

**PERALTA
COMMUNITY COLLEGE DISTRICT**

**MEASURE B PARCEL TAX FUND
ELECTION 2012
FINANCIAL AND PERFORMANCE AUDITS**

JUNE 30, 2019

**PERALTA
COMMUNITY COLLEGE DISTRICT**

**MEASURE B PARCEL TAX FUND
(ELECTION OF 2012)**

FINANCIAL AUDIT

JUNE 30, 2019

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUNDS
ELECTION 2012**

**FINANCIAL AUDIT
TABLE OF CONTENTS
JUNE 30, 2019**

FINANCIAL SECTION

Independent Auditor's Report	2
Measure B Parcel Tax Fund (Election of 2012)	
Balance Sheet	4
Statement of Revenues, Expenditures, and Change in Fund Balance	5
Notes to Financial Statements	6

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	12
---	----

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Financial Statement Findings	15
Summary Schedule of Prior Audit Findings	17

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Trustees and
And Measure B Parcel Tax Oversight Committee
Peralta Community College District
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of Peralta Community College District (the District), Measure B Parcel Tax Fund (Election of 2012) as of and for the year ended June 30, 2019, and the related notes to the financial statements, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure B Parcel Tax Fund (Election of 2012) of the District at June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Parcel Tax Fund specific to the Measure B Parcel Tax (Election of 2012) and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2020, on our consideration of the District's Measure B Parcel Tax Fund (Election of 2012) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Measure B Parcel Tax Fund (Election of 2012) internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

San Ramon, California
May 14, 2020

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND
ELECTION OF 2012**

**BALANCE SHEET
JUNE 30, 2019**

ASSETS

Investments	\$ 5,324,295
Prepaid expense	50,518
Total Assets	<u><u>\$ 5,374,813</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accrued payroll liabilities	\$ 4,184,650
Due to other funds	149,775
Total Liabilities	<u><u>4,334,425</u></u>

FUND BALANCE

Restricted	
Capital projects	1,040,388
Total Fund Equity	<u>1,040,388</u>
Total Liabilities and Fund Balance	<u><u>\$ 5,374,813</u></u>

See the accompanying notes to financial statements.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND
ELECTION OF 2012**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019**

REVENUES	
Local revenues	<u>\$ 8,078,475</u>
EXPENDITURES	
Employee salaries	5,835,207
Employee benefits	2,206,739
Services and operating expenditures	54,416
Capital outlay	<u>10,156</u>
Total Expenditures	<u><u>8,106,518</u></u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(28,043)</u>
OTHER FINANCING SOURCES	
Transfers in from other funds	<u>744,247</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	716,204
FUND BALANCE, BEGINNING OF YEAR	324,184
FUND BALANCE, END OF YEAR	<u><u>\$ 1,040,388</u></u>

See the accompanying notes to financial statements.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND
ELECTION OF 2012**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Peralta Community College District (the District) and the Measure B Parcel Tax Fund (Election of 2012) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). Peralta Community College District accounts for the financial transactions related to the Measure B Parcel Tax in accordance with the policies and procedures of the California Community Colleges Budget and Accounting Manual.

Financial Reporting Entity

The audited financial statements include only the activities of the Measure B Parcel Tax Fund (Election of 2012). The Fund was established to account for the receipt of proceeds of the Measure B Parcel Tax approved by the voters within the District Boundaries in June 2012. These financial statements are not intended to present fairly the financial position and changes in financial position of the District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The activities of the Measure B Parcel Tax Fund (Election of 2012) are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to, and accounted for, in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

Governmental funds are generally accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered), except for unmatured interest on the general obligation bonds, which are recognized when due.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The District's governing board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND
ELECTION OF 2012**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances lapse at June 30.

Use of Estimates

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Fund Balance

As of June 30, 2019, the fund balance of the Measure B Parcel Tax Fund (Election of 2012) was classified as follows:

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

NOTE 2 - INVESTMENTS

Policies and Practices

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

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND
ELECTION OF 2012**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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

Summary of Investments

Investments as of June 30, 2019, consist of the following:

Alameda County Treasury Investment Pool	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: center;">Reported Amount</td> </tr> <tr> <td style="text-align: center; border-top: 1px solid black; border-bottom: 3px double black;">\$ 5,324,295</td> </tr> </table>	Reported Amount	\$ 5,324,295
Reported Amount			
\$ 5,324,295			

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 Treasury Investment Pool.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND
ELECTION OF 2012**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

<u>Cash and Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Days</u>
Alameda County Treasury Investment Pool	<u>\$ 5,344,658</u>	420 days

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Alameda County Investment Pool is not required to be rated nor is it rated as of June 30, 2019.

NOTE 3 - FAIR VALUE MEASUREMENTS

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

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

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

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

Uncategorized - Investments in the Alameda County Treasury 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.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND
ELECTION OF 2012**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

The District's fair value measurements are as follows at June 30, 2019:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
Alameda County Treasury Investment Pool	<u>\$ 5,324,295</u>	<u>\$ 5,324,295</u>

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

NOTE 4 - ACCOUNTS PAYABLE

The accounts payable balance at June 30, 2019, represents amounts owed to employees for accrued payroll and benefits and vendors for both ongoing and completed construction projects in the amount of \$4,184,650.

NOTE 5 - INTER-FUND TRANSACTIONS

The balance of \$4,341,890 due to other funds resulted from expenditures paid for by other funds. Additional funds transferred from the General Fund were \$744,247.

NOTE 6 - FUND BALANCE

The fund balance is composed of the following element:

Restricted	
Parcel Tax approved expenditures	<u>\$ 1,040,388</u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

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, 2019.

INDEPENDENT AUDITOR'S REPORT



**INDEPENDENT AUDITOR'S 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***

Board of Trustees and
And Measure B Parcel Tax Oversight Committee
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 accompanying financial statements of Peralta Community College District's (the District) Measure B Parcel Tax Fund (Election of 2012), and the related notes to the financial statements as of and for the year ended June 30, 2019, and have issued our report thereon dated May 14, 2020.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Parcel Tax Fund specific to Measure B Parcel Tax (Election of 2012), and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be a material weakness.

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 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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001 to be a material weakness.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's Measure B Parcel Tax Fund (Election of 2012) financial statements are free of 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*.

Peralta Community College District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the response.

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 Ramon, California
May 14, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND
ELECTION OF 2012**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2019**

2019-001 Finding – Year End Closing Process

Criteria or Specific Requirement

The accounting system used to record the financial affairs of any community college district shall be in accordance with the definitions, instructions, and procedures published in the California Community Colleges *Budget and Account Manual* (BAM). Colleges are also required to present their financial statements in accordance with generally accepted accounting principles (GAAP).

Condition

Material Weakness – The District appears to have an ineffective control environment over the year end closing process. As noted in the prior year, errors were made within the reconciliation process of the District’s financial records. Material adjustments and reclassifications were required to conform to the BAM and GAAP.

Differences were found in various accounts, but not limited to:

- Accounts receivable balances were not being properly reviewed and reconciled
- Accounts payable balances were not properly cleared from the prior year, and ending amounts were not being reconciled correctly.
- Due To/Due From account balances are not being reconciled in a consistent a timely manner.
- Reconciliations are not being prepared accurately or reviewed in a timely manner.

Questioned Costs

No questioned costs were associated with this finding. Material adjustments to the financial statements were reviewed with management and accepted for posting.

Context

Several adjustments and reclassification entries were posted to ensure the accuracy and correct classification of account balances.

Effect

Material adjustments to the general ledger were proposed as a result of audit procedures. These adjustments were accepted by management to ensure the financial statements were presented fairly.

Cause

Ineffective control environment. During the year there were multiple key management roles vacant including Vice Chancellor Finance & Administration, Director of Fiscal Services, Internal Auditor, Director of Payroll and Purchasing Director

Recommendation

As part of the closing process, the District should develop a closing calendar and procedures to review all accruals recorded in the governmental funds to ensure accuracy and correct recording of all account balances. Carry-over balances from prior years should be analyzed to determine if the transaction still represents a valid liability or receivable. The District should perform a reconciliation of all accounts to ensure they are being properly accounted for.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND
ELECTION OF 2012**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2019**

Corrective Action Plan

The District has a closing calendar and procedure for year end. The District has recorded all prior year adjustments. The District will implement regular reconciliation of accounts and develop a year end closing process with an appropriate delegation of duties and clearly defined oversight.

The District's Finance Division staff will also be trained on reconciliation of accounts and year-end closing process in order to improve internal controls. The District has hired two Sr. Accountants to do all balance sheet reconciliations.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND
ELECTION OF 2012**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2019**

2018-001 Finding – Year End Closing Process

Criteria or Specific Requirement

The accounting system used to record the financial affairs of any community college district shall be in accordance with the definitions, instructions, and procedures published in the California Community Colleges *Budget and Account Manual* (BAM). Colleges are also required to present their financial statements in accordance with generally accepted accounting principles (GAAP).

Condition

Material Weakness – As noted in the prior year, errors were made within the closing process of the District’s financial records. Material adjustments and reclassifications were required to conform to the BAM and GAAP. Differences were found in various accounts, but not limited to:

- Accounts payable balances were not properly cleared from the prior year, and ending amounts, including suspense accounts, were not being reconciled correctly.
- Due To/Due From account balances are not being reconciled in a consistent a timely manner.

Questioned Costs

No questioned costs were associated with this finding. Material adjustments to the financial statements were reviewed with management and accepted for posting.

Context

Several adjustments and reclassification entries were posted to ensure the accuracy and correct classification of account balances.

Effect

Material adjustments to the general ledger were proposed as a result of audit procedures. These adjustments were accepted by management to ensure the financial statements were presented fairly.

Cause

Prior year audit adjustments not posted caused reconciling differences which required research by District management. Management in the current fiscal year, given time constraints, was unable to reconcile and close the account balances stated above completely.

Recommendation

As part of the closing process, the District should develop a closing calendar and procedures to review all accruals recorded in the governmental funds to ensure accuracy and correct recording of all account balances. Carry-over balances from prior years should be analyzed to determine if the transaction still represents a valid liability or receivable. The District should perform a reconciliation of all accounts to ensure they are being properly accounted for.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND
ELECTION OF 2012**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2019**

Corrective Action Plan

The District's Finance Division will implement regular reconciliation of accounts and develop a year end closing process with an appropriate delegation of duties and clearly defined oversight. The District's Finance Division staff will also be trained on reconciliation of accounts and year-end closing process in order to improve internal controls.

Status

Not implemented, See Finding 2019-001.

**PERALTA
COMMUNITY COLLEGE DISTRICT**

**MEASURE B PARCEL TAX FUND
ELECTION 2012**

PERFORMANCE AUDIT

JUNE 30, 2019

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUND
ELECTION 20012
PERFORMANCE AUDIT
TABLE OF CONTENTS
JUNE 30, 2019**

Independent Auditor's Report on Performance	1
Authority for Issuance	2
Purpose of Issuance	2
Authority for the Audit	2
Objectives of the Audit.....	3
Scope of the Audit.....	3
Procedures Performed	3
Conclusion.....	4
Schedule of Findings and Questioned Costs	5
Summary Schedule of Prior Audit Findings.....	6



INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Board of Trustees and
And Measure B Parcel Tax Oversight Committee
Peralta Community College District
Oakland, California

We were engaged to conduct a performance audit of Peralta Community College District (the District) Proposition 39 Measure B Parcel Tax Fund (the Measure B Fund) for the year ended June 30, 2019.

We conducted this performance audit in accordance with the standards applicable to performance audits contained in *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 within the report which includes determining the District's compliance with the performance requirements of the voter approved ballot measure referred to as Measure B in the Election of June 2012. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Ballot Measure as approved by the voters in the Election of June 2012. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended the Measure B Parcel Tax Funds proceeds in accordance with the voter approved ballot measure referred to as Measure B in the election of June 2012.

A handwritten signature in black ink that reads "Eide Bailly LLP".

San Ramon, California
May 14, 2020

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCE TAX FUNDS
ELECTION 2012**

JUNE 30, 2019

AUTHORITY FOR ISSUANCE

The Measure B Parcel Tax was issued pursuant to the Constitution and laws of the State of California (the State), including California Constitution Article XIII A, Government Code section 50077, and other applicable provisions of law. It was authorized to be issued by a resolution adopted by the Board of Trustees of Peralta Community College District (the Resolution) and subsequently approved by the voters within the District boundaries as Ballot Measure B on June 7, 2012.

PURPOSE OF ISSUANCE

To provide College of Alameda, Laney College, Merritt College, and Berkeley City College secure funds that cannot be taken by the State and to support affordable college education including: providing core academic programs including math, science and English; training students for successful careers; and educating students to transfer to university. Peralta Community College District levied \$48 per parcel annually for eight (8) years with Citizens' Oversight, no funds may be spent on administrators' salaries, and all funds must be spent within the District.

The Measure B Parcel Tax was placed on the ballot for approval by voters within the boundaries of Peralta Community College District and approved by more than a two thirds vote (1) to provide College of Alameda, Laney College, Merritt College, and Berkeley City College secure funds that cannot be taken by the State, and (2) support affordable college education including:

- A. Protect and maintain core academic programs including math, science, and English
- B. Training students for successful careers
- C. Prepare students to transfer to four year universities

The Board of Trustees will fund all of the programs listed above, unless it determines in any given year that changes in student population, fiscal constraints, or other changes in State or Federal funding make doing so infeasible or inadvisable. The Board of Trustees will not be allowed to use the proceeds of the special tax to fund any program other than those listed above, and will not be allowed to use those proceeds for administrators' salaries or benefits. The special tax will be levied for a period of eight (8) years beginning July 1, 2012, at the rate shown below on each assessor's parcel located wholly or partly within the District.

The special tax shall be levied on all parcels of property in the District, except where those parcels are otherwise exempt from taxation. The tax levied shall be at the rate of forty-eight dollars (\$48) per parcel per year, on all residential, commercial, industrial, and institutional parcels, irrespective of whether those parcels are improved or unimproved.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCE TAX FUNDS
ELECTION 2012**

JUNE 30, 2019

In accordance with the requirements of Sections 50075.1 and 50075.3 of the Government Code, the following accountability measures, among others, shall apply to the special taxes levied in accordance with this Measure:

- A. Proceeds from the special tax shall be deposited into a resource fund which shall be kept separate and apart from other funds in the District and shall be applied only as set forth in this Measure.
- B. An Annual Report, including proceeds from the special tax, the expenditures of those monies, and the status of any projects funded by those monies, shall be produced by the Chancellor on behalf of the Board of Trustees no later than January 1 of the year following the fiscal year during which the monies were spent.

OBJECTIVES OF THE AUDIT

Determine whether expenditures allocated to the Parcel Tax Fund have been made in accordance with the ballot language approved by the voters through the approval of Measure B.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2018 to June 30, 2019. The population of expenditures tested included all account codes associated with the Parcel Tax Funds. Expenditures incurred subsequent to June 30, 2019, were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

We obtained the general ledger and the expenditure reports prepared by the District for the fiscal years ended June 30, 2019, for the Measure B Parcel Tax Fund (Election of 2012). Within the fiscal years audited, we obtained the actual journal entries, invoices, payroll records, and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Measure B Parcel Tax ballot language. We performed the following procedures:

- 1. We selected a sample of both payroll and non-payroll expenditures for the period starting July 1, 2018 and ending June 30, 2019, and reviewed supporting documentation to ensure that such funds were properly expended on the specific objectives and activities listed in the ballot text.

The total amounts and percentages of total expenditures represented in our samples are shown below:

Transaction Type	Amount Tested	Percentage
Payroll related	\$ 2,408,703	30%
Non-payroll related	30,672	48%
Total	\$ 2,439,375	

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCE TAX FUNDS
ELECTION 2012**

JUNE 30, 2019

2. We verified that the proceeds were expended appropriately and charged against the Measure B Parcel Tax Fund (Election of 2012). Proceeds were expended for the purpose of: supporting affordable college education, including providing core academic programs including math, science, and English; training students for successful careers; and educating students to transfer to university.
3. We reviewed copies of the Measure B Parcel Tax Oversight Committee members and minutes of meetings held during the years encompassed in this report.

CONCLUSION

The results of our tests indicated that, in all significant respects, Peralta Community College District has properly accounted for the expenses charged against the Measure B Parcel Tax (Election of 2012) proceeds and that such expenditures were made for the purposes and activities authorized by the voter approved Measure B ballot measure.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUNDS
ELECTION 2012**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

None reported.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE B PARCEL TAX FUNDS
ELECTION 2012**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2019**

There were no findings reported in the prior year's performance report.