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PERALTA COMMUNITY COLLEGE DISTRICT
MEASURES A & G GENERAL OBLIGATION BONDS

PERFORMANCE AUDIT REPORT

JUNE 30, 2025

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURES A & G GENERAL OBLIGATION BONDS
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JUNE 30, 2025**

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PERFORMANCE AUDIT

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INDEPENDENT AUDITORS' REPORT ON PROPOSITION 39 COMPLIANCE

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

We have conducted a performance audit of the Peralta Community College District (the "District") Measures A & G General Obligation Bond funds for the year ended June 30, 2025.

The results of our tests indicated that, in all significant respects, the District expended Measures A & G General Obligation Bond funds for the year ended June 30, 2025 only for specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

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

Our audit was limited to the objectives listed on page 4 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measures A & G General Obligation Bonds under the applicable provisions of Section 1(b)(3)C of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for the District's compliance with those requirements.

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



San Diego, California
January 8, 2026

BACKGROUND INFORMATION

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURES A & G GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION
JUNE 30, 2025**

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts or county offices of education *"for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities"*, upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

PERALTA COMMUNITY COLLEGE DISTRICT MEASURES A & G GENERAL OBLIGATION BONDS

The Peralta Community College District (the "District"), Alameda County, California Election of 2006 General Obligation Bonds, Measure A, was authorized at elections of the registered voters of District held on June 6, 2006 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$390,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the acquisition, construction and modernization of certain District property and facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. A summary of the text of the ballot language was as follows:

"Shall Peralta Community College District, which includes Laney and Merritt Colleges in Oakland, Berkeley City College (Vista), and the College of Alameda, issue \$390 million of bonds at the lowest legal interest rates to repair, renovate, construct, acquire, and equip classrooms, educational buildings and college campuses so long as spending is annually reviewed by an independent citizens' oversight committee, no funds are used for administrative salaries, and funds are spent locally and cannot be transferred to the State?"

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURES A & G GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION
JUNE 30, 2025**

PERALTA COMMUNITY COLLEGE DISTRICT MEASURES A & G GENERAL OBLIGATION BONDS, continued

The Peralta Community College District (the "District"), Alameda County, California Election of 2018 General Obligation Bonds, Measure G, was authorized at elections of the registered voters of the District held on November 6, 2018 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$800,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the acquisition, construction and modernization of certain District property and facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. A summary of the text of the ballot language was as follows:

"To upgrade aging classrooms, technology, science labs; expand job training classrooms; and acquire, construct, repair sites/facilities/equipment, shall the Peralta Community College District issue \$800 million in bonds at legal interest rates, with approximately \$44.2 million in taxes raised annually for 40 years at projected tax rates of \$24.50 per \$100,000 of assessed valuation, with no funds for administrator salaries, audits and citizen oversight, and all funds used locally?"

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, *"for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities"*, upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Section 1(b)(3)C of Article XIII A of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The District must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the District to appoint a citizens' oversight committee.
4. Requires the District to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the District to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

PERFORMANCE AUDIT

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURES A & G GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY, AND CONCLUSION
JUNE 30, 2025**

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measures A & G General Obligation Bond funds for the year ended June 30, 2025 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all Measures A & G General Obligation Bond project expenditures for the year ended June 30, 2025 (the "List"). The list of transactions represented \$129,233 and \$75,175,513 in expenditures from July 1, 2024 through June 30, 2025, respectively.

METHODOLOGY

We performed the following procedures to the List of Measures A & G General Obligation Bond project expenditures for the year ended June 30, 2025:

- Interviewed District management related to controls over planning, bidding, contracting, expenditure of bond funds and financial reporting and determined that controls have been put in place and are working as documented.
- Documented District procedures and controls over planning, bidding, contracting, expenditure of bond funds and financial reporting.
- Performed tests to determine that the District controls over planning, bidding, contracting, expenditure of bond funds and financial reporting have been put in place and are working as documented.
- Verified the mathematical accuracy of the list.
- Reconciled the List to total bond expenditures as reported by the District in the District's audited financial statements for the year ended June 30, 2025, presented as the Measures A & G General Obligation Bond fund.
- We selected a sample of expenditures for Measures A & G totaling \$127,924 and \$40,976,303, respectively. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 98.99% and 54.51% of the total expenditure value, respectively.
- We performed virtual site walks to verify that funds from the Measures A & G Building Funds were expended for construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects.
- We verified that funds held in the Measures A & G Building Fund were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURES A & G GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY, AND CONCLUSION
JUNE 30, 2025**

CONCLUSION

The results of our tests indicated that, in all significant respects, the District expended Measures A & G General Obligation Bond funds for the year ended June 30, 2025 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURES A & G GENERAL OBLIGATION BONDS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

This section identifies the deficiencies, 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*.

There were no performance audit findings and questioned cost identified during 2024-25.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURES A & G GENERAL OBLIGATION BONDS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

There were no performance audit findings and questioned cost identified during 2023-24.