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PERALTA COMMUNITY COLLEGE DISTRICT

AUDIT REPORT

JUNE 30, 2025

PERALTA COMMUNITY COLLEGE DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Peralta Community College District
Oakland, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of Peralta Community College District (the "District") as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the District as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information section, as listed in the table of contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations 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 GAAS. In our opinion, the accompanying supplementary information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



San Diego, California
January 8, 2026

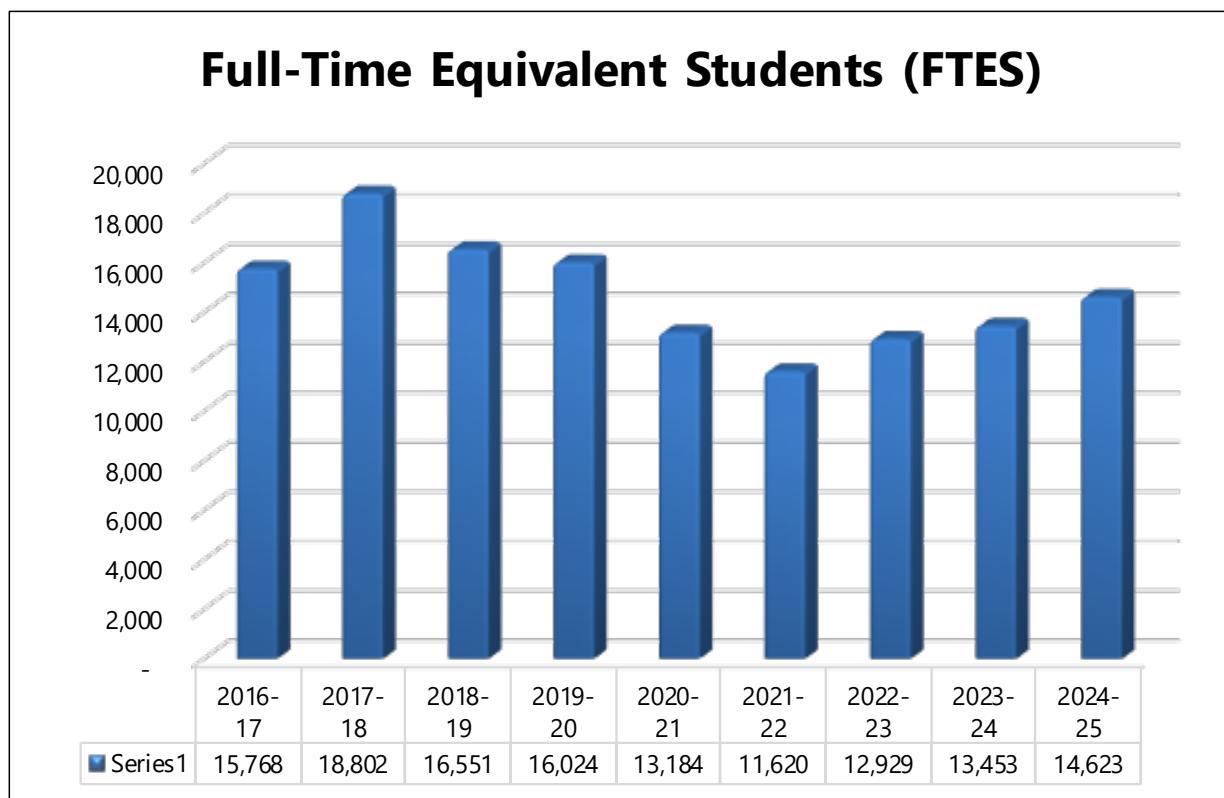
**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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, 2025. The discussion has been prepared by management and should be read in conjunction with the financial statements and notes which follow this section. The 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 32,000 students during 2024-25, and is one of the top community college districts in California in transferring students into the UC system. Currently 790 full-time employees and over 1,431 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 2024-25, Peralta Colleges generated 14,623 FTES (annual, including credit and noncredit FTES), as compared to 13,453 (annual) in the fiscal year 2023-24. This represents an 8.70 percent increase. FTES is generated at the District's four colleges: Berkeley City College, College of Alameda, Laney College, and Merritt College.



**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Selected Highlights, continued

- Unrestricted General Fund revenues for the year were \$176,714,280 an increase of 8.44 percent from prior year's revenue of \$162,954,526. This was primarily due to increase in state apportionment and property taxes.
- Unrestricted General Fund expenditures for the year were \$171,763,633, an increase of 0.52 percent over prior year's expenditures of \$170,879,260. This is primarily due to increases in salaries and benefits.
- The District received approximately \$3,087,592 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.
- Medical benefit rates for both employees and retirees remained flat for Kaiser and 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/asset as of June 30, 2025, is \$150,440,275 (\$126,717,772 for those employees hired prior to July 1, 2004, \$23,383,711 for employees hired after July 1, 2004, and \$338,792 for the Medicare Premium Payment (MPP) Program). In December 2005, the District issued \$153 million in Other Postemployment Benefits (OPEB) Bonds. The proceeds of the bonds have been placed in a revocable trust fund, which may be used only to pay or reimburse the District for payment of retiree health benefit costs or related debt service costs.
- The District will continue to use Measures A and G bonds to pay for various capital improvements. They include, but are not limited to, the following:
 - Investment in technology infrastructure District-wide, including wifi at the Colleges.
 - Renovate and improve classrooms, laboratories, and other instructional facilities.
 - District-wide safety systems including disaster preparedness, campus security, and hazardous and toxic waste handling.
 - Renovation of student service buildings and facilities at Laney College, Merritt College, and College of Alameda.
 - Cabling and power upgrades.
 - Construction of a multi-level urban campus for Berkeley City College in Berkeley.
- The District utilizes Measure B proceeds, its special parcel tax, as approved by the voters in June 2012 in the following manner:
 - Restore and maintain core academic programs such as Math, Science, and English.
 - Train students for careers.
 - Prepare students to transfer to four-year universities.

**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Statement of Net Position

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

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

The difference between total assets, deferred outflows, total liabilities, and deferred inflows is one indicator of the current financial condition of the District; the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost, less accumulated depreciation. The net position is divided into three major categories. The first category, invested in capital assets, provides the equity amount in property, plant, and equipment owned by the District. The second category is expendable restricted assets; these assets are available for expenditure by the District but must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position, which is available to the District for any lawful purpose of the District.

A summary of the Statement of Net Position as of June 30, 2025 and June 30, 2024, is presented below:

	2025	2024	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	\$ 285,467,104	\$ 139,534,191	\$ 145,932,913
Non-current assets	718,673,781	775,092,385	(56,418,604)
Deferred outflow of resources	71,893,709	75,312,047	(3,418,338)
Total Assets and Deferred Outflows of Resources	\$ 1,076,034,594	\$ 989,938,623	\$ 86,095,971
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	\$ 156,542,980	\$ 175,841,300	\$ (19,298,320)
Non-current liabilities	1,027,827,649	962,321,637	65,506,012
Deferred inflows of resources	71,777,261	26,660,307	45,116,954
Total Liabilities and Deferred Inflows of Resources	1,256,147,890	1,164,823,244	91,324,646
NET POSITION			
Net investment in capital assets	36,460,685	37,175,729	(715,044)
Restricted	65,060,752	89,977,246	(24,916,494)
Unrestricted (deficit)	(281,634,733)	(302,037,596)	20,402,863
Total Net Position	\$ (180,113,296)	\$ (174,884,621)	\$ (5,228,675)

**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Statement of Net Position, continued

- Approximately 94.08 percent of the cash and cash equivalent balance per the Statement of Cash Flows is cash deposited in the Alameda County Treasury Pool, and approximately 5.92 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 2024-25 fiscal year.
- The majority of the accounts receivable balance is from miscellaneous sources and student receivables. Receivables totaling \$4,761,802 for reimbursements from Federal and State agencies related to grant awards, \$21,447,222 from miscellaneous sources, and \$31,874,407 for student receivables.
- Capital assets had a net increase of \$32,296,382. The District had \$54,474,350 total additions for fiscal year 2024-25. Depreciation expense of \$22,177,968 was recognized during 2024-25. 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, 2025. Total accounts payable are \$42,738,210; \$20,562,888 of the balance was accrued in the Capital Projects fund, Construction Bond fund, and Special Revenue fund related to capital outlay with the remaining \$22,175,322 due to vendors and suppliers in the normal course of business.
- The District's non-current liabilities primarily consist of bonds payable, related to the issuance of the 2000 Election, 2006 Election, and 2018 Election General Obligation bonds and Other Post-Employment Benefit Bonds. Issued the final tranche Measure G 2018 Election General Obligation bonds, Series C-1 and C-2 and 2025 General Obligation Refunding bonds with original issue amount of \$150.00 million and \$212.70 million, respectively. Additional information related to long-term obligations is found in Note 9 of the financial statements.

**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Statement of Revenues, Expenses, and Changes in Net Position

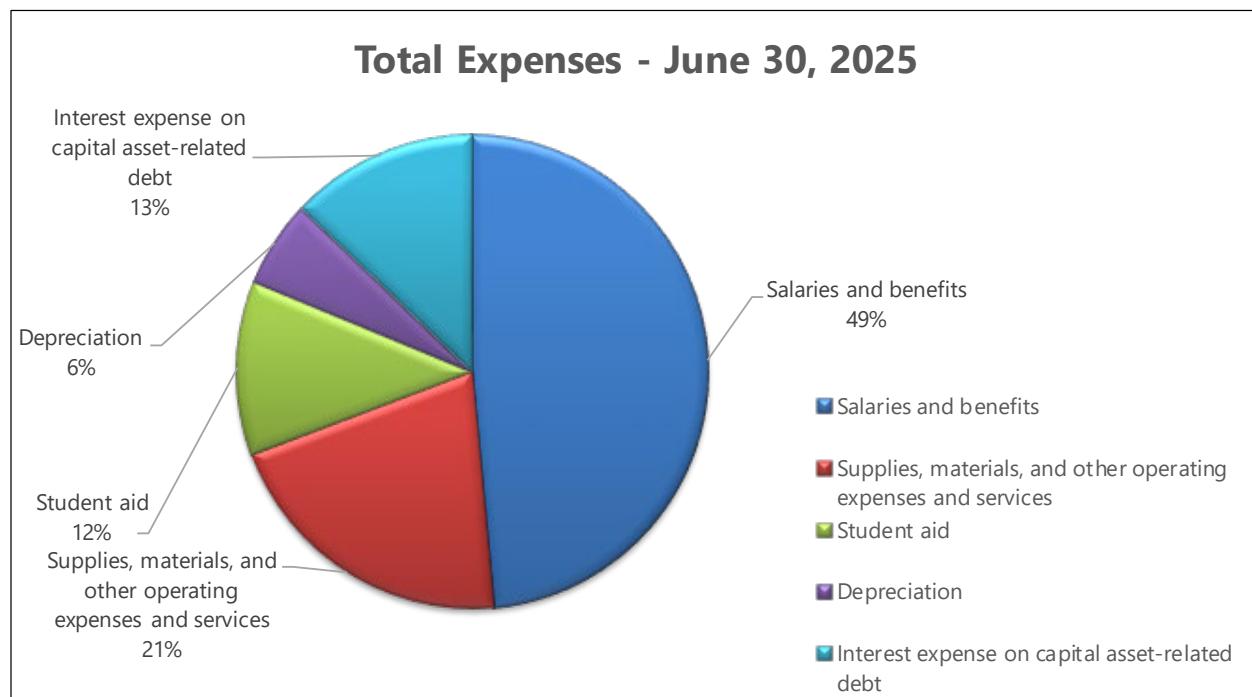
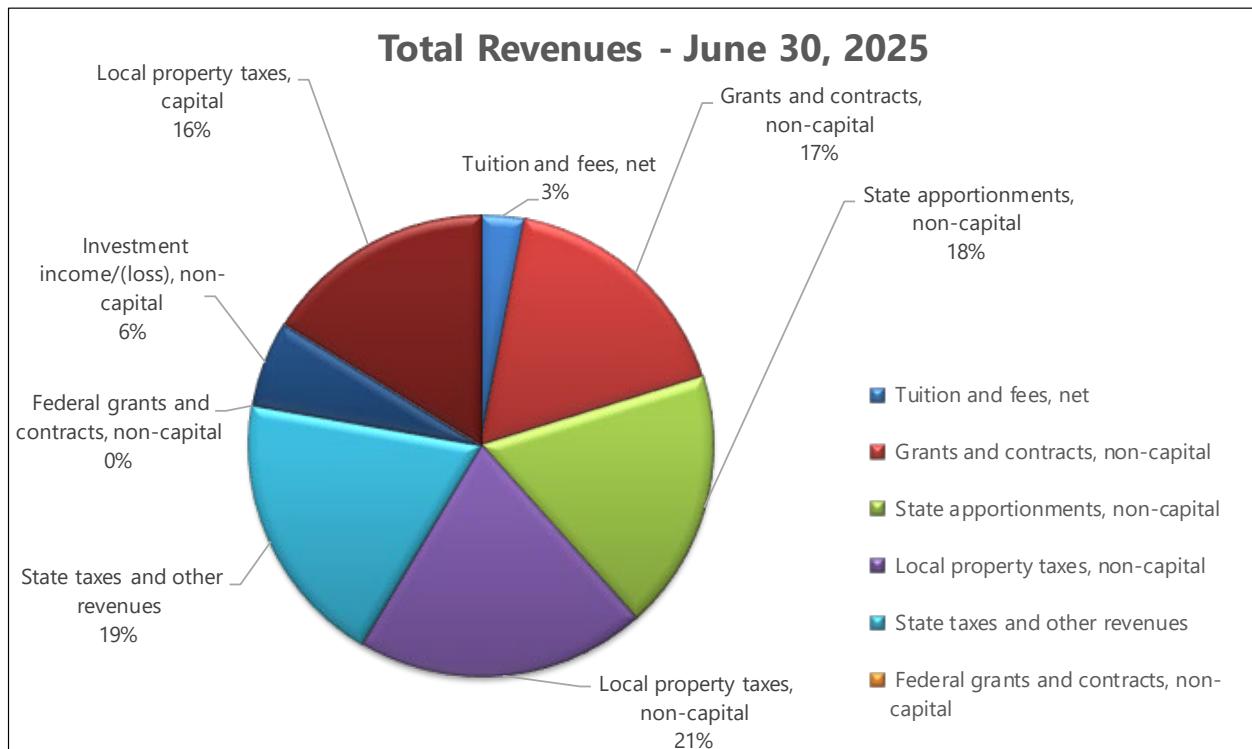
The Statement of Revenues, Expenses, and Changes in Net Position presents the financial results of the District's operations, as well as its non-operating activities. The distinction between these two activities involves the concepts of exchange and non-exchange. Operating activities are those in which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

The Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2025 and June 30, 2024, is summarized below:

	2025	2024	Change
OPERATING REVENUES			
Tuition and fees, net	\$ 11,681,136	\$ 11,402,976	\$ 278,160
Grants and contracts, non-capital	67,241,063	58,940,464	8,300,599
Total Operating Revenues	78,922,199	70,343,440	8,578,759
OPERATING EXPENSES			
Salaries and benefits	194,026,080	193,156,434	869,646
Supplies, materials, and other operating expenses and services	82,904,723	65,455,721	17,449,002
Student aid	48,051,169	40,002,223	8,048,946
Depreciation	22,177,968	22,527,615	(349,647)
Total Operating Expenses	347,159,940	321,141,993	26,017,947
Operating Loss	(268,237,741)	(250,798,553)	(17,439,188)
NON-OPERATING REVENUES/(EXPENSES)			
State apportionments, non-capital	74,300,041	64,553,337	9,746,704
Local property taxes, non-capital	84,086,817	82,423,251	1,663,566
State taxes and other revenues	78,199,486	49,212,685	28,986,801
Federal grants and contracts, non-capital	(50,222)	2,856,889	(2,907,111)
Investment income/(loss), non-capital	22,042,787	21,209,819	832,968
Total Non-Operating Revenues/(Expenses)	258,578,909	220,255,981	38,322,928
OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)			
Investment income, capital	2,493,909	3,687,008	(1,193,099)
Interest expense on capital asset-related debt	(51,966,599)	(30,083,873)	(21,882,726)
Local property taxes, capital	64,844,330	66,594,884	(1,750,554)
Changes in Net Position	5,712,808	9,655,447	(3,942,639)
NET POSITION, BEGINNING OF YEAR	(174,884,621)	(177,689,330)	2,804,709
PRIOR PERIOD ADJUSTMENT (NOTE 16)	(10,941,483)	(6,850,738)	(4,090,745)
NET POSITION, END OF YEAR	\$ (180,113,296)	\$ (174,884,621)	\$ (5,228,675)

**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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



**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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 \$406 per unit fee that is charged to all non-resident students.
- Personnel costs across all funds account for 55.76 percent of operating expenses in fiscal year 2024-25 compared to 60.15 percent in 2023-24. The remaining 44.24 percent of operating expenses in fiscal year 2024-25 is for supplies, materials, other operating expenses, student aid, and depreciation expense.
- The principal components of the District's non-operating revenue are: capital Federal and State grants, State apportionment, local property taxes, other State funding, and investment income. With the exception of investment 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:

	Supplies, Material, and Other Operating					Total
	Salaries and Benefits	Expenses and Services	Student Aid	Depreciation		
Instructional activities	\$ 88,264,042	\$ 3,601,548	\$ 12,885	\$ -	\$ 91,878,475	
Academic support	20,850,931	1,209,442	-	-	22,060,373	
Student services	39,804,067	2,189,946	136,124	-	42,130,137	
Operation and maintenance of plant	8,335,529	11,095,971	-	-	19,431,500	
Institutional support	31,581,974	24,518,455	7,128,868	-	63,229,297	
Community services and economic development	149,073	25,097	-	-	174,170	
Ancillary services and operations	4,942,701	1,318,172	1,345	-	6,262,218	
Student aid	-	-	40,771,947	-	40,771,947	
Physical property, interest and other outgo	97,763	38,946,092	-	-	39,043,855	
Depreciation	-	-	-	22,177,968	22,177,968	
Total	\$ 194,026,080	\$ 82,904,723	\$ 48,051,169	\$ 22,177,968	\$ 347,159,940	

**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Statement of Cash Flows

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

The Statements of Cash Flows for the fiscal years ended June 30, 2025 and June 30, 2024, is summarized below:

Cash Provided by/(Used in)	2025	2024	Change
Operating activities	\$ (231,784,555)	\$ (232,101,072)	\$ 316,517
Non-capital financing activities	225,594,639	192,195,424	33,399,215
Capital financing activities	55,285,446	(71,527,258)	126,812,704
Investing activities	23,023,093	14,053,113	8,969,980
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>\$ 72,118,623</u>	<u>\$ (97,379,793)</u>	<u>\$ 169,498,416</u>

- Cash receipts from operating activities are from student tuition, grants and contracts. 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 32.94 percent and 33.59 percent of noncapital financing for fiscal years 2025 and 2024, respectively. Cash received from local property taxes accounts for 37.27 percent in fiscal year 2025 and 42.89 percent in fiscal year 2024 of the cash generated in this section.
- The majority of the activity in the capital and related financing activities is for the principal and interest payment of the capital debts and issuance of new bonds.
- Cash from investing activities is from the 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 \$141,503,044 versus \$154,701,409 last year, a decrease of \$13,198,365 or 8.53 percent.

**PERALTA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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 net OPEB liability/(asset) of \$150,440,275 as of June 30, 2025.

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, 2025, the balance of the Retiree Health Benefit Program Fund's revocable Pre-2004 OPEB Trust 1 was \$187,040,188, and the balance of the irrevocable Post-2004 OPEB Trust 2 was \$1,578,285.

Economic Factors that May Affect the Future

In 2026, the projected state deficit is anticipated to approach nearly \$18 billion next year, primarily due to the expectation that the state's expenditures will be so substantial that they will offset, if not surpass, the robust tax revenues fueled by an AI boom, as stated by the nonpartisan Legislative Analyst's Office in its fiscal outlook published in December 2025. Should this estimate prove accurate, it will represent the fourth consecutive year in which California encounters a deficit despite ongoing revenue growth. The structural deficit may reach \$35 billion annually by fiscal year 2027-28, according to the Legislative Analyst's Office.

California is confronting an additional \$6 billion in expenditures next year, including a minimum of \$1.3 billion attributable to increased payments for Medi-Cal benefits under the federal government's new budget legislation. Furthermore, the state is expected to experience reductions in housing and homelessness funding from the federal government under the new administration, which could significantly impact California's economic outlook.

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, 2025

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 226,372,195
Accounts receivable, net	58,083,431
Prepaid expenses	636,784
Other current assets	374,694
Total Current Assets	<u>285,467,104</u>
Non-Current Assets:	
Restricted cash and cash equivalents	38,567,469
Restricted investments	188,933,252
Capital assets, net	491,173,060
Total Non-Current Assets	<u>718,673,781</u>
TOTAL ASSETS	<u>1,004,140,885</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on bond refunding	10,215,416
Interest rate SWAP	9,659,753
Deferred outflows related to OPEB	2,191,660
Deferred outflows related to pensions	49,826,880
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>71,893,709</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,076,034,594</u>

LIABILITIES

Current Liabilities:	
Accounts payable	\$ 42,738,210
Accrued interest payable	11,269,438
Unearned revenue	58,242,363
Due to other funds	182,090
Long-term debt, current portion	44,110,879
Total Current Liabilities	<u>156,542,980</u>
Non-Current Liabilities:	
Compensated absences and Load Banking	23,690,354
Net OPEB liability	150,440,275
Net pension liability	141,503,044
Long-term debt, non-current portion	712,193,976
Total Non-Current Liabilities	<u>1,027,827,649</u>
TOTAL LIABILITIES	<u>1,184,370,629</u>

DEFERRED INFLOWS OF RESOURCES

Deferred gain on bond refunding	38,360,314
Interest rate SWAP	9,659,753
Deferred inflows related to OPEB	6,094,934
Deferred inflows related to pensions	17,662,260
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>71,777,261</u>

NET POSITION

Net investment in capital assets	36,460,685
Restricted for:	
Debt service	29,920,189
Capital projects	28,246,172
Scholarships and loans	(1,634,494)
Other special purposes	8,528,885
Unrestricted (deficit)	(281,634,733)
TOTAL NET POSITION	<u>(180,113,296)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 1,076,034,594</u>

PERALTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

OPERATING REVENUES	
Tuition and fees, gross	\$ 20,388,706
Less: Scholarship discounts and allowances	(8,707,570)
Tuition and fees, net	<u>11,681,136</u>
Grants and contracts, non-capital	
Federal	37,600,031
State	19,900,284
Local	9,740,748
TOTAL OPERATING REVENUES	78,922,199
OPERATING EXPENSES	
Salaries and benefits	194,026,080
Supplies, materials, and other operating expenses and services	82,904,723
Student aid	48,051,169
Depreciation	22,177,968
TOTAL OPERATING EXPENSES	347,159,940
OPERATING LOSS	
	<u>(268,237,741)</u>
NON-OPERATING REVENUES/(EXPENSES)	
State apportionments, non-capital	74,300,041
Local property taxes, non-capital	84,086,817
State taxes and other revenues	78,199,486
Federal grants and contracts, non-capital	(50,222)
Investment income/(loss), non-capital	22,042,787
TOTAL NON-OPERATING REVENUES/(EXPENSES)	258,578,909
INCOME/(LOSS) BEFORE OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)	
	<u>(9,658,832)</u>
OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)	
Investment income, capital	2,493,909
Interest expense on capital asset-related debt	(51,966,599)
Local property taxes, capital	64,844,330
TOTAL OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)	15,371,640
CHANGE IN NET POSITION	
NET POSITION, BEGINNING OF YEAR	
PRIOR PERIOD ADJUSTMENT (NOTE 16)	
NET POSITION, END OF YEAR	
	<u>\$ (180,113,296)</u>

**PERALTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 9,703,068
Grants and contracts	68,106,576
Payments to students	(45,595,764)
Payments to vendors	(80,765,218)
Payments to employees	(183,233,217)
Net Cash Provided by/(Used in) Operating Activities	<u>(231,784,555)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State apportionments	74,300,041
Federal grants and contracts	(50,222)
Local property taxes	84,086,817
State taxes and other revenues	78,199,486
Other receipts	(10,941,483)
Net Cash Provided by/(Used in) Non-capital Financing Activities	<u>225,594,639</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Net purchase and sale of capital assets	(54,474,350)
Local property taxes	64,844,330
Issuance of capital debt	156,848,882
Principal paid on capital debt	(85,947,395)
Interest received on capital debt	2,493,909
Interest paid on capital debt	(28,479,930)
Net Cash Provided by/(Used in) Capital Financing Activities	<u>55,285,446</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received/(paid) from investments	22,042,787
Net investment activity	<u>980,306</u>
Net Cash Provided by/(Used in) Investing Activities	<u>23,023,093</u>

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	72,118,623
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>192,821,041</u>
	<u>\$ 264,939,664</u>

**PERALTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

**RECONCILIATION OF OPERATING LOSS TO NET CASH
PROVIDED BY/(USED IN) OPERATING ACTIVITIES**

Operating loss	\$ (268,237,741)
Adjustments to Reconcile Operating Loss to Net Cash Provided by/ (Used in) Operating Activities:	
Depreciation	22,177,968
Changes in Assets and Liabilities:	
Accounts receivables, net	3,565,836
Prepaid expenses and other current assets	10,354,554
Deferred outflows related to OPEB and pensions	2,452,000
Accounts payable, net of unmatured interest	2,455,405
Unearned revenue	(4,678,391)
Due to other funds	(11,607)
Compensated absences and load banking	11,608,040
Net OPEB liability	(6,078,272)
Net pension liability	(13,198,365)
Deferred inflows related to OPEB and pensions	<u>8,621,195</u>
Total Adjustments	<u>36,453,186</u>
Net Cash Flows From Operating Activities	<u>\$ (231,784,555)</u>

SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS

On-Behalf Payments for Benefits	\$ 5,421,240
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PERALTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025

	OPEB Post-2004
	Trust Fund
ASSETS	
Cash and cash equivalents	\$ 1,578,285
Total Assets	<u>\$ 1,578,285</u>
NET POSITION	
Restricted - OPEB	\$ 1,578,285
Total Net Position	<u>\$ 1,578,285</u>

PERALTA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	OPEB Post-2004	Trust Fund
OPERATING REVENUES		
Interest and investment income	\$ 816,191	
Total Operating Revenues	<hr/> 816,191	
OPERATING EXPENSES		
Other operating expenses	642,131	
Total Operating Expenses	<hr/> 642,131	
Net Change in Net Position	174,060	
Net Position - Beginning of Year	1,404,225	
Net Position - End of Year	<hr/> \$ 1,578,285	

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – ORGANIZATION

Background

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

Financial Reporting Entity

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

- **Peralta Colleges Foundation, Inc.**

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

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Revenues – Exchange and Non-exchange Transactions: Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on an accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees and noncapital grants and contracts.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, Federal and State financial aid grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges chancellor's office and includes reporting of full-time equivalent students (FTES) attendance as well as supplemental and student success metrics under the Student-centered Funding Formula. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from federal and state financial aid grants are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Operating and Non-Operating Expenses: Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as non-operating.

Expenses are recorded on an accrual basis as they are incurred, when goods are received, or services are rendered.

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37, No. 38, No. 39, and No. 61. The business- type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
 - Statement of Net Position - Primary Government
 - Statement of Revenues, Expenses, and Changes in Net Position - Primary Government
 - Statement of Cash Flows - Primary Government
 - Financial Statements for the Fiduciary Funds including:
 - Statement of Fiduciary Net Position
 - Statement of Changes in Fiduciary Net Position
- Notes to Financial Statements

Cash and Cash Equivalents

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

Investments

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, investments held at June 30, 2025, 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 \$16,541,673 for the year ended June 30, 2025.

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Prepaid Expenses and Other Current Assets

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30, 2025. Other current assets are other categories of assets that are expected to be converted into cash, sold, or consumed within the operating cycle.

Capital Assets and Depreciation

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

Accounts Payable and Accrued Interest Payable

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

Long-Term Debt

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

Hedging Derivative Instruments (Interest Rate SWAPS)

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

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred loss on bond refunding, interest rate SWAPs, pension related items and OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred gain on bond refunding, interest rate SWAPs, pension related items and OPEB related items.

Deferred Loss/Gain on Bond Refunding

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Medicare Premium Liability

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

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Compensated Absences and Load Banking

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. 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 entity-wide financial statements.

GASB Statement No. 101 requires that liabilities for compensated absences be recognized for [1] leave that has not been used and [2] leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if [a] the leave is attributable to services already rendered, [b] the leave accumulates, and [c] the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Flow Assumption: When determining the amounts due within one year for sick leave, accumulated sick leave as of June 30, 2025 is assumed to be used before future sick leave accruals (i.e. First In, First Out). The amount due within one year for vacation leave is based on the expected accumulated vacation leave to be cashed out upon the end of employment in the following year.

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 school members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all 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.

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 non-operating. Certain significant revenue streams relied upon for operation are classified as non-operating as defined by GASB Statements No. 34 and No. 35. Classifications are as follows:

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

Non-Operating Revenues – Non-operating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, local property taxes, investment income, and other revenue sources defined in GASB Statements No. 34 and No. 35.

Classification of Expenses

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

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

Non-Operating Expenses – Non-operating expenses include interest expenses and other expenses not directly related to the services of the District.

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information from the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

Scholarships, Discounts, and Allowances

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

Interfund Activity

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund receivables and payables result when the interfund transfer is transacted after the close of the fiscal year. Interfund activity within funds has been eliminated in the basic financial statements, except for the net residual amounts due between funds, which are presented as due to/from other funds.

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.

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Federal Financial Assistance Programs

The District participates in programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with Title 2 U.S. Code of Federal Regulations 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.

Adoption of New Accounting Standards

The following GASB Pronouncements were adopted by the District during the year ended June 30, 2025:

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The financial impact of this statement is reflected in Notes 9 and 16.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should disclose in notes to financial statements the information if the following criteria have been met; (a) a concentration or constraint is known to the government prior to the issuance of the financial statements and makes the reporting unit vulnerable to the risk of a substantial impact, (b) an event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Management has determined that the adoption of this statement did not have any material impact on District's financial statements.

PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Upcoming GASB Pronouncements

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

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. This statement is effective for periods beginning after June 15, 2025.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*. This statement also requires additional disclosures for capital assets held for sale. This statement is effective for periods beginning after June 15, 2025.

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents and investments as of June 30, 2025, consist of the following:

Cash on hand and in banks	\$ 15,634,300
Cash in revolving	52,268
Cash in county treasury	247,558,320
FMV adjustment to cash in county treasury	1,694,776
Total Cash and Cash Equivalents	<hr/> \$ 264,939,664
Restricted investments - OPEB Revocable Trust 1	<hr/> \$ 188,933,252

Policies and Practices

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

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS, CONTINUED

Cash in County Treasury

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

Restricted Investments

In December 2005, the District issued approximately \$153 million OPEB bonds. The proceeds of the bonds have been placed in a revocable trust fund, which may be used only to pay or reimburse the District for payment of retiree health benefit costs or related debt service costs.

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 Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the *California Government Code*.

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 3 – CASH AND CASH EQUIVALENTS 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 \$247,558,320 with the Alameda County Investment Pool with an average maturity of 833 days. Additionally, the OPEB revocable Trust 1 balance of \$188,933,352 and irrevocable Trust 2 balance of \$1,578,285 have been invested in other instruments which equate to the CalPERS investment strategy.

Credit Risk

Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Alameda County Investment Pool and OPEB Trust are not required to be rated, nor have they been rated as of June 30, 2025.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2025, the District's bank balance of \$15,626,509 was not collateralized.

NOTE 4 – FAIR VALUE MEASUREMENT

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

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

PERALTA COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2025**

NOTE 4 – FAIR VALUE MEASUREMENT, CONTINUED

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, 2025, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

Federal government	\$ 1,892,675
State government	2,869,127
Miscellaneous	<u>21,447,222</u>
Subtotal	<u>26,209,024</u>
Student receivables	48,416,080
Less: Allowance for doubtful accounts	(16,541,673)
Student receivables, net	<u>31,874,407</u>
Accounts Receivable, Net	<u>\$ 58,083,431</u>

PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the primary government for the fiscal year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Capital Assets Not Being Depreciated				
Land	\$ 11,913,296	\$ -	\$ -	\$ 11,913,296
Construction in progress	112,636,359	44,364,065	-	157,000,424
Total Capital Assets Not Being Depreciated	124,549,655	44,364,065	-	168,913,720
 Capital Assets Being Depreciated				
Buildings	328,315,764	6,745,915	-	335,061,679
Site improvements	299,119,601	1,207,168	-	300,326,769
Software and IT development	39,031,600	26,000	-	39,057,600
Machinery and equipment	67,899,288	2,131,202	-	70,030,490
Total Capital Assets Being Depreciated	734,366,253	10,110,285	-	744,476,538
Total Capital Assets	858,915,908	54,474,350	-	913,390,258
 Less: Accumulated Depreciation				
Buildings	164,837,665	5,581,825	-	170,419,490
Site improvements	134,769,523	14,222,990	-	148,992,513
Software and IT development	38,802,534	205,799	-	39,008,333
Machinery and equipment	61,629,508	2,167,354	-	63,796,862
Total Accumulated Depreciation	400,039,230	22,177,968	-	422,217,198
Capital Assets, Net	\$ 458,876,678	\$ 32,296,382	\$ -	\$ 491,173,060

Depreciation expense of \$22,177,968 was recorded during the year.

PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2025 consists of the following:

Construction	\$ 20,562,888
Other vendors and supplies	22,175,322
Total Accounts Payable	\$ 42,738,210

NOTE 8 – UNEARNED REVENUE

Unearned revenue at June 30, 2025 consists of the following:

Federal government	\$ 4,827,341
State government	43,642,975
Enrollment fees	9,392,701
Other local	379,346
Total Unearned Revenue	\$ 58,242,363

NOTE 9 – LONG-TERM OBLIGATIONS

Summary

A schedule of changes in long-term obligations during the fiscal year June 30, 2025 consist of the following:

	Balance July 1, 2024	Adjustments (Note 16)	Adjusted Balance July 1, 2024		Additions	Deductions	Balance June 30, 2025	Due Within One Year
General obligation bonds								
Measure E (2000)								
Construction bonds payable	\$ 139,140,000	\$ -	139,140,000	\$ -	- \$ 102,790,000	\$ 36,350,000	\$ 3,705,000	
Premium	15,901,470	-	15,901,470		- 12,088,287	3,813,183	543,486	
Measure A (2006)								
Construction bonds payable	193,565,000	-	193,565,000		- 148,715,000	44,850,000	4,925,000	
Premium	24,744,130	-	24,744,130		- 18,558,068	6,186,062	1,216,930	
Measure G (2018)								
Construction bonds payable	101,505,000	-	101,505,000	362,700,000	53,275,000	410,930,000	16,855,000	
Premium	6,928,346	-	6,928,346	28,592,607	308,378	35,212,575	1,923,658	
Limited Obligation Bonds								
Other postemployment benefits (OPEB) bonds payable	115,150,043	-	115,150,043	-	7,682,242	107,467,801	7,807,999	
Accreted interest	106,127,526	-	106,127,526	7,868,675	4,330,958	109,665,243	4,278,470	
Other long-term obligations								
Claims liability	2,645,168	-	2,645,168	-	815,177	1,829,991	-	
Compensated absences	9,515,182	10,941,483	20,456,665	691,676	-	21,148,341	2,855,336	
Load banking	2,567,132	-	2,567,132	-	25,119	2,542,013	-	
Medicare premium payment plan	396,653	-	396,653	-	57,861	338,792	-	
Net OPEB liability	156,121,894	-	156,121,894	-	6,020,411	150,101,483	-	
Net pension liability	154,701,409	-	154,701,409	-	13,198,365	141,503,044	-	
Total Long-Term Obligations	\$ 1,029,008,953	\$ 10,941,483	\$ 1,039,950,436	\$ 399,852,958	\$ 367,864,866	\$ 1,071,938,528	\$ 44,110,879	

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 9 – LONG-TERM OBLIGATIONS, CONTINUED

Summary, continued

Liabilities for compensated absences and load banking, pension liabilities, and OPEB obligations are liquidated by the governmental fund in which associated salaries are reported. General obligation bond liabilities are liquidated through property tax collections as administered by the County Controller's office through the Bond Interest and Redemption Fund. Debt service payments on the Other Postemployment Benefits (OPEB) Bonds will be made from the Unrestricted General Fund and the Deferred Compensation Trust Fund. The District participates in the Medicare Premium Payment (MPP) Program of the California State Teachers' Retirement Plan (the "STRP"). The District's proportionate share of the liability is 0.127%. As the plan activity and the District's proportionate share of the total OPEB liability is not significant, additional disclosures regarding the plan are not included in these financial statements.

General Obligations Bonds – Construction Bonds Payable

The District has had various general obligation bonds that were authorized by an election held within the District. The bonds were authorized to finance specific construction and modernization projects and furnish and equip District facilities. The outstanding general obligation debt is as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2025
2020 Refunding	5/27/2020	8/1/2031	5.00%	\$ 19,550,000	\$ 11,615,000
2022 Refunding	11/10/2022	8/1/2034	5.00%	\$ 31,800,000	<u>24,735,000</u>
Total Measure E (2000)					<u>36,350,000</u>
2020E-1	5/22/2020	8/1/2030	5.00%	\$ 53,625,000	<u>44,850,000</u>
Total Measure A (2006)					<u>44,850,000</u>
2020A	5/22/2020	8/1/2050	5.00%	\$ 50,000,000	6,350,000
2022 Series B	11/10/2022	8/1/2052	5.00%	\$ 120,000,000	73,680,000
2025 Series C-1 and C-2	4/8/2025	8/1/2054	4.60-5.00%	\$ 150,000,000	118,200,000
2025 Refunding	5/6/2025	8/1/2039	5.00%	\$ 212,700,000	<u>212,700,000</u>
Total Measure G (2018)					<u>410,930,000</u>
Total General Obligation Bonds - Construction Bonds Payable					<u>\$ 492,130,000</u>

PERALTA COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2025**

NOTE 9 – LONG-TERM OBLIGATIONS, CONTINUED**General Obligations Bonds – Construction Bonds Payable, continued*****Proposition 39 General Obligation Bonds - Measure E (2000)***

On November 7, 2000, \$153.2 million in general obligation bonds were authorized by an election (Measure E) held within the District. The annual debt service requirement to maturity for the general obligation bonds are as follows:

Year Ending		Principal	Interest	Total
June 30,				
2026	\$ 3,705,000	\$ 1,668,875	\$ 5,373,875	
2027	3,720,000	1,480,500	5,200,500	
2028	3,900,000	1,287,125	5,187,125	
2029	4,080,000	1,122,875	5,202,875	
2030	4,285,000	912,375	5,197,375	
2031-2035	16,660,000	1,627,125	18,287,125	
Total	\$ 36,350,000	\$ 8,098,875	\$ 44,448,875	

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 \$3,813,183 which are amortized using the straight-line method. Amortization of \$12,088,287 was recognized during the fiscal year ended June 30, 2025, 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:

Year Ending		Principal	Interest	Total
June 30,				
2026	\$ 4,925,000	\$ 2,242,500	\$ 7,167,500	
2027	6,210,000	1,996,250	8,206,250	
2028	7,605,000	1,685,750	9,290,750	
2029	9,110,000	1,305,500	10,415,500	
2030	10,745,000	850,000	11,595,000	
2031-2035	6,255,000	312,750	6,567,750	
Total	\$ 44,850,000	\$ 8,392,750	\$ 53,242,750	

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 \$6,186,062 which are amortized using the straight-line method. Amortization of \$18,558,068 was recognized during the fiscal year ended June 30, 2025, which includes premiums recognized for the refunded portion of bonds. The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt.

PERALTA COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2025**

NOTE 9 – LONG-TERM OBLIGATIONS, CONTINUED**General Obligations Bonds – Construction Bonds Payable, continued*****Proposition 39 General Obligation Bonds - Measure G (2018)***

On November 16, 2018, \$800 million in general obligation bonds were authorized by an election (Measure G) held within the District. The annual debt service requirement to maturity for the general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 16,855,000	\$ 16,332,650	\$ 33,187,650
2027	39,555,000	18,828,775	58,383,775
2028	12,985,000	17,515,275	30,500,275
2029	13,435,000	16,854,775	30,289,775
2030	13,850,000	16,172,650	30,022,650
2031-2035	72,670,000	69,779,750	142,449,750
2036-2040	94,840,000	48,885,750	143,725,750
2041-2045	29,310,000	33,648,000	62,958,000
2046-2050	47,815,000	23,959,625	71,774,625
2051-2053	69,615,000	9,350,627	78,965,627
Total	\$ 410,930,000	\$ 271,327,877	\$ 682,257,877

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 \$35,212,575 which are amortized using the straight-line method. Amortization of \$308,378 was recognized during the fiscal year ended June 30, 2025, which includes premiums recognized for the refunded portion of bonds.

Limited Obligation Bonds – OPEB Bonds Payable***Taxable 2005 Limited Obligation Other Postemployment Benefits Bonds***

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

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 9 – LONG-TERM OBLIGATION BONDS, CONTINUED

Limited Obligation Bonds – OPEB Bonds Payable, 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:

Year Ending June 30,	Principal	Accrued Interest	Interest	Total
2026	\$ 7,807,999	\$ 4,278,470	\$ 4,413,301	\$ 16,499,770
2027	5,891,604	5,426,901	5,238,238	16,556,743
2028	6,851,403	5,769,138	4,550,687	17,171,228
2029	7,574,244	6,437,315	3,776,161	17,787,720
2030	8,634,685	6,909,928	2,913,294	18,457,907
2030-2035	27,395,595	33,816,068	17,635,936	78,847,599
2036-2040	16,297,297	44,275,719	12,616,979	73,189,995
2041-2045	10,723,508	44,044,367	28,546,654	83,314,529
2046-2050	16,291,466	68,825,880	11,322,885	96,440,231
Accretion	109,665,243	(109,665,243)	-	-
Total	\$ 217,133,044	\$ 110,118,543	\$ 91,014,135	\$ 418,265,722

Other Postemployment Benefits Letter of Credit (LOC)

In August 2020, the District converted \$43,175,000 of the Series B-3 Convertible Auction Rate Securities to variable rate bonds with an LOC from Barclays Bank. As of June 30, 2025, the bonds carry Barclays Bank's short-term rating of VMIG1 (Moody's Investors Service) and A-1 (Moody's and S&P respectively).

Claims Liability

At June 30, 2025, the claims liability for insured events that occurred, both reported and unreported, and other insurance expenses amounted to \$2,097,254. See Note 12 for additional information regarding claims liability.

PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – LONG-TERM OBLIGATION BONDS, CONTINUED

Compensated Absences and Load Banking

The liability for compensated absences consists of unused vacation and sick leave that is expected to be used in future periods or paid upon termination, in accordance with employee collective bargaining agreements and District policy.

At June 30, 2025, the liability recorded for compensated absences and load banking was \$23,690,354.

Net OPEB Liability/(Asset) and Net Pension Liability

The District's beginning net OPEB liability/(asset) was \$156,518,547 and decreased to \$150,440,275 during the fiscal year ended June 30, 2025. See Note 10 for additional information regarding the net OPEB liability/(asset). The District's beginning net pension liability was \$154,701,409 and decreased to \$141,503,044 during the fiscal year ended June 30, 2025. See Note 13 for additional information regarding the net pension liability.

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS

For the fiscal year ended June 30, 2025, the District reported an aggregate net OPEB liability/(asset), deferred outflows, and inflows of resources, and OPEB expense/(benefit) for the following plans:

OPEB Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Benefit)
District Plan - Pre-2004	\$ 126,717,772	\$ -	\$ -	\$ (5,540,468)
District Plan - Post-2004	23,383,711	2,191,660	6,094,934	1,950,666
MPP Program	338,792	-	-	(57,861)
Total	\$ 150,440,275	\$ 2,191,660	\$ 6,094,934	\$ (3,647,663)

The details of each plan are as follows:

District Plan - Pre-2004 Employees

Plan Administration

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

Plan Membership

At June 30, 2025, the Plan membership consists of the following:

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

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

District Plan - Pre-2004 Employees, continued

Benefits Provided

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

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

Contributions

The contribution requirements of the Plan members and the District are established and may be amended by the District, the bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District Board of Trustees. The District contributed \$7,739,665 to the Plan, all of which was used for current premiums.

Funding Policy

District maintains an OPEB Lifetime Revocable Trust to designate resources for retiree health care costs. As described in Note 9, the District issued limited obligation bonds and other postemployment benefit bonds to pay certain health care benefits for certain retired District employee. Proceeds from the limited obligation bonds are invested and maintained in the OPEB Lifetime Revocable Trust. Earnings are used to pay for pay as you go benefits. Committed resources in the fund totaled \$188,933,252 at June 30, 2025.

Total OPEB Liability of the District

The District's total OPEB liability of \$126,717,772 as measured as of June 30, 2025, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2025.

PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

District Plan - Pre-2004 Employees, continued

Actuarial Assumptions

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2025
Measurement date	June 30, 2025
Actuarial cost methods	Entry-age actuarial cost method
Inflation rate	2.50%
Investment rate of return / discount rate	5.20%
Healthcare cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2021 CalPERS active mortality for miscellaneous and school employees were used.

The discount rate was based on the Bond Buyer 20 Bond Index. Mortality rates were based on the 2020 CalSTRS and 2021 CalPERS. Mortality rates vary by age and sex (and sometimes retirement or disability status). If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

Changes in the Net OPEB Liability/(Asset)

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
	\$ 132,258,240	\$ -	\$ 132,258,240
Balance July 1, 2024			
Changes for the year:			
Service cost	1,454,920	-	1,454,920
Interest on TOL	5,074,254	-	5,074,254
Employer contributions	-	7,739,665	(7,739,665)
Assumption changes	(16,389,186)	-	(16,389,186)
Experience (gains)/losses	12,059,209	-	12,059,209
Benefit payments	(7,739,665)	(7,739,665)	-
Net change	(5,540,468)	-	(5,540,468)
Balance June 30, 2025	\$ 126,717,772	\$ -	\$ 126,717,772

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

District Plan - Pre-2004 Employees, continued

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

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

Changes of assumptions and other inputs reflect an increase in the investment rate of return/discount rate from 3.93% to 5.20% since the previous valuation.

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

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

	Discount Rate	Discount Rate	Discount Rate
	1% Lower	Current	1% Higher
	(4.20%)	(5.20%)	(6.20%)
Net OPEB liability/(asset)	\$ 139,328,681	\$ 126,717,772	\$ 115,978,103

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

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

	Healthcare	Healthcare	Healthcare
	Cost Trend Rate	Cost Trend Rate	Cost Trend Rate
	1% Lower	Current	1% Higher
Net OPEB liability/(asset)	(3.00%)	(4.00%)	(5.00%)

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.

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

District Plan - Post 2004 Employees, continued

Plan Membership

At June 30, 2025, the Plan membership consists of the following:

	Number of Participants
Inactive Employees Receiving Benefits	14
Active Employees	612
Total	<u>626</u>

Peralta Community College District OPEB Trust

The District's OPEB Trust (the "Trust") is an irrevocable governmental trust pursuant to Section 115 of the *Internal Revenue Code* for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the Retiree Health Benefit Program Joint Powers Agency as directed by the investment alternative choice selected by the Board. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the *California Government Code* Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

Benefits Provided

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

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

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 \$642,131 to the Plan, which was used for current premiums.

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

District Plan - Post 2004 Employees, 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, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The governing board's adopted asset allocation policy is included in actuarial assumptions below.

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 12.40%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Total OPEB Liability of the District

The District's total OPEB liability of \$24,961,996 was measured as of June 30, 2025, and was determined by an actuarial valuation as of June 30, 2025.

Total OPEB liability	\$ 24,961,996
Plan fiduciary net position	1,578,285
District's net OPEB liability/(asset)	<hr/>
	\$ 23,383,711
Plan fiduciary net position as a percentage of the total OPEB liability	6.32%

Actuarial Assumptions

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2025
Measurement date	June 30, 2025
Actuarial cost methods	Entry-age actuarial cost method
Inflation rate	2.50%
Investment rate of return / discount rate	5.27%
Healthcare cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2021 CalPERS active mortality for miscellaneous and school employees were used.

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

District Plan - Post 2004 Employees, continued

Actuarial Assumptions, continued

The discount rate was based on the Bond Buyer 20 Index. Mortality rates were based on the 2020 CalSTRS and 2021 CalPERS. Mortality rates vary by age and sex (and sometimes retirement or disability status). If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The real rates of return on OPEB plan investments was determined using historic 19-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, 2025, (see the discussion of the Plan's investment policy) are summarized herein.

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09%. All contributions are assumed to be from the employer. The interest assumption reflects a municipal bond rate; the Bond Buyer 20 Index at June 30, 2025 and the rate was rounded to 5.27%. The municipal bond rate beyond 10 years resulted in an equivalent valuation rate of 5.27% applied to all periods of projected benefit payments to determine the total OPEB liability.

PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

District Plan - Post 2004 Employees, continued

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

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
	\$ 25,267,879	\$ 1,404,225	\$ 23,863,654
Changes for the year:			
Service cost	1,973,949	-	1,973,949
Interest on TOL	1,060,692	-	1,060,692
Employer contributions	-	642,131	(642,131)
Assumption changes	(2,351,400)	-	(2,351,400)
Expected investment income	-	80,594	(80,594)
Experience (gains)/losses	(346,993)	-	(346,993)
Investment (gains)/losses	-	98,637	(98,637)
Administrative expense	-	(5,171)	5,171
Benefit payments	(642,131)	(642,131)	-
Net change	(305,883)	174,060	(479,943)
Balance June 30, 2025	\$ 24,961,996	\$ 1,578,285	\$ 23,383,711

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

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

Changes of assumptions and other inputs reflect a decrease in the investment rate of return/discount rate from 4.09% to 5.27% since the previous valuation.

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

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

	Discount Rate	Discount Rate	Discount Rate
	1% Lower	Current	1% Higher
	(4.27%)	(5.27%)	(6.27%)
Net OPEB liability/(asset)	\$ 25,363,543	\$ 23,383,711	\$ 21,548,844

PERALTA COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2025****NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, CONTINUED****District Plan – Post 2004 Employees, continued****Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trend Rates**

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

	Healthcare Cost Trend Rate 1% Lower (3.00%)	Healthcare Cost Trend Rate Current (4.00%)	Healthcare Cost Trend Rate 1% Higher (5.00%)
Net OPEB liability/(asset)	\$ 20,582,956	\$ 23,383,711	\$ 26,656,551

Deferred Outflows and Inflows of Resources Related to OPEB

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ -	\$ 92,196
Differences between expected and actual experience	139,177	3,692,585
Change in assumptions	2,052,483	2,310,153
Total	\$ 2,191,660	\$ 6,094,934

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (335,410)
2027	(387,317)
2028	(377,772)
2029	(362,401)
2030	(342,676)
Thereafter	(2,097,698)
Total	\$ (3,903,274)

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

Contributions

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

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

At June 30, 2025, the District reported a liability of \$338,792 for its proportionate share of the net OPEB liability/(asset) for the MPP Program. The net OPEB liability/(asset) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net OPEB liability/(asset) was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, was 0.127%, and 0.131%, respectively, resulting in a net decrease in the proportionate share of 0.004%.

For the year ended June 30, 2025, the District recognized OPEB expense/(benefit) of \$(57,861).

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

Medicare Premium Payment (MPP) Program, continued

Actuarial Assumptions

The total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total OPEB liability to June 30, 2024, using the assumptions listed in the following table:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Discount Rate	3.93%
Medicare Part A Premium	
Cost Trend Rate*	5.00%
Medicare Part B Premium	
Cost Trend Rate*	6.50%
Mortality Rate Table*	Derived Using CalSTRS' Membership Data

*The assumed increases in the Medicare Part A and Part B cost trend rates vary by year; however, the increases are approximately equivalent to a 5.0% and 6.5% increase each year for Medicare Part A and Part B premiums, respectively.

For the valuation as of June 30, 2023, CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP-2021 Ultimate Projection Scale.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2024, is 3.93%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.93%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2024, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased by 0.28% from 3.65% as of June 30, 2024.

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

Medicare Premium Payment (MPP) Program, continued

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

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

	Discount Rate		
	1% Decrease	Current	1% Increase
	(2.93%)	(3.93%)	(4.93%)
Net OPEB Liability/(Asset) - MPP Program	\$ 365,538	\$ 338,792	\$ 315,256

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

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

	Healthcare Cost		
	1% Decrease	Trend Rate	1% Increase
	(4.00% Part A and 5.50% Part B)	(5.00% Part A and 6.50% Part B)	(6.00% Part A and 7.50% Part B)
Net OPEB Liability/(Asset) - MPP Program	\$ 313,845	\$ 338,792	\$ 366,624

NOTE 11 – INTEREST RATE SWAPS

2005 Limited Obligation Other Postemployment Benefits Bonds

Objective of the Morgan Stanley Interest Rate SWAP. The District entered into a series of six forward starting floating-to-fixed rate interest rate swaps to manage interest rate risk associated with its 2005 Taxable Limited Obligation Other Postemployment Bonds. The OPEB Bonds included six series of bonds that were initially issued at a fixed rate of interest, converting to a variable rate (auction rate) on separate dates and continuing in that mode until maturity of the individual series of bonds. In order to effectively convert the variable rate to a fixed rate for each of the six series of bonds in November 2006, the District entered into separate swap transactions with Morgan Stanley corresponding to each of the individual variable rate periods. Because the swap obligation only arises during the variable rate interest period for each series of bonds, the District does not become obligated to make swap payments until those periods arrive for each series of bonds. As of June 30, 2025, the 2005 Series B-3 through B-6 has a fair market value of \$7,962,048. The intention of the swap was to effectively change the variable interest rate on the bonds to a synthetic fixed rate of 5.279%, 5.207%, 5.055%, and 4.935%, respectively.

PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 – INTEREST RATE SWAPS, CONTINUED

2005 Limited Obligation Other Postemployment Benefits Bonds, continued

- *Terms* - Under the swap agreement, the District pays a fixed rate of percent (as noted above), and the counterparty pays the District a floating rate option of 100% of London Interbank Offered Rate (LIBOR) with a designated maturity of one month.
- *Credit Risk* - As of June 30, 2025, the District was not exposed to credit risk because the swap had a negative fair value. Ongoing swap risks exist if the counterparty defaults and the District incur cost to obtain replacement swap at the same economic terms.
- *Basis Risk* - Adverse changes in the District's or credit providers' financial strength could result in basis risk.
- *Termination Risk* - The District or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract.

Derivative Instrument Types

Hedge Effectiveness - As of June 30, 2025, 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	\$ (6,473)	5.279%
November 28, 2006	August 5, 2025	August 5, 2031	USD	57,525,000	(3,310,424)	5.207%
November 28, 2006	August 5, 2031	August 5, 2039	USD	86,650,000	(2,633,297)	5.055%
November 28, 2006	August 5, 2039	August 5, 2049	USD	134,475,000	(2,774,629)	4.935%

PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 – RISK MANAGEMENT

Property and Liability Insurance Coverage

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ended June 30, 2025, the District contracted with the Alliance of Schools for Cooperative Insurance Program (ASCP) 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, 2023 to June 30, 2025:

	Workers' Compensation
Claims Liability Balance - July 1, 2023	\$ 2,645,168
Net Claims and Changes in Estimates	-
Claims Payments	-
Claims Liability Balance - June 30, 2024	2,645,168
Net Claims and Changes in Estimates	(815,177)
Claims Payments	-
Claims Liability Balance - June 30, 2025	<u>\$ 1,829,991</u>

Employee Medical Benefits

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

PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 – PENSIONS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the state of California. Academic employees are members of the California State Teachers' Retirement Systems (CalSTRS) and classified employees are members of California Public Employees' Retirement Systems (CalPERS).

For the fiscal year ended June 30, 2025, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 58,518,125	\$ 24,497,024	\$ 8,280,779	\$ 2,161,892
CalPERS	82,984,919	25,329,856	9,381,481	17,769,960
Total	\$ 141,503,044	\$ 49,826,880	\$ 17,662,260	\$ 19,931,852

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 – PENSIONS, CONTINUED

California State Teachers' Retirement System (CalSTRS), continued

Benefits Provided

The STRP provisions and benefits in effect on June 30, 2025, 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	2.00% - 2.40%	2.00% - 2.40%
Required employee contribution rate	10.25%	10.21%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.83%	10.83%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.10 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District's total contributions were \$11,711,477.

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

At June 30, 2025, 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	\$ 58,518,125
State's proportionate share of the net pension liability associated with the District	26,848,730
Total	\$ 85,366,855

The net pension liability was measured as of June 30, 2024. 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, 2024 and June 30, 2023, was 0.087% and 0.088%, respectively, resulting in a net decrease in the District's proportionate share by 0.001%.

PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 – PENSIONS, CONTINUED

California State Teachers' Retirement System (CalSTRS), continued

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

For the year ended June 30, 2025, the District recognized pension expense of \$2,161,892. In addition, the District recognized pension expense and revenue of \$2,450,317 for support provided by the State. At June 30, 2025, 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	\$ -	239,080
Differences between expected and actual experience	6,619,899	2,560,582
Changes in assumptions	256,158	3,996,210
Net changes in proportionate share of net pension liability	5,909,490	1,484,907
District contributions subsequent to the measurement date	11,711,477	-
Total	\$ 24,497,024	\$ 8,280,779

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (2,705,534)
2027	6,173,261
2028	1,055,482
2029	(313,558)
2030	582,143
Thereafter	(287,026)
Total	\$ 4,504,768

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 13 – PENSIONS, CONTINUED

California State Teachers' Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007, through June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return / discount rate	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Payroll growth	3.25%
Postretirement benefit increases	2.00%

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP-2021 Ultimate Projection Scale.

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. Expected real rates of return are net of 2.75% inflation assumption and are derived from best-estimate ranges of 20- to 30-year geometrically linked expected returns. These best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions.

PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 – PENSIONS, CONTINUED

California State Teachers' Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions, continued

Best estimates of expected 20 to 30-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Rate of Return*	Long-term Expected Real Rate of Return**
Public Equity	38%	8.00%	5.25%
Real Estate	15%	6.80%	4.05%
Private Equity	14%	9.50%	6.75%
Fixed Income	14%	5.20%	2.45%
Risk Mitigating Strategies	10%	5.00%	2.25%
Inflation Sensitive	7%	6.40%	3.65%
Cash/Liquidity	2%	2.80%	0.05%
Total	<u>100%</u>		

*20 to 30 year geometric average.

**Real rates of return are net of assumed 2.75% inflation.

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

	1%	Current	1%
	Decrease (6.10%)	Discount Rate (7.10%)	Increase (8.10%)
Plan's net pension liability	\$ 104,084,597	\$ 58,518,125	\$ 20,468,231

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 13 – PENSIONS, CONTINUED

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the members' final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 62 with statutorily reduced benefits. All members are eligible for non-duty 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 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, 2025 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	1.10% - 2.50%	1.00% - 2.50%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	26.68%	26.68%

**PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 – PENSIONS, CONTINUED

California Public Employees' Retirement System (CalPERS), continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above, and the total District contributions were \$12,776,154.

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$82,984,919. The net pension liability was measured as of June 30, 2024. 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, 2024 and June 30, 2023, was 0.232% and 0.241%, respectively, resulting in a net decrease in the proportionate share of 0.009%.

For the year ended June 30, 2025, the District recognized pension expense of \$17,769,960. At June 30, 2025, 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	\$ 3,223,484	\$ -
Differences between expected and actual experience	6,957,072	593,920
Changes in assumptions	1,834,247	-
Net changes in proportionate share of net pension liability	538,899	8,787,561
District contributions subsequent to the measurement date	12,776,154	-
Total	\$ 25,329,856	\$ 9,381,481

PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 – PENSIONS, CONTINUED

California Public Employees' Retirement System (CalPERS), continued

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

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 1,548,352
2027	4,760,613
2028	(1,644,910)
2029	(1,491,834)
Total	\$ 3,172,221

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, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return / discount rate	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 13 – PENSIONS, CONTINUED

California Public Employees' Retirement System (CalPERS), continued

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 123,274,792	\$ 82,984,919	\$ 49,702,280

PERALTA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 – PENSIONS, CONTINUED

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$5,421,240. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Pension Plans' Fiduciary Net Position

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

NOTE 14 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

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

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities. The District's share of year-end assets, liabilities, or fund equity has not been calculated.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2025.

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, 2025.

PERALTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 15 – COMMITMENTS AND CONTINGENCIES, CONTINUED

Parking Mitigation

The District has set aside funds to mitigate the impact of parking at Berkeley City College. These funds have been requested by the City of Berkeley as part of the development of the area surrounding Berkeley City College. A formal agreement has not yet been finalized as to the actual mitigation project parameters. The funds that have been set aside are from general obligation bonds sold specifically for the construction of the Berkeley City College Campus.

Construction Commitments

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

NOTE 16 – PRIOR PERIOD ADJUSTMENT

During fiscal year 2024–25, the District implemented GASB Statement No. 101, *Compensated Absences*. This Statement establishes a new accounting model for compensated absences, requiring governments to recognize a liability when (1) the leave is attributable to services already rendered and (2) it is more likely than not that the leave will be used for time off or otherwise paid/settled.

Implementation of GASB Statement No. 101 required the District to remove previously recognized liabilities calculated under the vesting method (GASB Statement No. 16) and replace them with liabilities determined under the new standard. As a result, the District's beginning net position as of July 1, 2024, was restated by the amount of \$(10,941,483). The impact on the beginning net position in the Primary Government financial statement is as follows:

Net Position - Beginning Balance, as previously reported at June 30, 2024	\$ (174,884,621)
Change in accounting principle (GASB 101)	<u>(10,941,483)</u>
Net Position - Ending Balance, as restated at June 30, 2024	<u>\$ (185,826,104)</u>

NOTE 17 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2025 through January 8, 2026, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	Pre-2004 Employees			
	2025	2024	2023	2022
Total OPEB liability				
Service cost	\$ 1,454,920	\$ 1,524,148	\$ 2,340,798	\$ 4,155,000
Interest	5,074,254	4,904,641	6,267,770	4,905,933
Assumption changes	(16,389,186)	(4,079,483)	(1,877,970)	(29,815,613)
Experience (gains)/losses	12,059,209	-	(40,443,266)	(18,195,233)
Benefit payments	(7,739,665)	(7,405,435)	(9,716,420)	(10,711,357)
Net change in total OPEB liability	(5,540,468)	(5,056,129)	(43,429,088)	(49,661,270)
Total OPEB liability, beginning of year	132,258,240	137,314,369	180,743,457	230,404,727
Total OPEB liability, end of year (a)	\$ 126,717,772	\$ 132,258,240	\$ 137,314,369	\$ 180,743,457
Plan fiduciary net position				
Employer contributions	\$ 7,739,665	\$ 7,405,435	\$ 9,716,420	\$ 10,711,357
Expected benefit payments	(7,739,665)	(7,405,435)	(9,716,420)	(10,711,357)
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)	\$ 126,717,772	\$ 132,258,240	\$ 137,314,369	\$ 180,743,457
Covered payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	N/A	N/A	N/A	N/A
Net OPEB liability/(asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A

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

PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	Pre-2004 Employees			
	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 4,001,535	\$ 4,055,775	\$ 3,659,580	\$ 3,561,635
Interest	6,002,951	6,770,128	6,529,779	7,061,221
Assumption changes	150,570	40,557,472	6,705,116	-
Experience (gains)/losses	-	(7,086,262)	-	-
Benefit payments	(10,312,820)	(10,277,949)	(10,172,935)	(9,781,668)
Net change in total OPEB liability	(157,764)	34,019,164	6,721,540	841,188
Total OPEB liability, beginning of year	230,562,491	196,543,327	189,821,787	188,980,599
Total OPEB liability, end of year (a)	<u>\$ 230,404,727</u>	<u>\$ 230,562,491</u>	<u>\$ 196,543,327</u>	<u>\$ 189,821,787</u>
Plan fiduciary net position				
Employer contributions	\$ 10,312,820	\$ 10,277,949	\$ 10,172,935	\$ 9,781,668
Expected benefit payments	(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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability/(asset), ending (a) - (b)	<u>\$ 230,404,727</u>	<u>\$ 230,562,491</u>	<u>\$ 196,543,327</u>	<u>\$ 189,821,787</u>
Covered payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	N/A	N/A	N/A	N/A
Net OPEB liability/(asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A

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

PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	Post-2004 Employees			
	2025	2024	2023	2022
Total OPEB liability				
Service cost	\$ 1,973,949	\$ 1,908,080	\$ 2,157,664	\$ 1,930,974
Interest	1,060,692	970,781	942,014	869,728
Assumption changes	(2,351,400)	102,687	873,215	302,323
Experience gains/losses	(346,993)	-	(3,048,438)	197,173
Benefit payments	(642,131)	(416,883)	(689,472)	(661,321)
Net change in total OPEB liability	(305,883)	2,564,665	234,983	2,638,877
Total OPEB liability, beginning of year	25,267,879	22,703,214	22,468,231	19,829,354
Total OPEB liability, end of year (a)	\$ 24,961,996	\$ 25,267,879	\$ 22,703,214	\$ 22,468,231
Plan fiduciary net position				
Employer contributions	\$ 642,131	\$ 416,883	\$ 689,472	\$ 661,321
Expected investment income	80,594	72,260	65,863	80,235
Investment gains/(losses)	98,637	76,840	47,729	(259,548)
Administrative expense	(5,171)	(3,142)	(1,527)	(1,365)
Expected benefit payments	(642,131)	(416,883)	(689,472)	(661,321)
Other	-	-	-	-
Change in plan fiduciary net position	174,060	145,958	112,065	(180,678)
Fiduciary trust net position, beginning of year	1,404,225	1,258,267	1,146,202	1,326,880
Fiduciary trust net position, end of year (b)	\$ 1,578,285	\$ 1,404,225	\$ 1,258,267	\$ 1,146,202
Net OPEB liability/(asset), ending (a) - (b)	\$ 23,383,711	\$ 23,863,654	\$ 21,444,947	\$ 21,322,029
Covered payroll	\$ 191,783,372	\$ 128,075,830	\$ 83,671,798	\$ 77,782,530
Plan fiduciary net position as a percentage of the total OPEB liability	6.32%	5.56%	5.54%	5.10%
Net OPEB liability/(asset) as a percentage of covered payroll	12.19%	18.63%	25.63%	27.41%

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

PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	Post-2004 Employees			
	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 1,706,112	\$ 2,031,290	\$ 1,850,993	\$ 1,801,453
Interest	862,327	1,055,715	862,139	767,563
Assumption changes	1,129,328	(243,017)	637,838	-
Experience gains/losses	-	(1,717,403)	-	-
Benefit payments	(523,812)	(425,856)	(311,092)	(299,127)
Net change in total OPEB liability	3,173,955	700,729	3,039,878	2,269,889
Total OPEB liability, beginning of year	16,655,399	15,954,670	12,914,792	10,644,903
Total OPEB liability, end of year (a)	\$ 19,829,354	\$ 16,655,399	\$ 15,954,670	\$ 12,914,792
Plan fiduciary net position				
Employer contributions	\$ 523,812	\$ 425,856	\$ 1,311,092	\$ -
Expected investment income	155,065	66,148	51,420	-
Investment gains/(losses)	69,489	(11,801)	-	-
Administrative expense	(1,347)	(1,276)	(818)	-
Expected benefit payments	(523,812)	(425,856)	(311,092)	(299,127)
Other	-	-	-	299,127
Change in plan fiduciary net position	223,207	53,071	1,050,602	-
Fiduciary trust net position, beginning of year	1,103,673	1,050,602	-	-
Fiduciary trust net position, end of year (b)	\$ 1,326,880	\$ 1,103,673	\$ 1,050,602	\$ -
Net OPEB liability/(asset), ending (a) - (b)	\$ 18,502,474	\$ 15,551,726	\$ 14,904,068	\$ 12,914,792
Covered payroll	\$ 72,071,286	\$ 35,000,000	\$ 35,360,298	\$ -
Plan fiduciary net position as a percentage of the total OPEB liability	6.69%	6.63%	6.58%	0.00%
Net OPEB liability/(asset) as a percentage of covered payroll	25.67%	44.43%	42.15%	0.00%

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

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF OPEB INVESTMENT RETURNS
FOR THE YEAR ENDED JUNE 30, 2025**

	2025	2024	2023	2022
Annual Money-Weighted Rate of Return, Net of Investment Expense	12.40%	11.60%	8.91%	-13.62%
	2021	2020	2019	
Annual Money-Weighted Rate of Return, Net of Investment Expense	23.56%	9.76%	9.76%	

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 OPEB LIABILITY/(ASSET) –
MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2025

	Reporting Fiscal Year (Measurement Date)			
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)
	0.127%	0.131%	0.128%	0.133%
District's proportion of the net OPEB liability/(asset)				
District's proportionate share of the net OPEB liability/(asset)	\$ 338,792	\$ 396,653	\$ 421,899	\$ 529,397
District's covered-employee payroll	N/A*	N/A*	N/A*	N/A*
Plan's proportionate share of the net OPEB liability/(asset) as a percentage of its covered-employee payroll	N/A*	N/A*	N/A*	N/A*
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total OPEB liability	-1.02%	-0.96%	-0.94%	-0.80%
	Reporting Fiscal Year (Measurement Date)			
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
	0.130%	0.136%	0.145%	0.153%
District's proportion of the net OPEB liability/(asset)				
District's proportionate share of the net OPEB liability/(asset)	\$ 550,921	\$ -	\$ -	\$ -
District's covered-employee payroll	N/A*	N/A*	N/A*	N/A*
Plan's proportionate share of the net OPEB liability/(asset) as a percentage of its covered-employee payroll	N/A*	N/A*	N/A*	N/A*
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total OPEB liability	-0.80%	-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, 2025

	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
<u>CalSTRS</u>					
District's proportion of the net pension liability	0.087%	0.088%	0.085%	0.088%	0.087%
District's proportionate share of the net pension liability	\$ 58,518,125	\$ 67,308,292	\$ 59,298,841	\$ 39,831,972	\$ 84,310,830
State's proportionate share of the net pension liability associated with the District	26,848,730	32,249,878	29,697,033	20,042,321	43,461,891
Total	\$ 85,366,855	\$ 99,558,170	\$ 88,995,874	\$ 59,874,293	\$ 127,772,721
District's covered-employee payroll	\$ 61,127,911	\$ 56,209,435	\$ 53,049,243	\$ 50,390,847	\$ 50,451,661
District's proportionate share of the net pension liability as percentage of covered-employee payroll	96%	120%	112%	79%	167%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%
<u>CalPERS</u>					
District's proportion of the net pension liability	0.232%	0.241%	0.254%	0.253%	0.246%
District's proportionate share of the net pension liability	\$ 82,984,919	\$ 87,393,117	\$ 87,308,713	\$ 51,335,980	\$ 75,603,099
District's covered-employee payroll	\$ 47,294,944	\$ 41,961,368	\$ 39,195,928	\$ 36,835,367	\$ 35,511,983
District's proportionate share of the net pension liability as percentage of covered-employee payroll	175%	208%	223%	139%	213%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%

PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalSTRS					
District's proportion of the net pension liability	0.088%	0.092%	0.091%	0.098%	0.098%
District's proportionate share of the net pension liability	\$ 79,478,080	\$ 84,224,453	\$ 83,830,537	\$ 79,009,663	\$ 65,754,587
State's proportionate share of the net pension liability associated with the District	43,360,949	48,222,438	49,593,437	44,978,792	34,776,928
Total	\$ 122,839,029	\$ 132,446,891	\$ 133,423,974	\$ 123,988,455	\$ 100,531,515
District's covered-employee payroll	\$ 49,877,764	\$ 50,396,341	\$ 49,997,536	\$ 49,324,706	\$ 45,180,068
District's proportionate share of the net pension liability as percentage of covered-employee payroll	159%	167%	168%	160%	146%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%
CalPERS					
District's proportion of the net pension liability	0.254%	0.285%	0.273%	0.270%	0.264%
District's proportionate share of the net pension liability	\$ 73,909,821	\$ 84,224,453	\$ 73,830,537	\$ 79,009,663	\$ 38,855,675
District's covered-employee payroll	\$ 35,063,708	\$ 37,694,952	\$ 34,847,408	\$ 32,908,677	\$ 28,389,491
District's proportionate share of the net pension liability as percentage of covered-employee payroll	211%	201%	187%	162%	187%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%

PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2025

	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
CalSTRS					
Statutorily required contribution	\$ 11,711,477	\$ 11,675,431	\$ 10,736,002	\$ 8,975,932	\$ 8,138,122
District's contributions in relation to the statutorily required contribution	11,711,477	11,675,431	10,736,002	8,975,932	8,138,122
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 61,316,634	\$ 61,127,911	\$ 56,209,435	\$ 53,049,243	\$ 50,390,847
District's contributions as a percentage of covered-employee payroll	19.10%	19.10%	19.10%	16.92%	16.15%
CalPERS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 12,776,154	\$ 12,618,291	\$ 10,645,599	\$ 8,979,787	\$ 7,624,921
District's contributions in relation to the statutorily required contribution	12,776,154	12,618,291	10,645,599	8,979,787	7,624,921
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 47,231,623	\$ 47,294,944	\$ 41,961,368	\$ 39,195,928	\$ 36,835,367
District's contributions as a percentage of covered-employee payroll	27.05%	26.68%	25.37%	22.91%	20.70%
CalSTRS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 8,627,234	\$ 8,121,728	\$ 7,272,192	\$ 6,289,690	\$ 5,292,541
District's contributions in relation to the statutorily required contribution	8,627,234	8,121,728	7,272,192	6,289,690	5,292,541
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 50,451,661	\$ 49,877,764	\$ 50,396,341	\$ 49,997,536	\$ 49,324,706
District's contributions as a percentage of covered-employee payroll	17.10%	16.28%	14.43%	12.58%	10.73%
CalPERS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 7,002,963	\$ 6,333,207	\$ 5,854,403	\$ 4,839,608	\$ 3,898,691
District's contributions in relation to the statutorily required contribution	7,002,963	6,333,207	5,854,403	4,839,608	3,898,691
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 35,511,983	\$ 35,063,708	\$ 37,694,952	\$ 34,847,408	\$ 32,908,677
District's contributions as a percentage of covered-employee payroll	19.72%	18.06%	15.53%	13.89%	11.85%

PERALTA COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 1 – PURPOSE OF SCHEDULES

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

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

DISTRICT PLAN-PRE-2004

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

Changes of Assumptions – The investment rate or return/discount rate has increased from 3.93% to 5.20% since the previous valuation.

DISTRICT PLAN - POST-2004

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

Changes of Assumptions - The investment rate or return/discount rate has increased from 4.09% to 5.27% since the previous valuation.

Schedule of OPEB Investment Returns

This schedule presents information on the annual money-weighted rate of return on OPEB plan investments. This is a 10-year schedule, however the information in this schedule is not required to be presented retrospectively.

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

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

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

Changes of Assumptions – The discount rate has increased from 3.65% to 3.93% since the previous valuation. The Medicare Part A Premium cost trend rate has increased from 4.50% to 5.00%, while Medicare Part B Premium has increased from 5.40% to 6.50% since the previous valuation.

PERALTA COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 1 – PURPOSE OF SCHEDULES, continued

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

The schedule presents 10 years of information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the state's proportionate share of the net pension liability associated with the District.

Changes in Benefit Terms –There were no changes in benefit terms since the previous valuation for both CalSTRS and CalPERS.

Changes in Assumptions – Additional factors were considered in the actuarial valuation for CalSTRS namely, the payroll growth, rate of postretirement benefit increases and long-term expected rate of return based on 20 to 30 years geometric average. There were no changes in assumptions since the previous valuation for CalPERS.

Schedule of District Contributions – Pensions

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

SUPPLEMENTARY INFORMATION

**PERALTA COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATION
FOR THE YEAR ENDED JUNE 30, 2025**

Peralta Community College District (the "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	2028
Ms. Paulina Gonzalez-Brito	Vice -President - Area 2	2028
Mr. Louis Quindlen	President - Area 3	2026
Dr. Nicky Gonzalez Yuen	Trustee - Area 4	2028
Ms. Cindi Reiss	Trustee - Area 5	2026
Ms. Dyana Delfin Polk	President - Area 6	2028
Ms. Shewheet Yohannes	Trustee - Area 7	2026
Ms. Sophia Parmigiani	Student Trustee	2025
Mr. Pierce Byrne	Student Trustee	2025

DISTRICT ADMINISTRATION

Dr. Tammeil Gilkerson
Chancellor

Greg Nelson
Deputy Chancellor/Chief Operating Officer

Dr. Tina Vasconcellos
Vice Chancellor of Educational Services

Andrea Epps
Interim Vice Chancellor of Human Resources & Employee Relations

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

Mr. Antoine Mehoulley
Chief Technology & Information Systems Officer

Mr. Mark Johnson
Executive Director for Marketing, Communications, & Public Relations

Abdul Pridgen
Interim Executive Director of Community Safety

Dr. Rebecca Opsata
Acting President, Laney College

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

Melanie Dixon
President, College of Alameda

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 Interim Executive Director	Organized as an auxiliary organization in January 24, 1974 and has a signed master agreement dated September 14, 2006.
Associated Students of Merritt College (ASMC)	Davina Malbrough, ASMC President	Organized as an independent organization in October 21, 1964. Filed with the Secretary of State, State of California on December 10, 2018.

PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063	*	\$ 28,102,830
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	*	1,507,606
Federal Work-Study Program	84.033	*	1,259,812
Federal Direct Student Loans	84.268	*	<u>2,693,835</u>
Subtotal Student Financial Assistance Cluster			<u>33,564,083</u>
Higher Education Emergency Relief Fund (HEERF)			
HEERF Institutional Aid (Care Funds)	84.425F	*	<u>(50,222)</u>
Subtotal Higher Education Emergency Relief Fund (HEERF)			<u>(50,222)</u>
Higher Education Institutional Aid			
Developing Hispanic-Serving Institutions (DHSI) Program	84.031S	*	1,396,068
Asian American and Native American Pacific Islander-Serving Institutions (AANAPISI) Program	84.031L	*	<u>297,521</u>
Subtotal Higher Education Institutional Aid			<u>1,693,589</u>
Fund for the Improvement of Postsecondary Education (Cybersecurity Pathway Enhancement Program)	84.116Z	*	189,057
<i>Passed through California State Chancellor's Office</i>			
Career and Technical Education – Basic Grants to States (Perkins V)	84.048A	18-C01-041	1,144,815
<i>Passed through the California Department of Rehabilitation</i>			
Rehabilitation Services-Vocational Rehabilitation Grants to States (Workability)	84.126	30715	239,656
State Vocational Rehabilitation Services Program (College 2 Career Program)	84.126A	30370	<u>314,974</u>
Total U.S. Department of Education			<u>37,095,952</u>
NATIONAL SCIENCE FOUNDATION			
<i>Passed through San Mateo County Community College District</i>			
STEM Education (formerly Education and Human Resources)	47.076	*	<u>84,423</u>
Total National Science Foundation			<u>84,423</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Congressional Directives (Clausen House)	93.493	*	21,448
<i>Passed through California Community Colleges Chancellor's Office:</i>			
Temporary Assistance for Needy Families (TANF)	93.558	*	<u>123,965</u>
Total Department of Health and Human Services			<u>145,413</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Direct Program</i>			
USDA - National Institute of Food and Agriculture	10.031	*	<u>59,213</u>
Total U.S. Department of Agriculture			<u>59,213</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES (CNCS)			
<i>Direct Program</i>			
AmeriCorps State and National	94.006	*	<u>32,925</u>
Total Corporation for National and Community Services (CNCS)			<u>32,925</u>
DEPARTMENT OF JUSTICE			
Congressionally Recommended Awards	16.753	*	118,005
Total U.S. Department of the Treasury			<u>118,005</u>
Total Federal Programs			\$ 37,535,931

**Pass-through entity identifying number is either not available or not applicable*

PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

	Program Revenues					
	Cash Received	Receivable (Payables)	Unearned Revenue	Total Revenue	Program Expenditures	
Strong Workforce Regional	\$ 2,514,752	\$ -	\$ 1,002,441	\$ 1,512,311	\$ 1,512,311	
Alameda County Department	5,375	-	4,847	528	528	
Instructional Equipment	-	305,845	-	305,845	305,845	
Staff Diversity	240,107	6,426	240,107	6,426	6,426	
CARE	905,828	-	298,725	607,103	607,103	
EOPS	5,168,098	-	1,406,740	3,761,358	3,761,358	
SFAA/BFAP	1,619,415	53,544	-	1,672,959	1,672,959	
DSPS	5,818,097	-	281,324	5,536,773	5,536,773	
Deputy Sector Navigator Grant	241,257	-	27,849	213,408	213,408	
CalWORKs	1,322,545	-	616,905	705,640	705,640	
Nextup	1,323,602	-	497,763	825,839	825,839	
Nursing Enrollment Growth	89,602	-	819	88,783	88,783	
Lottery-Restricted	5,531,154	-	4,511,961	1,019,193	1,019,193	
Career Ladders Project	1,615	-	161	1,454	1,454	
CTE Community Collaborative	6,995	-	6,995	-	-	
Adult Education Block Grant	10,244,468	-	362,926	9,881,542	9,881,542	
Healthcare-Focused Vocational	513,607	-	156,075	357,532	357,532	
Cal Grant	3,922,648	227,614	-	4,150,262	4,150,262	
2017-18 Financial Aid	31,500	-	31,500	-	-	
CIRM - California Institute	1,023,520	-	460,463	563,057	563,057	
California Apprenticeship Init	-	134,786	-	134,786	134,786	
Apprenticeship Program	21,072	42,539	-	63,611	63,611	
Strong Workforce Program	4,801,553	-	2,045,818	2,755,735	2,755,735	
CTE Unlocked	48,401	-	48,401	-	-	
AB 798 Textbook Affordability	13,225	-	13,225	-	-	
Institutional Effectiveness	19,393	-	19,393	-	-	
Zero Textbook Cost Degree	14,849	-	14,849	-	-	
Zero Txtbk Cost Degree	3,401,524	-	3,056,365	345,159	345,159	
Guided Pathways	-	308,558	-	308,558	308,558	
Veterans Resource Center	398,283	-	187,052	211,231	211,231	
California College Promise	1,314,314	-	526,475	787,839	787,839	
Financial Aid Technology	289,089	-	189,089	100,000	100,000	
Student Success Completion	6,588,299	-	226,027	6,362,272	6,362,272	
Veteran Program	271,645	-	271,645	-	-	
Guiding Rentry	11,109	-	11,109	-	-	
SEA	12,292,421	-	3,578,997	8,713,424	8,713,424	
Improving Online CTE Pathways	417,732	-	417,732	-	-	
Teamsters Apprenticeship Program	-	95,410	-	95,410	95,410	
Re-Entry Apprenticeships	-	134,993	-	134,993	134,993	
Advanced Transportation	30,626	-	30,626	-	-	
IEPI Grant	517,818	-	133,357	384,461	384,461	
Disaster Relief Emg Student FA	127,992	-	127,992	-	-	
Undocumented Resources Liaisons	826,641	-	589,542	237,099	237,099	
Emergency Financial Assistance	1,929,555	-	157,148	1,772,407	1,772,407	
CalFresh Outreach	21,579	-	21,579	-	-	
Student Retention & Outreach	1,252,303	-	612,548	639,755	639,755	
Middle College High School Pro	264,368	-	206,681	57,687	57,687	
Basic Needs Centers	1,225,520	874,813	-	2,100,333	2,100,333	
Mental Health Support	2,035,786	-	1,305,206	730,580	730,580	
Foundation for CA CC	6,111	-	6,111	-	-	
LGBTQ+One-Time Funding	642,746	-	529,812	112,934	112,934	
Balance Forward	\$ 79,308,139	\$ 2,184,528	\$ 24,234,380	\$ 57,258,287	\$ 57,258,287	

PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

	Program Revenues					Total Revenue	Program Expenditures
	Cash Received	Receivable (Payables)	Unearned Revenue				
Balance Brought Forward	\$ 79,308,139	\$ 2,184,528	\$ 24,234,380	\$ 57,258,287	\$ 57,258,287		
G0380 Rising Scholars Network	194,872	18,328	-	213,200	213,200		
BACCC Regional Director	-	214,386	-	214,386	214,386		
Culturally Competent Faculty P	375,748	-	267,865	107,883	107,883		
EEO Best Practices	286,083	-	286,083	-	-		
Library Services Platform	27,146	-	27,146	-	-		
Students Food & Housing Support	2,608,095	-	2,608,095	-	-		
CCAP Instructional Materials	38,230	-	25,806	12,424	12,424		
COVID Recovery Block Grant	1,449,943	-	1,281,346	168,597	168,597		
CA Student Aid Comm - CSAC	33,547	973	-	34,520	34,520		
Learning Lab Grant	31,265	-	27,363	3,902	3,902		
California Energy Commission	60,649	-	60,649	-	-		
System wide Technology and Dat	432,480	-	102,606	329,874	329,874		
Emergency FA Assistance Supple	324,549	-	324,549	-	-		
Student Housing (Planning)	262,779	-	262,779	-	-		
CSU East Bay Foundation (EMAP	54,000	-	54,000	-	-		
Innovation & Effectiven Grant	29,577	-	-	29,577	29,577		
Regional Equity and Recovery	47,754	-	47,754	-	-		
Chafee Grant	166,592	-	61,592	105,000	105,000		
Asian American Native Hawaiian	1,210,342	-	632,898	577,444	577,444		
MESA - Math, Engineering, Sci	4,155,079	-	3,115,334	1,039,745	1,039,745		
Transfer and Articulation	144,635	-	116,888	27,747	27,747		
California Energy Commission	227,915	-	227,915	-	-		
Equitable Placement, (AB 1705)	1,121,809	-	860,420	261,389	261,389		
Local Systemwide & Technology	784,593	-	633,628	150,965	150,965		
CAL-Community Health Worker	24,000	-	21,144	2,856	2,856		
CAL- Social & Human Service As	24,000	-	6,852	17,148	17,148		
CAL- Teacher Assistant	327,310	232,611	-	559,921	559,921		
Rising Scholars - Juvenile Jus	2,761,374	-	2,480,370	281,004	281,004		
Hire Up	2,346,868	-	19,537	2,327,331	2,327,331		
Emergency Aid Dreamer Students	-	-	187	(187)	(187)		
High Road Construction Careers	314,852	-	131,761	183,091	183,091		
Building Inclusive and Collabo	20,361	2,329	-	22,690	22,690		
CLL Data Science	-	14,844	-	14,844	14,844		
Inclusive Novel Curriculum	201	15,394	-	15,595	15,595		
Collaborative Design of Interd	-	25,472	-	25,472	25,472		
Student Transfer Achievement R	2,258,329	-	1,800,328	458,001	458,001		
HBCU	-	98,586	-	98,586	98,586		
Middle College and Early College	62,500	-	50,472	12,028	12,028		
Equal Employment Opportunity	214,736	-	84,111	130,625	130,625		
Common Course Numbering	3,652,172	-	3,519,601	132,571	132,571		
African American Male ED	10,000	-	2,623	7,377	7,377		
CAL-CHW California Apprentices	270,000	-	54	269,946	269,946		
Raising Scholars	-	61,411	-	61,411	61,411		
Children Now	42,000	-	38,971	3,029	3,029		
Program Pathways Mapper (PPM)	40,000	-	40,000	-	-		
R2T4 Return to Title IV	(10)	10	-	-	-		
College Share Indirect Cost	-	-	187,868	(187,868)	(187,868)		
Rising Scholars-Incarcerated	-	176	-	176	176		
Laney-Short Term Estimates	-	79	-	79	79		
Child Care - Department of Education	2,113,216	-	-	2,113,216	2,113,216		
Child Care - Tax Bailout	521,432	-	-	521,432	521,432		
Total	\$ 108,379,162	\$ 2,869,127	\$ 43,642,975	\$ 67,605,314	\$ 67,605,314		

PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT – ANNUAL
(ACTUAL) ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2025

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2024 only)			
1. Noncredit	-	-	-
2. Credit	103.10	-	103.10
B. Summer Intersession (Summer 2025 - Prior to July 1, 2025)			
1. Noncredit	-	-	-
2. Credit	1,399.10	-	1,399.10
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(c) Standardized Census Contact Hours (Standardized Part C)	12,769.12	-	12,769.12
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	245.73	-	245.73
(b) Credit	36.80	-	36.80
3. Independent Study/Work Experience			
(c) Noncredit Independent Study/Distance Education Courses	69.21	-	69.21
D. Total FTES	14,623.06	-	14,623.06

Supplemental Information (subset of above information)

E. In-service Training Courses	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Credit	302.40	-	302.40
2. Noncredit	217.25	-	217.25
Total Basic Skills FTES	519.65	-	519.65

CCFS 320 Addendum

CDCP Noncredit FTES	231.58	-	231.58
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PERALTA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2025

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	\$ 29,069,180	\$ -	\$ 29,069,180	\$ 29,069,180	\$ -	\$ 29,069,180
Other	1300	20,738,803	-	20,738,803	20,738,803	-	20,738,803
Total Instructional Salaries		49,807,983	-	49,807,983	49,807,983	-	49,807,983
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	\$ 12,896,461	-	12,896,461
Other	1400	-	-	-	2,193,736	-	2,193,736
Total Non-Instructional Salaries		-	-	-	15,090,197	-	15,090,197
Total Academic Salaries		49,807,983	-	49,807,983	64,898,180	-	64,898,180
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	30,422,863	-	30,422,863
Other	2300	-	-	-	1,415,958	-	1,415,958
Total Non-Instructional Salaries		-	-	-	31,838,821	-	31,838,821
Instructional Aides							
Regular Status	2200	2,734,551	-	2,734,551	2,730,179	-	2,730,179
Other	2400	187,344	-	187,344	520,126	-	520,126
Total Instructional Aides		2,921,895	-	2,921,895	3,250,305	-	3,250,305
Total Classified Salaries		2,921,895	-	2,921,895	35,089,126	-	35,089,126
Employee Benefits	3000	23,347,753	-	23,347,753	47,674,071	-	47,674,071
Supplies and Materials	4000	-	-	-	1,094,734	-	1,094,734
Other Operating Expenses	5000	-	-	-	5,825,221	-	5,825,221
Equipment Replacement	6420	-	-	-	331,187	-	331,187
Total Expenditures Prior to Exclusions		76,077,631	-	76,077,631	154,912,519	-	154,912,519
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	-	-	-
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	1,038,414	-	1,038,414
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	1,384,508	-	1,384,508
Employee Benefits	3000	-	-	-	799,656	-	799,656
Supplies and Materials	4000						
Software	4100	-	-	-	147,283	-	147,283
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	147,283	-	147,283
Other Operating Expenses and Services	5000	-	-	-	-	-	-
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400						
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ -	\$ -	\$ -	\$ 3,369,861	\$ -	\$ 3,369,861
Total for ECS 84362, 50% Law		\$ 76,077,631	\$ -	\$ 76,077,631	\$ 151,542,658	\$ -	\$ 151,542,658
Percent of CEE (Instructional Salary Cost/Total CEE)		50.20%	0.00%	50.20%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 75,771,329	\$ -	\$ 75,771,329

**PERALTA COMMUNITY COLLEGE DISTRICT
EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2025**

EPA Revenue	\$ 17,917,861
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 17,917,861	\$ -	\$ -	\$ 17,917,861
Total		\$ 17,917,861	\$ -	\$ -	\$ 17,917,861

PERALTA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

Total Fund Equity - District Funds Included in the Reporting Entity

General Fund Unrestricted	\$ 30,088,459
General Fund Restricted	8,515,176
Debt Service Fund	29,920,189
Capital Project Funds	158,781,844
Child and Adult Development Fund Balances	5,383,235
Other Special Revenue Funds	1,421,692
Self Insurance Fund	(2,212,298)
Student Financial Aid Fund	(1,634,494)
Associated Students Fund	1,235,296
Other Student Funds	1,808,915
Total fund balances as reported in the CCFS-311	<u>233,308,014</u>
Other Funds (not reported on CCFS-311)	26,648
Total ending fund balances - Governmental Funds	<u>\$ 233,334,662</u>
Assets recorded within the statements of net position not included in the fund financial statements:	
Capital assets	\$ 913,390,258
Accumulated depreciation	<u>(422,217,198)</u> 491,173,060
OPEB Bond Assets	221,408,540
Unmatured Interest	(11,269,438)
OPEB Bond Liabilities	(268,841,778)
Fair Market Value Adjustment of Cash in County Treasury	1,694,776
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:	
Deferred outflows related to bond refundings	10,215,416
Interest Rate SWAP	9,659,753
Deferred outflows related to OPEB	2,191,660
Deferred outflows related to pensions	49,826,880
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:	
Accounts payable	\$ 1,602,955
General obligation (GO) bonds	492,130,000
Bond premium - GO bonds	38,362,938
Net OPEB liability	150,101,483
Medicare premium payment plan	338,792
Net pension liability	141,503,044
Compensated absences	21,148,341
Load banking	<u>2,542,013</u> (847,729,566)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:	
Deferred inflows related to leases	(38,360,314)
Interest Rate SWAP	(9,659,753)
Deferred inflows related to OPEB	(6,094,934)
Deferred inflows related to pensions	<u>(17,662,260)</u>
Net Assets Reported Within the Statement of Net Position	\$ (180,113,296)

PERALTA COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025

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, 2025.

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 and the fiduciary activities of Peralta Community College District (the "District") as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 8, 2026.

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) as a basis for designing 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 identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies. However, we identified certain deficiency in internal control, described in the accompanying schedule of Financial Statement Findings and Recommendations as finding 2025-01, that we considered 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.



San Diego, California

January 8, 2026

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

The Board of Trustees
Peralta Community College District
Oakland, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Peralta Community College District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2025. The District's major Federal programs are identified in the Summary of Auditors' 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, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

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 or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Purpose of This Report

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



San Diego, California
January 8, 2026

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

The Board of Trustees
Peralta Community College District
Oakland, California

Report on State Compliance

Opinion

We have audited Peralta Community College District's (the "District") compliance with the types of compliance requirements as identified in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual* for the year ended June 30, 2025. The applicable state compliance requirements are identified in the table below.

In our opinion, the District complied, in all material respects, with the laws and regulations of the State programs noted below that were audited for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the 2024-25 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 2024-25 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 described in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*.

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 2024-25 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 of the State programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2024-25 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.

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 498 – COVID-19 Response Block Grant Expenditures

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, we identified certain deficiency in internal control, described in the accompanying schedule of State Award Findings and Questioned Costs as finding 2025-02, that we considered to be a significant deficiency.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



San Diego, California
January 8, 2026

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

**PERALTA COMMUNITY COLLEGE DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2025**

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?	Yes
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?	None Reported
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, <i>Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards</i>	No
Identification of major programs:	

<u>Assitance Listing Numbers</u>	<u>Name of Federal Program of Cluster</u>
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 1,126,078
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?	Yes
Type of auditors' report issued on compliance for State programs:	Unmodified

PERALTA COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2025

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

FINDING #2025-01: UNRECORDED LIABILITIES – Capital Projects with Invoice/Service Dates of FY2024-25 recorded in FY2025-26

Criteria or Specific Requirement: In accordance with accounting principles generally accepted in the United States of America, expenses must be recognized in the period in which the related goods or services are received, regardless of when payment is made. This ensures that financial statements present a complete and accurate picture of the District's financial position as of the reporting date. Liabilities incurred for services rendered by year-end must be recorded as accruals to comply with the matching principle and to avoid understatement of expenses or liabilities. Timely recording of accruals is essential to ensure that financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America.

Condition / Context: During our testing, we noted a warrant amounting to \$1,602,955 that was not accrued as of June 30, 2025. This relates to the Merritt College Landscape Horticulture Complex project by contractor Thompson Builders Corporation, for which the Application and Certification for Payment cover the periods May 31, 2025 and June 30, 2025, and therefore should have been accrued as of June 30, 2025. However, the accrual was recorded only on August 29, 2025. Upon inquiry, the District explained that they were unable to close their books until September due to the manual nature of their closing and accrual processes. These tasks are handled by a limited number of staff with the necessary expertise, contributing to the delay.

Questioned Cost: \$1,602,955 – representing the FY2024-25 accrual adjustment for the Merritt College Landscape Horticulture Complex project.

Cause: The delayed recording of the accrual was due to the manual nature of the District's closing and accrual processes, which rely on a limited number of staff with the necessary expertise. This constrained capacity contributed to the delay in recognizing the liability in the correct fiscal year.

Effect: As a result of the delayed accrual, FY2024-25 financial statements understated liabilities and expenses by \$1,602,955, which may affect the accuracy of reported net position and financial ratios for the fiscal year.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District strengthen its month-end and year-end closing procedures to ensure that accruals are recorded timely and in the correct reporting period. This may include:

- Implementing a structured closing calendar.
- Automating portions of the accrual process were feasible; and
- Cross training additional staff to ensure sufficient capacity and continuity in the accrual and closing processes.

**PERALTA COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2025**

FINDING #2025-01: UNRECORDED LIABILITIES – Capital Projects with Invoice/Service Dates of FY2024-25 recorded in FY2025-26, continued

Corrective Action Plan/District Response: In FY25, the District contracted with the Ann Kennedy Group (AKG) to provide business process analysis and financial management services for the Measure G Bond Program. This partnership required data sharing and configuration between Peoplesoft and utilization of AKG's proprietary Bond Management Executive Tool (BMET). In fall of 2025, an additional contract with AKG was approved to include program management and accounting support to track, record and reconcile bond related projects, provide coordination, production and monitoring of cash flows and spending plan for program oversight, verification of bond eligibility of submitted invoices, accruals and monitoring invoice workflows for the program. AKG will also provide allowability and compliance training for District staff. Services provided by AKG will support the District's goal of strengthening efficiency, building capacity, and operating a transparent and robust bond program. In its effort to increase efficiency and implement automation, the District recently contracted with Oracle for dedicated on-site Peoplesoft support to focus on projects specific to the District's Finance module. Monthly close is identified as a priority project once Oracle identifies a dedicated resource.

**PERALTA COMMUNITY COLLEGE DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings for the year ended June 30, 2025.

**PERALTA COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2025**

This section identifies the audit findings pertaining to noncompliance with State program rules and regulations.

FINDING #2025-02: DUAL ENROLLMENT (CCAP) (40000)

Criteria or Specific Requirement: California Education Code Section 76000.5(d) requires that College and Career Access Pathways (CCAP) dual enrollment agreements include a statement verifying that the school district has not recommended more than 5% of students from a given grade level for summer session community college attendance. In addition, Education Code Section 76004 restricts CCAP participation to special part-time students who are currently enrolled in a K-12 school and have an approved application or agreement with the participating community college district.

Condition / Context: During our dual enrollment (CCAP) compliance testing, we noted the following:

1. 2 out of 8 selected CCAP students enrolled in summer term have CCAP dual enrollment forms that did not include an explicit verification statement ensuring that the school district had not recommended more than 5% of students from a grade level for summer community college attendance, as required under Education Code §76000.5(d).

Questioned Cost: No questioned costs associated with this finding.

Cause: The District's current CCAP documentation does not consistently include all required certification statements, and controls over eligibility validation for student enrollment may not be operating effectively.

Effect: These deficiencies increase the risk of noncompliance with statutory requirements governing dual enrollment. Lack of appropriate verification language in CCAP forms weakens internal controls and reduces transparency and accountability in compliance reporting.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District:

- Update its CCAP dual enrollment forms to explicitly include the 5% verification statement as required by Education Code §76000.5(d).
- Implement stronger internal controls to verify the K-12 enrollment status of all students listed under CCAP agreements.

**PERALTA COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2025**

Corrective Action Plan/District Response: All CCAP agreements with High Schools and Unified School Districts are undergoing review and an extension. This extension will begin July 2026 and be valid for a year. The extension will include the following language: The Unified School District or Charter School verifies they have not recommended more than 5% of students from a grade level for summer community college attendance as required under Education Code §76000.5(d).

Prior to submitting MIS to the CCCCO, CCAP student data will be analyzed for errors in non-CCAP students. In part an age evaluation process will be included.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

This section identifies the audit findings and questioned related to the basic financial statements, Federal awards or State awards for prior year.

FINDING #2024 – 001: INTERNAL CONTROLS OVER FEDERAL AWARDS

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Assistance Cluster

Assistance Listing Number: 84.007, 84.033, 84.063 and 84.268

Award Period: July 1, 2023 to June 30, 2024

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

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

Condition / Context: During our audit procedures, we noted that a formal documented review process was not available for the following areas at one of the District's four colleges:

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

Questioned Costs: None.

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

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

Repeat Finding: See prior year finding 2023-002.

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

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

Current status: Implemented.

**PERALTA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

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

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

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

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

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

Effect: Overstatement of FTES.

Repeat Finding: No.

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

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

Current status: Implemented.

CONTINUING DISCLOSURE INFORMATION

PERALTA COMMUNITY COLLEGE DISTRICT
TREND ANALYSIS BY FUND – CASH AND ENDING FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

Cash and Cash Equivalents and Investments				
	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
Unrestricted General Fund	\$ 24,501,117	\$ 18,753,087	\$ 15,264,358	\$ 16,083,267
Restricted General Fund	18,018,401	42,198,958	40,083,564	39,532,642
Bond Interest and Redemption Fund	50,545,060	55,096,348	57,214,262	36,769,071
Child Development Fund	2,657,375	3,210,312	4,278,404	5,532,761
Other Special Revenue Funds:				
Parcel Tax Fund	3,795,037	4,048,674	703,068	662,067
Retiree Benefits Fund	(10,329,812)	(5,398,540)	1,421,403	(2,615,101)
Capital Projects Fund	18,115,059	31,863,066	26,561,505	34,086,308
Bond Construction Funds	58,311,805	150,520,624	68,171,213	145,250,996
Self Insurance Fund	5,938,549	4,834,053	5,445,956	5,135,605
Student Financial Aid and Trust Fund	(4,420,214)	(365,775)	(2,315,877)	(1,857,557)
Associated Students Funds	710,971	718,051	709,588	1,237,195
Student Representative Fee Funds	578,126	654,139	766,822	846,499
Student Center Fee Funds	1,110,109	1,234,739	1,344,755	1,494,911
OPEB Lifetime Revocable Trust	171,912,237	165,386,199	162,891,881	169,837,386
Business-Type Activities Cash and Cash Equivalents and Investments	<u>341,443,820</u>	<u>472,753,935</u>	<u>382,540,902</u>	<u>451,996,050</u>
Cash and Cash Equivalents	40,417,738	80,321,582	66,518,892	226,372,195
Restricted Cash and Cash Equivalents	112,865,508	209,879,252	126,302,149	38,567,469
Restricted Investments	188,160,574	182,756,852	189,913,558	188,933,252
Business-Type Activities Cash and Cash Equivalents and Investments	<u>\$ 341,443,820</u>	<u>\$ 472,957,686</u>	<u>\$ 382,734,599</u>	<u>\$ 453,872,916</u>
OPEB Irrevocable Trust Investments	<u>\$ 1,146,202</u>	<u>\$ 1,258,268</u>	<u>\$ 1,404,225</u>	<u>\$ 1,578,285</u>
Ending Fund Balance/Net Position				
	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
Unrestricted General Fund	\$ 30,753,995	\$ 33,301,379	\$ 25,419,610	\$ 30,088,459
Restricted General Fund	8,380,639	8,147,536	9,284,816	8,515,176
Other Restricted Funds	13,709	13,709	13,709	13,709
Bond Interest and Redemption Fund	50,545,060	55,096,348	57,214,262	29,920,189
Child Development Fund	2,386,308	2,896,217	4,168,998	5,383,235
Other Special Revenue Funds:				
Parcel Tax Fund	402,850	548,927	738,528	652,126
Retiree Benefits Fund	3,574,440	1,717,749	4,369,361	769,566
Capital Projects Fund	18,130,400	30,880,167	25,098,953	28,246,172
Bond Construction Funds	54,017,127	131,751,257	53,514,464	(3,765,752)
Self Insurance Fund	206	164,009	(1,206,441)	(2,212,298)
Student Financial Aid and Trust Fund	(1,634,494)	(1,634,494)	(1,634,494)	(1,634,494)
Associated Students Funds	752,084	755,530	750,158	1,248,235
Student Representative Fee Funds	328,315	333,157	384,140	365,689
Student Center Fee Funds	1,106,400	1,156,008	1,292,841	1,443,226
OPEB Lifetime Revocable Trust	179,911,827	174,942,534	173,054,925	169,699,806
Full Accrual Net Position	<u>(572,369,486)</u>	<u>(615,708,351)</u>	<u>(527,348,451)</u>	<u>(448,846,340)</u>
Business-Type Activities Net Position	<u>(223,700,620)</u>	<u>(175,638,318)</u>	<u>(174,884,621)</u>	<u>(180,113,296)</u>
OPEB Irrevocable Trust Investments	<u>\$ 1,146,202</u>	<u>\$ 1,258,268</u>	<u>\$ 1,404,225</u>	<u>\$ 1,578,285</u>