

PERALTA COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE A, ELECTION 2006 AND
MEASURE G, ELECTION 2018

PERFORMANCE AUDIT

JUNE 30, 2021

**PERALTA COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE A, ELECTION 2006 AND
MEASURE G, ELECTION 2018
PERFORMANCE AUDIT
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JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Board of Trustees and
Independent Citizens' Oversight Committee
Peralta Community College District
Oakland, California

We conducted a performance audit of Peralta Community College District's (the District) Proposition 39 General Obligation Bond Funds (Measure A, Election 2006 and Measure G, Election 2018) for the year ended June 30, 2021.

We conducted our performance audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements for the Proposition 39 and General Obligation Bonds Measure A, Election 2006 and Measure G, Election 2018 under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution. Management is responsible for the District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the District's internal control to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution. Accordingly, we do not express any assurance on the effectiveness of the District's internal control.

The results of our tests indicated that, in all significant respects, the District expended Measure A, Election 2006 and Measure G, Election 2018 General Obligation Bond funds only for the specific projects approved by the voters, in accordance with Proposition, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

CliftonLarsonAllen LLP

Glendora, California
March 14, 2022

**PERALTA COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE A, ELECTION 2006 AND
MEASURE G, ELECTION 2018
JUNE 30, 2021**

AUTHORITY FOR ISSUANCE

The Measure A, Election 2006 and Measure G, Election 2018 General Obligation Bonds were issued pursuant to the Constitution and laws of the state of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code and other applicable provisions of law.

The Bonds were authorized to be issued pursuant to a request of the District made by a resolution adopted by the Board of Trustees of the District on April 7, 2020 (the District Resolution).

The District received authorization from an election held on June 6, 2006, to issue bonds (Measure A, Election 2006) of the District in an aggregate principal amount not to exceed \$390,000,000 to repair, renovate, construct, acquire, and equip classrooms, educational buildings, and college campuses in accordance with the ballot measure for the Bonds. The projects were approved by eligible voters within the District. The measure required approval by at least 55% of the votes cast by eligible voters within the District. The District issued Series A of the authorized Bonds in August 2006 in the amount of \$75,000,000. Series B of the authorized Bonds was issued in November 2007 in the amount of \$100,000,000. Series C of the authorized Bonds was issued August 2009 in the amount of \$100,000,000. Series D of the authorized Bonds was issued in June 2016 in the amount of \$50,000,000. Series E of the authorized Bonds was issued in May 2020 in the amount of \$65,000,000. The District has no remaining unissued authorization under Measure A.

The District received authorization at an election held on November 6, 2018, by more than 55% of the votes cast by eligible voters within the District. The voter-approved measure, known locally as "Measure G" authorized the District to issue bonds in an aggregate principal amount not to exceed \$800,000,000 to finance specific construction and modernization projects, summarized as follows: upgrading aging classrooms, technology, science labs; expanding job training classrooms; and acquiring, constructing, and repairing sites, facilities, and equipment. The District issued Series A of the authorized Bonds in May 2020 in the amount of \$50,000,000.

PURPOSE OF ISSUANCE

The net proceeds of the Bonds issued under the 2006 Authorization will be used for the purposes specified in the District bond proposition submitted at election, which will include the repair, renovation, construction, acquiring, and equipping of classrooms, educational buildings, and college campuses in accordance with the ballot measure for the Bonds.

The net proceeds of the Bonds issues under the 2018 Authorization will be used for the purposes specified in the District bond proposition submitted at election, which will include upgrading aging classrooms, technology, science labs; expanding job training classrooms; and acquiring, constructing, and repairing sites, facilities, and equipment in accordance with the ballot measure for the Bonds.

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OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Measure A, Election 2006 and Measure G, Election 2018 bonds funds have been made in accordance with the Bonds' project list approved by the voters through the approval of the Measure A and Measure G General Obligation Bonds.
2. Determine whether salary transactions charged to the Measure A, Election 2006 and Measure G, Election 2018 bonds funds were in support of Measure A, Election 2006 and Measure G, Election 2018 General Obligation Bonds and not for District general administration or operations.
3. Determine whether proceeds from the sale of bonds have been appropriately recorded within the Measure A, Election 2006 and Measure G, Election 2018 bonds funds.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2020 to June 30, 2021. The population of expenditures tested included all object and project codes associated with the Bonds' projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the Bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2021, were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2021, for the Measure A, Election 2006 and Measure G, Election 2018 bonds funds. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and the Measure A, Election 2006 and Measure G, Election 2018 General Obligation Bonds as to the approved Bonds' projects list. We performed the following procedures:

1. We verified that a separate fund of the District has been established to account for the receipt of Bonds' proceeds and expenditure of the funds for the period July 1, 2020 through June 30, 2021.
2. We reviewed construction expenditures totaling 58% of all expenditures in Measure A and 61% in Measure G and from the detailed accounting of expenditures to determine if proceeds expended are for specific projects as listed in the voter approved bond language. We verified the District's purchasing procedures and accounts payable policies and procedures were complied with. Our sample included 58 transactions totaling \$6,110,918 of the total expenditures of \$10,623,094 in Measure A. Our sample included 55 transactions totaling \$10,171,992 of the total expenditures of \$16,543,503 in Measure G.

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PROCEDURES PERFORMED (CONTINUED)

3. We selected four of the awarded contracts associated with Measure A, Election 2006 and three with Measure G, Election 2018 bond projects to ensure that requirements for bids were adhered to. The program contracts was further analyzed to ensure the Board approval matched the contract, and the contract was properly awarded to the lowest responsible bidder.
4. We selected all 4 employees that were charged to the Measure A, Election 2006 and there were no payroll charges to the Measure G, Election 2018 bonds funds. For the employees selected for testing, there were no exceptions noted in the District's procedures related to the disbursement of the Measure A, Election 2006 and Measure G, Election 2018 bonds funds. The District approves all employees charged to the Measure A, Election 2006 and Measure G, Election 2018 bonds funds and uses encumbrance accounting to ensure all approved disbursements have been budgeted and funds are available. Documentation to support payroll transactions included personnel files and payroll records.

CONCLUSION

The results of our tests indicated that Peralta Community College District has properly accounted for the proceeds and expenditures held in the General Obligation Bond Funds (Measure A, Election 2006 and Measure G, Election 2018) and that such expenditures were made for authorized Bond projects. Projects requiring formal bid were properly authorized, approved, and awarded to the lowest responsible bidder. Further, it was noted that funds held in the General Obligation Bond Funds (Measure A, Election 2006 and Measure G, Election 2018), and expended by the District, were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004, by the State of California Attorney General.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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There were no finding reported in the current year audit period.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2021**

There were no findings reported in the prior year audit period.