	-	270,405	774,009	774,009
Financial Aid Technology	159,687	-	55,993	103,694	103,694
Student Success Completion	9,041,579	-	5,686,438	3,355,141	3,355,141
Veteran Program	271,645	-	271,645	-	-
Guiding Rentry	11,109	-	11,109	-	-
SEA	13,378,410	-	3,928,757	9,449,653	9,449,653
Improving Online CTE Pathways	417,732	-	417,732	-	-
Teamsters Apprenticeship Program	130,837	50,536	-	181,373	181,373
Re-Entry Apprenticeships	179,707	-	129,837	49,870	49,870
Advanced Transportation	30,626	-	30,626	-	-
IEPI Grant	400,000	-	396,301	3,699	3,699
Disaster Relief Emg Student FA	126,063	-	126,063	-	-
Undocumented Resources Liaisons	573,661	-	362,250	211,411	211,411
Emergency Financial Assistance	2,902,450	-	2,683,210	219,240	219,240
CalFresh Outreach	35,579	-	24,343	11,236	11,236
Student Retention & Outreach	4,299,772	-	3,001,221	1,298,551	1,298,551
Veterans Program	-	2,259	-	2,259	2,259
Middle College High School Pro	261,932	33,171	-	295,103	295,103
Basic Needs Centers	1,735,683	-	1,030,132	705,551	705,551
Mental Health Support	1,455,300	-	1,152,418	302,882	302,882
Early Care and ED (ECEPTS)	233,325	-	145,331	87,994	87,994
Foundation for CA CC	7,000	-	6,111	889	889
LGBTQ+One-Time Funding	262,381	-	236,533	25,848	25,848
G0380 Rising Scholars Network	166,000	-	42,324	123,676	123,676
BACCC Regional Director	174,170	23,872	-	198,042	198,042
Culturally Competent Faculty P	201,738	-	201,738	-	-
EEO Best Practices	286,083	-	286,083	-	-
Library Services Platform	54,053	-	44,576	9,477	9,477
Students Food & Housing Suppor	1,643,656	-	1,643,656	-	-
R6 RJV Contract	-	195,000	-	195,000	195,000
CCAP Instructional Materials	118,354	-	56,611	61,743	61,743
COVID Recovery Block Grant	8,842,125	-	4,725,024	4,117,101	4,117,101
CA Student Aid Comm - CSAC	3,685,591	-	3,685,302	289	289
Learning Lab Grant	24,884	27,363	-	52,247	52,247
California Energy Commission	-	60,649	-	60,649	60,649
System wide Technology and Dat	200,000	-	200,000	-	-
Emergency FA Assistance Supple	324,549	-	324,549	-	-
Student Housing (Planning)	440,000	-	299,500	140,500	140,500
CSU East Bay Foundation (EMAP	-	63,922	-	63,922	63,922
Innovation & Effectiven Grant	200,000	-	200,000	-	-
Asian American Native Hawaiian	602,788	-	602,788	-	-
Chafee Grant	10,000	-	10,000	-	-
Local Systemwide & Technology	540,000	-	540,000	-	-
Child Care - Department of Education	819,949	-	-	819,949	819,949
Child Care - Tax Bailout	476,662	-	-	476,662	476,662
	$ 96,813,480	$ 1,616,362	$ 44,046,572	$ 54,383,270	$ 54,383,270

See accompanying note to supplementary information.

PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT – ANNUAL (ACTUAL) ATTENDANCE
JUNE 30, 2023

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2022 only)			
1. Noncredit	-	-	-
2. Credit	85.78	-	85.78
B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)			
1. Noncredit	-	-	-
2. Credit	1,280.41	-	1,280.41
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	3,470.20	-	3,470.20
(b) Daily Census Contact Hours	477.21	-	477.21
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	93.61	-	93.61
(b) Credit	62.55	-	62.55
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	4,991.53	-	4,991.53
(b) Daily Census Contact Hours	2,213.76	-	2,213.76
(c) Noncredit Independent Study/Distance Education Courses	153.72	-	153.72
D. Total FTES	12,828.77	-	12,828.77
Supplemental Information (subset of above information)			
E. In-service Training Courses	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Credit	362.46	-	362.46
2. Noncredit	171.38	-	171.38
Total Basic Skills FTES	533.84	-	533.84
CCFS 320 Addendum			
CDCP Noncredit FTES	195.87	-	195.87

PERALTA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
JUNE 30, 2023

		Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/ TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 24,817,309	$ -	$ 24,817,309	$ 24,817,309	$ -	$ 24,817,309
Other	1300	19,260,161	-	19,260,161	19,260,494	-	19,260,494
Total Instructional Salaries		44,077,470	-	44,077,470	44,077,803	-	44,077,803
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	13,519,665	-	13,519,665
Other	1400	-	-	-	1,574,691	-	1,574,691
Total Non-Instructional Salaries		-	-	-	15,094,356	-	15,094,356
Total Academic Salaries		44,077,470	-	44,077,470	59,172,159	-	59,172,159
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	27,535,209	-	27,535,209
Other	2300	-	-	-	1,732,929	-	1,732,929
Total Non-Instructional Salaries		-	-	-	29,268,138	-	29,268,138
Instructional Aides							
Regular Status	2200	1,972,225	-	1,972,225	1,839,035	-	1,839,035
Other	2400	432,498	-	432,498	501,539	-	501,539
Total Instructional Aides		2,404,723	-	2,404,723	2,340,574	-	2,340,574
Total Classsified Salaries		2,404,723	-	2,404,723	31,608,712	-	31,608,712
Employee Benefits	3000	19,440,907	-	19,440,907	42,373,424	-	42,373,424
Supplies and Materials	4000	-	-	-	536,947	-	536,947
Other Operating Expenses	5000	-	-	-	1,766,870	-	1,766,870
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		65,923,100	-	65,923,100	135,458,112	-	135,458,112
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	-	-	-
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	709,619	-	709,619
Lottery Expenditures							
Academic Salaries	1000	-	-	-	54,650	-	54,650
Classified Salaries	2000	-	-	-	2,067,614	-	2,067,614
Employee Benefits	3000	-	-	-	1,352,098	-	1,352,098
Supplies and Materials	4000						
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	17,549	-	17,549
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400						
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		$ -	$ -	$ -	$ 4,201,530	$ -	$ 4,201,530
Total for ECS 84362, 50% Law		$ 65,923,100	$ -	$ 65,923,100	$ 131,256,582	$ -	$ 131,256,582
Percent of CEE (Instructional Salary Cost/Total CEE)		50.22%	0.00%	50.22%	100.00%	0.00%	100.00%
50% of Current Expense of Education		$ -	$ -	$ -	$ 65,628,291	$ -	$ 65,628,291

PERALTA COMMUNITY COLLEGE DISTRICT
EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
JUNE 30, 2023

EPA Revenue	$ 21,379,038

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	$ 21,379,038	$ -	$ -	$ 21,379,038
Total		$ 21,379,038	$ -	$ -	$ 21,379,038

See accompanying note to supplementary information.

PERALTA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Equity - District Funds Included in the Reporting Entity		
General Fund Unrestricted		$ 33,301,379
General Fund Restricted		8,147,536
Debt Service Fund		55,096,348
Capital Project Funds		162,631,424
Child and Adult Development Fund Balances		2,896,217
Other Special Revenue Funds		2,266,676
Self Insurance Fund		164,009
Student Financial Aid Fund		(1,634,494)
Associated Students Fund		671,748
Other Student Funds		1,489,165
Total fund balances as reported in the CCFS-311		265,030,008
Other Funds (not reported on CCFS-311)		97,491
Total ending fund balances - Governmental Funds		$ 265,127,499
Assets recorded within the statements of net position not included in the District fund financial statements:		
Capital assets	$ 800,301,518	
Accumulated depreciation	(377,511,615)	422,789,903
OPEB Bond Assets		223,966,033
Unmatured Interest		(9,204,542)
OPEB Bond Liabilities		(273,613,139)
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred outflows related to bond refundings		12,148,092
Interest Rate SWAP		16,891,002
Deferred outflows related to OPEB		2,608,519
Deferred outflows related to pensions		46,913,099
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:		
General obligation (GO) bonds	$ 630,290,000	
Bond premium - GO bonds	59,596,990	
Net OPEB liability	158,759,316	
Medicare premium payment plan	421,899	
Net pension liability	146,607,554	
Compensated absences	7,566,744	
Load banking	2,195,861	(1,005,438,364)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred inflows related to leases		(2,051,011)
Interest Rate SWAP		(16,891,002)
Deferred inflows related to OPEB		(4,240,554)
Deferred inflows related to pensions		(15,602,128)
Net Assets Reported Within the Statement of Net Position		$ (336,596,593)

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, 2023.

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, 2023, 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 8, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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. We did not identify a deficiency in internal control that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Purpose of This Report

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

CWDL, Certified Public Accountants

San Diego, California
December 8, 2023

CWDL

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND 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, 2023. 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, 2023.

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; 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Peralta Community College 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 Peralta Community College 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 Peralta Community College 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 Peralta Community College 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 Peralta Community College 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 Peralta Community College 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, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

CWDL, Certified Public Accountants

San Diego, California
December 8, 2023

CWDL

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

The Board of Trustees
Peralta Community College District
Oakland, California

<u>Report on State Compliance</u>

<u>Opinion on State Compliance</u>

We have audited Peralta Community College District's (the District) compliance with the types of compliance requirements as identified in the 2022-23 California Community Colleges Chancellor's Office *Contracted District Audit Manual* for the year ended June 30, 2023. 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, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the 2022-23 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 2022-23 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 2022-23 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 2021-2022 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

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 2022-23 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 8, 2023

FINDINGS AND QUESTIONED COSTS SECTION

Section I – Schedule of Audit Findings and Questioned Costs

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

CFDA Numbers	Name of Federal Program of Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster
84.425E, 84.425F, 84.425L	CARES Act

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,292,678
Auditee qualified as low-risk auditee?	No

STATE AWARDS

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

Section II – Financial Statement Findings

There were no financial statement findings for the fiscal year ended June 30, 2023.

Section III – Federal Award Findings

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 2022-002.

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.

FINDING #2023 – 001: INTERNAL CONTROLS OVER FEDERAL AWARDS, continued

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.

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: See prior year finding 2022-004.

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.

Section IV –State Award Findings

There were no findings and questioned costs related to state awards for the fiscal year ended June 30, 2023.

FINDING #2022 – 001: EXPENDITURES

Criteria: Internal Controls should be in place to provide reasonable assurance that disbursements are properly preapproved, coded and in accordance with applicable compliance requirements of restricted funding sources.

Condition / Context: From our testing of 85 District warrant selections, we noted one selection for which work was performed and funds were thereby obligated prior to documented approval. Additionally, we noted one selection which was coded as a Fiscal Year 2021-22 expenditure despite being related to work performed in Fiscal Year 2020-21. Finally, we noted one expenditure which was charged to the bond building fund despite being of an operating nature, not eligible for the use of restricted bond funds.

Effect: Isolated internal control deficiencies over disbursements.

Cause: District controls did not enable the proper approval, coding and usage of disbursements in all cases.

Repeat Finding: No.

Recommendation: We would encourage the District to review its disbursement controls to identify and resolve weaknesses which could result in exceptions.

Action taken in response to finding: District Finance will review and assess the disbursement processes. Policies and procedures will be documented, and districtwide training will be provided to management and staff with an emphasis on expenditure related to bond funds and the year-end closing process (i.e., encumbering liabilities, accounting principles).

Planned completion date for corrective action plan: March 31, 2023.

Current Status: Implemented in 2022-23.

Section III – Federal Award Findings

FINDING #2022 – 002: 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, 2021 to June 30, 2022
Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

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

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

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

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

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

Questioned Costs: None.

Cause: The Colleges' Financial Aid Director positions were vacant at June 30, 2022, 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 2021-004.

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.

FINDING #2022 – 002: INTERNAL CONTROLS OVER FEDERAL AWARDS, continued

Action taken in response to finding: The District has entered into a contract with Huron Consulting Group to address internal controls pertaining to reconciliation of Title IV funds, R2T4 processing, award packaging and verification. Huron has created more robust packaging and disbursement rules to ensure only eligible students are awarded and paid. Additionally, the district has created business processes and procedures to improve internal controls over Federal awards. While the cutoff date for the audit was missed for the 2021-2022 school year, corrective actions have been taken to ensure the reconciliation of Title IV funds and secondary reviews have been completed and are currently underway for 2022-2023.

Planned completion date for corrective action plan: June 30, 2023.

Current Status: See current year finding 2023-001.

Section III – Federal Award Findings, continued

FINDING #2022 – 003: SPECIAL TESTS AND PROVISIONS: NSLDS ENROLLMENT REPORTING

Federal Agency: U.S. Department of Education
Federal Program Title: Student Financial Assistance Cluster
Assistance Listing Number: 84.007, 84.033, 84.063 and 84.268
Award Period: July 1, 2021 to June 30, 2022
Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

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

Condition / Context: During our testing of 25 students, which is a statistically valid sample, we noted one (1) instance of a student status change failing to be reported to NSLDS.

Questioned Costs: None.

Cause: Unknown, the status was correctly submitted to the Federal Clearinghouse but failed to automatically 'push' or report to NSLDS.

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

Repeat Finding: See prior year finding 2021-005.

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

Action taken in response to finding: The District Administration & Records will perform a study of the current business processes to identify data discrepancies. The District will engage the Clearinghouse and review the applicable reporting procedures with the financial aid offices to ensure sound internal controls over reporting and updating of NSLDS enrollment data.

Planned completion date for corrective action plan: June 30, 2023.
Current Status: Implemented in 2022-23.

FINDING #2022 – 004: 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, 2021 to June 30, 2022
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: Ten (10) out of a sample of 25 outstanding refund checks tested were yet not returned to the U.S. Department of Education. Eight (8) of the ten (10) had aged past the 240-day requirement.

Questioned Costs: $7,408.87

Cause: Following the District's receipt of refund checks, we noted that there is not a process for making contact with students within the initial 45-day period to resolve issues. Likewise, we noted there is not a process to ensure checks outside of the 45-day period are remitted back to ED.

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

Repeat Finding: See prior year finding 2021-006.

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.

FINDING #2022 – 004: OUTSTANDING STUDENT REFUND CHECKS, continued

Action taken in response to finding: The district has entered into a contract with Huron Consulting Group to address the internal controls pertaining to returning funds and reissuing funds back to students. District Finance has been working closely with each College to return funds to the Department of Education. Queries have been created to identify returned checks which will be monitored on a regular basis to reverse financial aid disbursements and re-report changes to COD.

Planned completion date for corrective action plan: March 31, 2023

Current Status: See current year finding 2023-002.

CONTINUING DISCLOSURE INFORMATION

PERALTA COMMUNITY COLLEGE DISTRICT
TREND ANALYSIS BY FUND – CASH AND ENDING FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

Cash and Cash Equivalents and Investments	June 30, 2021	June 30, 2022	June 30, 2023
Unrestricted General Fund	$ 4,611,307	$ 24,501,117	$ 18,753,087
Restricted General Fund	5,519,572	18,018,401	42,198,958
Bond Interest and Redemption Fund	50,975,618	50,545,060	55,096,348
Child Development Fund	2,212,542	2,657,375	3,210,312
Other Special Revenue Funds:			
Parcel Tax Fund	4,997,687	3,795,037	4,048,674
Retiree Benefits Fund	(1,640,805)	(10,329,812)	(5,398,540)
Capital Projects Fund	7,769,387	18,115,059	31,863,066
Bond Construction Funds	80,724,848	58,311,805	150,520,624
Self Insurance Fund	6,423,563	5,938,549	4,834,053
Student Financial Aid and Trust Fund	(2,456,754)	(4,420,214)	(365,775)
Associated Students Funds	705,658	710,971	718,051
Student Representative Fee Funds	483,026	578,126	654,139
Student Center Fee Funds	1,021,204	1,110,109	1,234,739
OPEB Lifetime Revocable Trust	219,942,393	171,912,237	165,386,199
Business-Type Activities Cash and Investments	381,289,246	341,443,820	472,753,935
Cash and Cash Equivalents	17,629,523	40,417,738	80,321,582
Restricted Cash and Cash Equivalents	131,700,466	112,865,508	209,879,252
Investments	231,959,257	188,160,574	182,756,852
Business-Type Activities Cash and Investments	$ 149,329,989	$ 341,443,820	$ 472,957,686
OPEB Irrevocable Trust Investments	$ 1,326,881	$ 1,146,202	$ 1,258,268

Ending Fund Balance/Net Position	June 30, 2021	June 30, 2022	June 30, 2023
Unrestricted General Fund	$ 25,961,001	$ 30,753,995	$ 33,301,379
Restricted General Fund	6,586,914	8,380,639	8,147,536
Other Restricted Funds	-	13,709	13,709
Bond Interest and Redemption Fund	50,975,618	50,545,060	55,096,348
Child Development Fund	2,001,509	2,386,308	2,896,217
Other Special Revenue Funds:			
Parcel Tax Fund	965,109	402,850	548,927
Retiree Benefits Fund	5,672,659	3,574,440	1,717,749
Capital Projects Fund	7,801,409	18,130,400	30,880,167
Bond Construction Funds	75,666,802	54,017,127	131,751,257
Self Insurance Fund	6,797	206	164,009
Student Financial Aid and Trust Fund	(162,919)	(1,634,494)	(1,634,494)
Associated Students Funds	750,316	752,084	755,530
Student Representative Fee Funds	278,145	328,315	333,157
Student Center Fee Funds	1,000,798	1,106,400	1,156,008
OPEB Lifetime Revocable Trust	206,891,270	179,911,827	174,942,534
Full Accrual Net Position	(666,470,364)	(572,369,486)	(774,615,614)
Business-Type Activities Net Position	(282,074,936)	(223,700,620)	(334,545,581)
OPEB Irrevocable Trust Investments	$ 1,326,881	$ 1,146,202	$ 1,258,268