

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “TAX MATTERS.”*

**PERALTA COMMUNITY COLLEGE DISTRICT  
(Alameda County, California)**

**\$53,625,000**  
**2020 General Obligation Bonds,**  
**2006 Election, Series E-1 (Tax-Exempt)**

**\$11,375,000**  
**2020 General Obligation Bonds,**  
**2006 Election, Series E-2 (Taxable)**

**\$50,000,000**  
**2020 General Obligation Bonds,**  
**2018 Election, Series A**

**Dated: Dates of Delivery**

**Due: As shown on inside cover**

*This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

The Peralta Community College District 2020 General Obligation Bonds, 2006 Election, Series E-1 (Tax-Exempt) (the “Series 2020E Tax-Exempt Bonds”) and Peralta Community College District 2020 General Obligation Bonds, 2006 Election, Series E-2 (Taxable) (the “Taxable Bonds” and, together with the Series 2020E Tax-Exempt Bonds, the “Series 2020E Bonds”) and the Peralta Community College District 2020 General Obligation Bonds, 2018 Election, Series A (the “Series 2020A Bonds” and, together with the Series 2020E Bonds, the “Bonds”) are issued by the Peralta Community College District (the “District”) to (i) finance specific construction and modernization projects and furnish and equip District facilities as approved by the voters pursuant to the respective election authorization (as described herein) and (ii) pay costs of issuance of the Bonds. See “THE BONDS – Authority for Issuance; Purpose.”

The Series 2020E Tax-Exempt Bonds and the Series 2020A Bonds are referred to as the “Tax-Exempt Bonds.”

The Board of Supervisors of Alameda County (the “County”) is empowered and is obligated to levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds, all as more fully described herein. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS.”

The Bonds will be issued as current interest bonds. Interest on the Bonds is payable on August 1, 2020, and thereafter on each August 1 and February 1. Principal of the Bonds is payable on the dates in each of the years and in the amounts set forth in the table on the inside cover page hereof. Payments of principal of and interest on the Bonds will be made by the Paying Agent, initially U.S. Bank National Association, to The Depository Trust Company, New York, New York (“DTC”), for subsequent disbursement to DTC Participants, who will remit such payments to the beneficial owners of the Bonds. See “THE BONDS – Payment of Principal and Interest.”

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee of DTC. Purchasers will not receive physical certificates representing their interests in the Bonds. See “THE BONDS – Form and Registration.”

**The Series 2020E Bonds are not subject to redemption prior to maturity. The Series 2020A Bonds are subject to redemption prior to maturity. See “THE BONDS – Redemption.”**

**MATURITY SCHEDULES**

***See Inside Cover***

*The Bonds will be offered when, as and if issued by the District and received by the Underwriters, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Orrick, Herrington & Sutcliffe LLP is also acting as Disclosure Counsel with respect to the Bonds. Certain legal matters will be passed upon for the District by Curls Bartling P.C., Special Counsel to the District. Certain legal matters will be passed upon for the Underwriters by Schiff Hardin LLP, San Francisco, California. It is anticipated that the Bonds, in book-entry only form, will be available for delivery through the facilities of DTC in New York, New York on or about May 5, 2020.*



## MATURITY SCHEDULES

**\$53,625,000**

**PERALTA COMMUNITY COLLEGE DISTRICT  
2020 GENERAL OBLIGATION BONDS, 2006 ELECTION, SERIES E-1 (TAX-EXEMPT)**

Maturity (August 1)	Principal Amount	Interest Rate	Yield*	CUSIP (713575)†
2021	\$ 730,000	5.000%	1.140%	WS3
2022	1,660,000	5.000	1.220	WT1
2023	2,650,000	5.000	1.290	WU8
2024	3,735,000	5.000	1.350	WV6
2025	4,925,000	5.000	1.420	WW4
2026	6,210,000	5.000	1.480	WX2
2027	7,605,000	5.000	1.540	WY0
2028	9,110,000	5.000	1.600	WZ7
2029	10,745,000	5.000	1.660	XA1
2030	6,255,000	5.000	1.740	XB9

**\$11,375,000**

**PERALTA COMMUNITY COLLEGE DISTRICT  
2020 GENERAL OBLIGATION BONDS, 2006 ELECTION, SERIES E-2 (TAXABLE)**

Maturity (August 1)	Principal Amount	Interest Rate	Yield*	CUSIP (713575)†
2020	\$11,375,000	2.250%	2.250%	XC7

**\$50,000,000**

**PERALTA COMMUNITY COLLEGE DISTRICT  
2020 GENERAL OBLIGATION BONDS, 2018 ELECTION, SERIES A**

Maturity (August 1)	Principal Amount	Interest Rate	Yield*	CUSIP (713575)†
2021	\$21,795,000	5.000%	1.140%	XD5
2022	21,855,000	5.000	1.220	XE3

\$6,350,000 3.000% Term Bonds due February 1, 2050 – Yield\* 3.100% – CUSIP Number† 713575XF0

\* Yields certified by the Underwriters. The District takes no responsibility for the accuracy thereof.

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This Official Statement does not constitute an offering of any security other than the original offering of the Bonds by the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption under Section 3(a)2 thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein other than that furnished by the District, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The Underwriters have provided the following sentence for inclusion in this Official Statement:

“The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.”

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

The District maintains a website. However, the information presented on that website is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

**PERALTA COMMUNITY COLLEGE DISTRICT  
BOARD OF TRUSTEES**

Julina Bonilla, *President*  
Cynthia Napoli-Abella Reiss, *Vice President*  
Bill Withrow, *Trustee*  
Meredith Brown, *Trustee*  
Linda Handy, *Trustee*  
Nicky Gonzalez Yuen, *Trustee*  
Karen Weinstein, Ph.D., *Trustee*  
Romina Contreras, *Student Trustee*  
Dowell Standley, *Student Trustee*

**ADMINISTRATION**

Dr. Regina Stanback Stroud, Ed.D.  
*Chancellor*

Dr. Carla Walter  
*Vice Chancellor of Finance & Administration*

Leigh Sata  
*Interim Vice Chancellor of General Services*

Delisle Warden  
*Interim Chief of Staff and General Counsel*

**BOND COUNSEL  
AND DISCLOSURE COUNSEL**

Orrick, Herrington & Sutcliffe LLP  
*San Francisco, California*

**SPECIAL COUNSEL**

Curls Bartling P.C.  
*Oakland, California*

**MUNICIPAL ADVISOR**

Backstrom McCarley Berry & Co., LLC  
*San Francisco, California*

**PAYING AGENT**

U.S. Bank National Association  
*San Francisco, California*

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**PERALTA COMMUNITY COLLEGE DISTRICT**  
**(Alameda County, California)**

**\$53,625,000**  
**2020 General Obligation Bonds,**  
**2006 Election, Series E-1 (Tax-Exempt)**

**\$11,375,000**  
**2020 General Obligation Bonds,**  
**2006 Election, Series E-2 (Taxable)**

**\$50,000,000**  
**2020 General Obligation Bonds,**  
**2018 Election, Series A**

**INTRODUCTION**

This Official Statement, which includes the cover page, inside cover page, and appendices hereto, is provided to furnish information in connection with the sale of the Peralta Community College District 2020 General Obligation Bonds, 2006 Election, Series E-1 (Tax-Exempt) (the “Series 2020E Tax-Exempt Bonds”), the Peralta Community College District 2020 General Obligation Bonds, 2006 Election, Series E-2 (Taxable) (the “Taxable Bonds” and, together with the Series 2020E Tax-Exempt Bonds, the “Series 2020E Bonds”) and the Peralta Community College District 2020 General Obligation Bonds, 2018 Election, Series A (the “Series 2020A Bonds” and, together with the Series 2020E Bonds, the “Bonds”). The Series 2020E Tax-Exempt Bonds and the Series 2020A Bonds are referred to herein as the “Tax-Exempt Bonds.”

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as required by the Continuing Disclosure Certificate executed by the Peralta Community College District (the “District”), the District has no obligation to update the information in this Official Statement. See “OTHER LEGAL MATTERS – Continuing Disclosure.”

This Official Statement supplies information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Paying Agent Agreement providing for the issuance of the Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the Bonds.

Copies of documents referred to herein and information concerning the Bonds are available from the District from the Office of the Chancellor, 333 East 8<sup>th</sup> Street, Oakland, California 94606. The District may impose a charge for copying, handling and mailing such requested documents.

**The District**

The District was formed in 1964 and serves a 78-square mile area in Alameda County (the “County”), including the cities of Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont in the State of California (the “State” or “California”). The District operates four colleges: Laney College in downtown Oakland, College of Alameda in Alameda, Merritt College in the Oakland hills, and Berkeley City College in downtown Berkeley. The District also operates one community education center in Oakland’s Fruitvale neighborhood. The District’s four colleges are fully accredited by the Accrediting Commission for Community and Junior Colleges (“ACCJC”), but all four colleges are currently on probation. See “RISK FACTORS – Accreditor Concerns and Probation” and APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – Accreditation.” For fiscal year 2019-20, the District has projected enrollment of 16,708 full time-equivalent students (“FTES”) and property in the District has an assessed valuation of \$111,247,885,729.

The District is governed by a seven-member Board of Trustees (the “Board of Trustees”) elected to four-year staggered terms. Elections for positions to the Board of Trustees are held every two years, alternating between three and four available positions. Two student trustees also serve on the Board of Trustees. The management and policies of the District are administered by a Chancellor appointed by the Board of Trustees who is responsible for day-to-day District operations as well as the supervision of the District’s other key personnel. Dr. Regina Stanback

Stroud is currently the Chancellor of the District. See APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – Introduction.”

See APPENDIX A for information regarding the District generally and “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” for information regarding the District’s assessed valuation.

## **THE BONDS**

### **Authority for Issuance; Purpose**

**Series 2020E Bonds.** The Series 2020E Bonds are issued pursuant to the Constitution and laws of the State of California (the “State”), including the provisions of Chapter 1 and 1.5 of Part 10 of the Education Code of the State (the “Education Code”), Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the “Government Code”), and other applicable provisions of law. The Series 2020E Bonds are authorized by a resolution adopted by the Board of Trustees on April 7, 2020 (the “Resolution”), and issued pursuant to a Paying Agent Agreement dated as of May 1, 2020 (the “Paying Agent Agreement”) by and between the District and U.S. Bank National Association, as paying agent (the “Paying Agent”), and acknowledged by the Treasurer-Tax Collector of the County (the “County Treasurer”).

The District received authorization at an election held on June 6, 2006, by more than 55% of the votes cast by eligible voters within the District. The voter-approved measure, known locally as “Measure A,” authorized the District to issue bonds in an aggregate principal amount not to exceed \$390,000,000 to finance specific construction and modernization projects at Laney College, Merritt College, Berkeley City College and the College of Alameda, summarized as follows: repairing, renovating, constructing, acquiring, and equipping classrooms, educational buildings and college campuses. Following the issuance of the Series 2020E Bonds, the District has no remaining unissued authorization under Measure A.

The Series 2020E Bonds are being issued to: (i) finance certain authorized projects and furnish and equip District facilities as approved by the voters pursuant to Measure A; and (ii) pay costs of issuance of the Series 2020E Bonds. See “THE BONDS – Application and Investment of Bond Proceeds.”

**Series 2020A Bonds.** The Series 2020A Bonds are issued pursuant to the Constitution and laws of the State, including the provisions of Chapter 1 and 1.5 of Part 10 of the Education Code, Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and other applicable provisions of law. The Series 2020A Bonds are authorized by the Resolution, and issued pursuant to the Paying Agent Agreement.

The District received authorization at an election held on November 6, 2018, by more than 55% of the votes cast by eligible voters within the District. The voter-approved measure, known locally as “Measure G” authorized the District to issue bonds in an aggregate principal amount not to exceed \$800,000,000 to finance specific construction and modernization projects, summarized as follows: upgrading aging classrooms, technology, science labs; expanding job training classrooms; and acquiring, constructing, and repairing sites, facilities, and equipment. Following the issuance of the Series 2020A Bonds, the District has \$750 million in unissued authorization under Measure G.

The Series 2020A Bonds are being issued to: (i) finance certain authorized projects and furnish and equip District facilities as approved by the voters pursuant to Measure G and (ii) pay costs of issuance of the Series 2020A Bonds. See “THE BONDS – Application and Investment of Bond Proceeds.”

### **Form and Registration**

The Bonds will be issued in fully registered book-entry form only, in denominations of \$5,000 principal amount each or any integral multiple thereof. The Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Purchases of Bonds under the DTC system must be made by or through a DTC participant, and ownership interests in Bonds or any transfer thereof will be recorded as entries on the books of said participants.

Except in the event that use of this book-entry system is discontinued for the Bonds, beneficial owners will not receive physical certificates representing their ownership interests. See APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

### **Payment of Principal and Interest**

The Bonds will be dated the date of their delivery and bear interest at the rates set forth on the inside cover page hereof, payable on February 1 and August 1 of each year commencing August 1, 2020 (each, an “Interest Payment Date”), until payment of the principal amount thereof. Interest is computed on the basis of a year of 360 days comprising twelve 30-day months. Bonds authenticated and registered on any date prior to the close of business on May 5, 2020, will bear interest from the date of their delivery. Bonds authenticated during the period between the 15th day of the calendar month immediately preceding an Interest Payment Date (the “Record Date”) and the close of business on that Interest Payment Date will bear interest from that Interest Payment Date. Any other Bond will bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is then in default on outstanding Bonds, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Payment of interest on any Bond on each Interest Payment Date (or on the following Business Day, as defined below, if the Interest Payment Date does not fall on a Business Day) will be made to the person appearing on the registration books of the Paying Agent with respect to the Bonds as of the preceding Record Date, such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the applicable Record Date.

Principal will be payable at maturity, or upon redemption prior to maturity, upon surrender of Bonds at the designated office of the Paying Agent. The interest, principal and redemption premiums, if any, on the Bonds will be payable in lawful money of the United States of America from moneys on deposit in the interest and sinking fund of the District (the “Interest and Sinking Fund”) within the County treasury, consisting of *ad valorem* property taxes collected and held by the County Treasurer, together with any net premium and accrued interest received upon issuance of the Bonds. So long as all outstanding Bonds are held in book-entry form and registered in the name of a securities depository or its nominee, all payments of principal of, redemption premium, if any, and interest on the Bonds and all notices with respect to such Bonds will be made and given, respectively, to such securities depository or its nominee and not to beneficial owners. So long as the Bonds are held by Cede & Co., as nominee of DTC, payment will be made by wire transfer.

### **Redemption**

***Optional Redemption.*** The Series 2020E Bonds are not subject to optional redemption prior to their respective maturity dates.

The Series 2020A Bonds maturing on or before August 1, 2022 are not subject to redemption prior to their respective stated maturity dates. The Series 2020A Bonds maturing on February 1, 2050, shall be subject to redemption prior to their maturity date, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 2030, at a redemption price equal to 100% of the principal amount of the Series 2020A Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

***Selection of Bonds for Redemption.*** If less than all of a series of Bonds are called for redemption, such Bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District. If less than all of a series of the Bonds of any given maturity are called for redemption, the portions of such Bonds to be redeemed shall be determined by lot. For purposes of such selection, each Bond shall be deemed to consist of individual Bonds of denominations of \$5,000 principal amount each, which may be separately redeemed.

***Notice of Redemption.*** Notice of redemption of any Bond will be given by the Paying Agent not less than 20 nor more than 60 days prior to the redemption date (i) by first class mail to the respective owners of any

Bond designated for redemption at their addresses appearing on the bond registration books of the Paying Agent; and (ii) as may be further required in accordance with the Continuing Disclosure Certificate of the District. See APPENDIX D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Each notice of redemption will contain all of the following information: (i) the date of such notice; (ii) the name of the affected Bonds and the date of issue of the Bonds; (iii) the redemption date; (iv) the redemption price, if available; (v) the dates of maturity of the Bonds to be redeemed; (vi) if less than all of the Bonds are redeemed, the distinctive numbers of the Bonds of each maturity to be redeemed; (vii) in the case of Bonds redeemed in part only, the respective maturities or portions of the principal amount of the Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Bonds to be redeemed; (ix) a statement that such Bonds must be surrendered by the Owners at the office of the Paying Agent designated for such purpose; (x) notice that further interest on such Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice. The actual receipt by any Owner of any Bond of notice of such redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the redemption date.

***Effect of Notice of Redemption.*** When notice of redemption has been given substantially as provided for in the respective Paying Agent Agreement, and when the amount necessary for the payment of the redemption price of the Bonds called for redemption is set aside for the purpose as described in the respective Paying Agent Agreement, the Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the redemption premium thereon, if any, only to moneys on deposit in the Interest and Sinking Fund or the escrow fund established for such purpose. All Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

***Conditional Notice of Redemption.*** Any notice of optional redemption delivered hereunder may be conditioned on any fact or circumstance stated therein, and if such condition shall not have been satisfied on or prior to the redemption date stated in such notice, said notice shall be of no force and effect on and as of the stated redemption date, and the redemption shall be cancelled and the District shall not be required to redeem the Bonds that were the subject of the notice. The Paying Agent shall give notice of such cancellation and the reason therefor in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such cancellation shall not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice shall not affect the validity of the cancellation.

***Rescission of Notice of Redemption.*** The District may rescind any optional redemption and notice thereof for any reason on any date on or prior to the redemption date by causing written notice of the rescission to be given to the Owners of the Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bonds called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

## **Defeasance of Bonds**

The District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available moneys then on deposit in the Interest and Sinking Fund, be fully sufficient, in the opinion of a certified public accountant licensed to practice in the State, to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

## **Unclaimed Moneys**

Any money held in any fund created pursuant to the respective Paying Agent Agreement, or held by the Paying Agent in trust, for the payment of the principal of, redemption premium, if any, or interest on the Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether by maturity or upon prior redemption) shall be transferred to the Interest and Sinking Fund for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, said moneys shall be transferred to the general fund of the District as provided and permitted by law.

## **Application and Investment of Bond Proceeds**

The proceeds from the sale of the Bonds, exclusive of any premium and accrued interest received by the District, shall be deposited in the County treasury to the credit of the building fund of the District (the "Building Fund"). Any premium and accrued interest received by the District shall be deposited upon receipt in the Interest and Sinking Fund in the County treasury. Taxes collected to pay principal of and interest on the Bonds will also be deposited in the Interest and Sinking Fund. Earnings on the investment of moneys in either fund will be retained in that fund and used only for the purpose to which that fund may lawfully be applied. Moneys in the Building Fund may only be applied for the purposes for which the Bonds were approved. Moneys in the Interest and Sinking Fund may only be applied to make payments of interest, principal, and redemption premium, if any, on the Bonds and any other outstanding voter approved bonds of the District.

A portion of the proceeds of the Bonds will be retained by the Paying Agent in a Costs of Issuance Fund and used to pay costs associated with the issuance of the Bonds. Any proceeds from the sale of the Bonds not needed to pay for projects or costs of issuance will be transferred to the County Treasurer for deposit in the District's Interest and Sinking Fund in the County treasury, and applied only for payment of principal of and interest on outstanding bonds of the District.

All amounts deposited into the Interest and Sinking Fund, as well as proceeds of taxes held therein for payment of the Bonds, shall be invested at the sole discretion of the County Treasurer pursuant to law and the investment policy of the County. All amounts deposited in the Building Fund of the District shall be invested at the sole discretion of the County Treasurer, unless otherwise directed in writing by the District, pursuant to law and the investment policy of the County. In addition, at the written request of the District, all or any portion of the Building Fund of the District may be invested in the Local Agency Investment Fund in the treasury of the State of California. See APPENDIX E – "ALAMEDA COUNTY INVESTMENT POLICY AND INVESTMENT REPORT; ALAMEDA COUNTY POOLED SURPLUS INVESTMENTS." The County Treasurer neither monitors investments for arbitrage compliance, nor does it perform arbitrage calculations. The District shall maintain or cause to be maintained detailed records with respect to the applicable proceeds.

## ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as follows:

Sources of Funds	<b>Series 2020E Tax-Exempt Bonds</b>	<b>Series 2020E Taxable Bonds</b>	<b>Series 2020A Bonds</b>	<b>Total</b>
Principal Amount of Bonds	\$53,625,000.00	\$11,375,000.00	\$50,000,000.00	\$115,000,000.00
Original Issue Premium	12,372,123.40	-	2,727,112.40	15,099,235.80
<b>Total Sources</b>	<b>\$65,997,123.40</b>	<b>\$11,375,000.00</b>	<b>\$52,727,112.40</b>	<b>\$130,099,235.80</b>
<b>Uses of Funds</b>				
Deposit to Building Fund	\$53,333,000.00	\$11,375,000.00	\$49,720,000.00	\$114,428,000.00
Deposit to Interest and Sinking Fund	12,083,291.30	-	2,489,623.25	14,572,914.55
Underwriters' Discount	288,832.10	-	237,489.15	526,321.25
Costs of Issuance <sup>(1)</sup>	292,000.00	-	280,000.00	572,000.00
<b>Total Uses</b>	<b>\$65,997,123.40</b>	<b>\$11,375,000.00</b>	<b>\$52,727,112.40</b>	<b>\$130,099,235.80</b>

<sup>(1)</sup> Includes fees of municipal advisor, Bond Counsel, Disclosure Counsel, Special Counsel, rating agencies, Paying Agent, printer and other miscellaneous expenses.

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## SCHEDULED DEBT SERVICE

### Semi-Annual Debt Service

Scheduled debt service obligations for the Bonds, assuming no redemptions prior to maturity, are as shown in the table below:

Period Ending	Series 2020E-1 Bonds		Series 2020E-2 Bonds		Series 2020A Bonds		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Debt Service
8/1/2020	-	\$ 640,520.83	\$11,375,000	\$61,140.63	-	\$ 566,883.33	\$12,643,544.79
2/1/2021	-	1,340,625.00	-	-	-	1,186,500.00	2,527,125.00
8/1/2021	\$ 730,000	1,340,625.00	-	-	\$21,795,000	1,186,500.00	25,052,125.00
2/1/2022	-	1,322,375.00	-	-	-	641,625.00	1,964,000.00
8/1/2022	1,660,000	1,322,375.00	-	-	21,855,000	641,625.00	25,479,000.00
2/1/2023	-	1,280,875.00	-	-	-	95,250.00	1,376,125.00
8/1/2023	2,650,000	1,280,875.00	-	-	-	95,250.00	4,026,125.00
2/1/2024	-	1,214,625.00	-	-	-	95,250.00	1,309,875.00
8/1/2024	3,735,000	1,214,625.00	-	-	-	95,250.00	5,044,875.00
2/1/2025	-	1,121,250.00	-	-	-	95,250.00	1,216,500.00
8/1/2025	4,925,000	1,121,250.00	-	-	-	95,250.00	6,141,500.00
2/1/2026	-	998,125.00	-	-	-	95,250.00	1,093,375.00
8/1/2026	6,210,000	998,125.00	-	-	-	95,250.00	7,303,375.00
2/1/2027	-	842,875.00	-	-	-	95,250.00	938,125.00
8/1/2027	7,605,000	842,875.00	-	-	-	95,250.00	8,543,125.00
2/1/2028	-	652,750.00	-	-	-	95,250.00	748,000.00
8/1/2028	9,110,000	652,750.00	-	-	-	95,250.00	9,858,000.00
2/1/2029	-	425,000.00	-	-	-	95,250.00	520,250.00
8/1/2029	10,745,000	425,000.00	-	-	-	95,250.00	11,265,250.00
2/1/2030	-	156,375.00	-	-	-	95,250.00	251,625.00
8/1/2030	6,255,000	156,375.00	-	-	-	95,250.00	6,506,625.00
2/1/2031	-	-	-	-	-	95,250.00	95,250.00
8/1/2031	-	-	-	-	-	95,250.00	95,250.00
2/1/2032	-	-	-	-	-	95,250.00	95,250.00
8/1/2032	-	-	-	-	-	95,250.00	95,250.00
2/1/2033	-	-	-	-	-	95,250.00	95,250.00
8/1/2033	-	-	-	-	-	95,250.00	95,250.00
2/1/2034	-	-	-	-	-	95,250.00	95,250.00
8/1/2034	-	-	-	-	-	95,250.00	95,250.00
2/1/2035	-	-	-	-	-	95,250.00	95,250.00
8/1/2035	-	-	-	-	-	95,250.00	95,250.00
2/1/2036	-	-	-	-	-	95,250.00	95,250.00
8/1/2036	-	-	-	-	-	95,250.00	95,250.00
2/1/2037	-	-	-	-	-	95,250.00	95,250.00
8/1/2037	-	-	-	-	-	95,250.00	95,250.00
2/1/2038	-	-	-	-	-	95,250.00	95,250.00
8/1/2038	-	-	-	-	-	95,250.00	95,250.00
2/1/2039	-	-	-	-	-	95,250.00	95,250.00
8/1/2039	-	-	-	-	-	95,250.00	95,250.00
2/1/2040	-	-	-	-	-	95,250.00	95,250.00
8/1/2040	-	-	-	-	-	95,250.00	95,250.00
2/1/2041	-	-	-	-	-	95,250.00	95,250.00
8/1/2041	-	-	-	-	-	95,250.00	95,250.00
2/1/2042	-	-	-	-	-	95,250.00	95,250.00
8/1/2042	-	-	-	-	-	95,250.00	95,250.00
2/1/2043	-	-	-	-	-	95,250.00	95,250.00
8/1/2043	-	-	-	-	-	95,250.00	95,250.00
2/1/2044	-	-	-	-	-	95,250.00	95,250.00
8/1/2044	-	-	-	-	-	95,250.00	95,250.00
2/1/2045	-	-	-	-	-	95,250.00	95,250.00
8/1/2045	-	-	-	-	-	95,250.00	95,250.00
2/1/2046	-	-	-	-	-	95,250.00	95,250.00
8/1/2046	-	-	-	-	-	95,250.00	95,250.00
2/1/2047	-	-	-	-	-	95,250.00	95,250.00
8/1/2047	-	-	-	-	-	95,250.00	95,250.00
2/1/2048	-	-	-	-	-	95,250.00	95,250.00
8/1/2048	-	-	-	-	-	95,250.00	95,250.00
2/1/2049	-	-	-	-	-	95,250.00	95,250.00
8/1/2049	-	-	-	-	-	92,250.00	95,250.00
2/1/2050	-	-	-	-	6,350,000	92,250.00	6,445,250.00
<b>TOTAL</b>	<b>\$53,625,000</b>	<b>\$19,350,270.83</b>	<b>\$11,375,000</b>	<b>\$61,140.63</b>	<b>\$50,000,000</b>	<b>\$9,461,883.33</b>	<b>\$143,873,294.79</b>

## Combined Annual Debt Service

The District has previously issued and currently has outstanding its 2009 General Obligation Refunding Bonds, its 2012 General Obligation Refunding Bonds, its 2014 General Obligation Refunding Bonds, Series A, its 2014 General Obligation Refunding Bonds, Series B, its 2016 General Obligation Bonds, 2006 Election, Series D (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), and its 2016 General Obligation Refunding Bonds, Series A (Dedicated Unlimited *Ad Valorem* Property Tax Bonds). See APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – Long-Term Obligations – *General Obligation Bonds*” and APPENDIX G – “DEBT SERVICE TABLES.” The annual debt service of all outstanding bonds (without regard to redemption prior to maturity), including the Bonds, is as follows:

### PERALTA COMMUNITY COLLEGE DISTRICT General Obligation Bonds Debt Service<sup>(1)</sup>

Year Ending (August 1)	Outstanding Bonds	Series 2020E Tax-Exempt Bonds	Series 2020E Taxable Bonds	Series 2020A Bonds	Total Annual Debt Service
2020	\$30,871,806	\$ 640,521	\$11,436,141	\$ 566,883	\$43,515,351
2021	30,972,706	3,411,250	-	24,168,000	58,551,956
2022	30,377,619	4,304,750	-	23,138,250	57,820,619
2023	30,373,619	5,211,750	-	190,500	35,775,869
2024	30,365,994	6,164,250	-	190,500	36,720,744
2025	27,290,300	7,167,500	-	190,500	34,648,300
2026	27,045,725	8,206,250	-	190,500	35,442,475
2027	27,044,150	9,290,750	-	190,500	36,525,400
2028	28,365,675	10,415,500	-	190,500	38,971,675
2029	28,365,344	11,595,000	-	190,500	40,150,844
2030	28,345,556	6,567,750	-	190,500	35,103,806
2031	29,498,150	-	-	190,500	29,688,650
2032	24,824,100	-	-	190,500	25,014,600
2033	21,792,993	-	-	190,500	21,983,493
2034	22,443,168	-	-	190,500	22,633,668
2035	20,910,825	-	-	190,500	21,101,325
2036	18,537,000	-	-	190,500	18,727,500
2037	19,279,600	-	-	190,500	19,470,100
2038	20,052,400	-	-	190,500	20,242,900
2039	20,852,000	-	-	190,500	21,042,500
2040	-	-	-	190,500	190,500
2041	-	-	-	190,500	190,500
2042	-	-	-	190,500	190,500
2043	-	-	-	190,500	190,500
2044	-	-	-	190,500	190,500
2045	-	-	-	190,500	190,500
2046	-	-	-	190,500	190,500
2047	-	-	-	190,500	190,500
2048	-	-	-	190,500	190,500
2049	-	-	-	190,500	190,500
2050	-	-	-	6,445,250	6,445,250
TOTAL	\$517,608,731	\$72,975,271	\$11,436,141	\$59,461,883	\$661,482,026

<sup>(1)</sup> Columns may not sum to totals due to rounding.

## SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

### General

In order to provide sufficient funds for repayment of principal of and interest when due on the Bonds, the Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* property taxes upon all property subject to taxation by the District within the County, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District, including the Countywide tax of 1% of taxable value. When collected, the tax revenues will be deposited by the County in the Interest and Sinking Fund, which is required to be maintained by the County and to be used solely for the payment of the bonds of the District.

The Bonds are payable from the *ad valorem* property taxes to be levied within the District pursuant to the California Constitution and other State law, and are not a debt or obligation of the County. No fund of the County is pledged or obligated to repayment of the Bonds.

### Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the Government Code (which became effective on January 1, 2016), all general obligation bonds issued by local agencies, including refunding bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. Section 53515 further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act. For a discussion of possible legal risks to the enforceability of the Bonds and the security pledged for their payment, see "OTHER LEGAL MATTERS – Possible Limitations on Remedies."

### Pledge of Tax Revenues

Pursuant to the Resolution, the District pledges all revenues from the property taxes collected from the levy by the Board of Supervisors of the County for the payment of the Bonds and the outstanding bonds of the District issued pursuant to voter approved measures of the District, including any refunding bonds thereof (for the purpose of this pledge, hereinafter collectively referred to as the "District Bonds") and amounts on deposit in the Interest and Sinking Fund to the payment of the principal or redemption price of and interest on the District Bonds. This pledge shall be valid and binding from the date of the Resolution for the benefit of the owners of the District Bonds and successors thereto. The Resolution provides that property taxes and amounts held in the Interest and Sinking Fund shall be immediately subject to this pledge, and the pledge constitutes a lien and security interest which immediately attaches to the property taxes and amounts held in the Interest and Sinking Fund to secure the payment of the District Bonds and is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act.

The Resolution provides that this pledge is an agreement between the District and the bondholders to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds and each of the other District Bonds secured by the pledge are or were issued to finance one or more of the projects specified in the applicable voter-approved measure.

### Property Taxation System

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. Community college districts levy property taxes for payment of voter-approved bonds and receive property taxes for general operating purposes as well.

Local property taxation is the responsibility of various county officers. For each taxing jurisdiction located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The County Treasurer prepares and mails tax bills to taxpayers and collects the taxes. In addition, the treasurer-tax collector, as *ex officio* treasurer of each school and community college district located in the County, holds and invests community college district funds, including taxes collected for payment of community college district bonds, and is charged with payment of principal and interest on such bonds when due. Taxes on property in a community college district whose boundaries extend into more than one county are administered separately by each county in which the property is located. The State Board of Equalization also assesses certain special classes of property, as described later in this section.

### **Assessed Valuation of Property Within the District**

All property (real, personal and intangible) is taxable unless an exemption is granted by the California Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization, as described below.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of a year, a supplemental assessment is prepared so that taxes can be levied on the new assessed value before the next regular assessment roll is completed. See “– *Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*” below.

**State-Assessed Property.** Under the State Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property’s value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State’s methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

**Classification of Locally Taxed Property.** Locally taxed property is classified either as “secured” or “unsecured,” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is “unsecured,” and is assessed on the “unsecured roll.” Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as “utility” property.

The greater the assessed value of taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the Bonds. The following table shows a recent history of taxable property assessed valuation in the District.

**PERALTA COMMUNITY COLLEGE DISTRICT**  
**(County of Alameda, California)**  
**Assessed Valuations Fiscal Years 2010-11 through 2019-20**

<b>Fiscal Year</b>	<b>Local Secured</b>	<b>Utility</b>	<b>Unsecured</b>	<b>Total</b>	<b>Percentage Change</b>
2010-11	\$ 64,961,992,759	\$49,831,971	\$4,245,887,076	\$ 69,257,711,806	(1.89)%
2011-12	65,548,458,111	31,270,530	4,334,868,799	69,914,597,440	0.95
2012-13	66,742,474,319	28,615,467	4,443,884,956	71,214,979,742	1.86
2013-14	69,789,419,382	27,949,445	4,361,357,894	74,178,726,721	4.16
2014-15	73,985,949,500	22,987,555	4,273,489,768	78,282,426,823	5.53
2015-16	80,710,599,201	28,192,160	4,345,957,069	85,084,748,430	8.69
2016-17	86,103,639,014	31,992,636	4,566,140,888	90,701,772,538	6.60
2017-18	92,458,985,736	26,406,112	4,459,381,415	96,944,773,263	6.89
2018-19	98,838,168,874	23,041,153	4,617,432,845	103,478,642,872	6.74
2019-20	106,173,617,290	23,040,996	5,051,227,443	111,247,885,729	7.51

Source: California Municipal Statistics, Inc.

**Appeals of Assessed Valuation; Blanket Reductions of Assessed Values.** There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

See APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues” for a discussion of other limitations on the valuation of real property with respect to *ad valorem* property taxes.

***Risk of Decline in Property Values; Earthquakes and Other Risks.*** Property values could be reduced by factors beyond the District’s control, including earthquake and a depressed real estate market due to general economic conditions in the County, the region and the State.

The District is located in a seismically active region. Active earthquake faults underlie both the District and the surrounding Bay Area. Three major earthquake faults that comprise the San Andreas fault system extend through the Bay Area. They include the San Andreas fault, the Hayward fault, and the Calaveras fault. On August 24, 2014, an earthquake occurred in Napa, California. The tremor’s epicenter was located approximately 45.5 miles north of the District, near the West Napa Fault (a separate fault within the North Bay region of the Bay Area) and registered 6.0 on the Richter scale of earthquake intensity. The Napa earthquake caused fires, damaged buildings and roads, and injured approximately 200 people. The Napa earthquake was the largest earthquake in the Bay Area since the 1989 Loma Prieta earthquake on the San Andreas Fault, which was centered about 60 miles south of San Francisco and registered 6.9 on the Richter scale of earthquake intensity. The Loma Prieta earthquake caused fires and collapses of and structural damage to buildings, highways and bridges in the Bay Area, including to taxable property within the District.

In August 2016, the 2014 Working Group on California Earthquake Probabilities (a collaborative effort of the United States Geological Survey, the California Geological Society and the Southern California Earthquake Center) issued a revised report that states there is a 72% chance that one or more earthquakes of magnitude 6.7 or larger will occur in the Bay Area before the year 2043. Property within the District could sustain extensive damage in a major earthquake, and a major earthquake could adversely affect the area’s economic activity.

Other possible causes for a reduction in assessed values include the complete or partial destruction of taxable property caused by other natural or manmade disasters, such as flood, sea level rise, fire, toxic dumping, acts of terrorism, etc., or reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes). Lower assessed values could necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional bonds in the future might also cause the tax rate to increase.

***Drought.*** In recent years California has experienced severe drought conditions. In January 2014, the Governor declared a state-wide Drought State of Emergency due to the State facing serious water shortfalls due to the driest year in recorded history in the State and the resultant record low levels measured in State rivers and reservoirs. The California State Water Resources Control Board (the “State Water Board”) subsequently issued a Statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor of the State lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. It is not possible for the District to make any representation regarding the extent to which drought conditions could cause reduced economic activity within the boundaries of the District or the extent to which the drought has had or may have in the future on the value of taxable property within the District.

***Risk of Wildfire and Climate Change.*** In recent years, portions of California, including adjacent counties, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Additionally, as greenhouse gas emissions continue to accumulate, climate change will intensify and increase the frequency of extreme weather events, such as coastal storm surges, drought, wildfires, floods, and heat waves. Property damage due to wildfire could result in a significant decrease in the assessed value of property in the District. It is not possible for the District to make any representation regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the District or the extent to which wildfires may impact the value of taxable property within the District. The future fiscal impact on climate change on the District’s budgets and operations is difficult to predict, but it could be significant.

**Risk of Sea Level Changes and Flooding.** In May 2009, the California Climate Change Center released a final paper, for informational purposes only, which was funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation and the California Ocean Protection Council. The title of the paper is “The Impacts of Sea-Level Rise on the California Coast.” The paper posits that increases in sea level will be a significant consequence of climate change over the next century. The paper evaluated the population, infrastructure, and property at risk from projected sea-level rise if no actions are taken to protect the coast. The paper concluded that significant property in the State is at risk of flooding as a result of a 1.4 meter sea-level rise. The paper further estimates that the replacement value of this property totals nearly \$100 billion (in year 2000 dollars). The District may be vulnerable to impacts associated with sea-level rise due to development on its coastline. A wide range of critical infrastructure, such as roads, airports, hospitals, schools, emergency facilities, wastewater treatment plants, power plants, and wetlands is also vulnerable. Continued development in vulnerable areas will put additional assets at risk and raise protection costs.

The District is unable to predict whether sea-level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the financial condition of the District and the local economy.

**Bonding Capacity.** The District may issue bonds in an amount up to 2.5% of the assessed valuation of taxable property within its boundaries. The District’s gross bonding capacity is approximately \$2.8 billion. Taking into account all of the outstanding bonds of the District prior to the issuance of the Bonds, the District’s net bonding capacity is approximately \$2.4 billion. In accordance with the law which permitted the Series 2020E Bonds to be approved by a 55% popular vote, bonds approved by the District’s voters at the June 6, 2006 election may not be issued unless the District projects repayment of all outstanding bonds approved at the election will require a tax rate no greater than \$25 per \$100,000 of assessed valuation. In accordance with the law which permitted the Series 2020A Bonds to be approved by a 55% popular vote, bonds approved by the District’s voters at the November 6, 2018 election may not be issued unless the District projects repayment of all outstanding bonds approved at the election will require a tax rate no greater than \$25 per \$100,000 of assessed valuation. Based on the assessed valuation of taxable property in the District at the time of issuance of the Bonds, the maximum tax rate required to repay each series of the Bonds will not exceed the aforementioned legal limit.

**Assessed Valuation by Jurisdiction.** The following table provides a distribution of taxable property located in the District by jurisdiction.

**PERALTA COMMUNITY COLLEGE DISTRICT  
(County of Alameda, California)  
2019-20 Assessed Valuation by Jurisdiction**

<u>Jurisdiction:</u>	<u>Assessed Valuation in District</u>	<u>% of District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in District</u>
City of Alameda	\$14,580,243,935	13.11%	\$14,580,243,935	100.00%
City of Albany	2,967,174,381	2.67	2,967,174,381	100.00
City of Berkeley	20,787,912,797	18.69	20,787,912,797	100.00
City of Emeryville	5,985,557,932	5.38	5,985,557,932	100.00
City of Oakland	62,182,905,428	55.90	63,514,406,227	97.90
City of Piedmont	<u>4,744,091,256</u>	<u>4.26</u>	4,744,091,256	100.00
Total District	\$111,247,885,729	100.00%		
Alameda County	\$111,247,885,729	100.00%	\$310,351,804,272	35.85%

Source: California Municipal Statistics, Inc.

**Assessed Valuation by Land Use.** The following table gives a distribution of taxable real property located in the District by the principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

**PERALTA COMMUNITY COLLEGE DISTRICT  
(County of Alameda, California)  
2019-20 Assessed Valuation and Parcels by Land Use**

	2019-20 <u>Assessed Valuation</u> <sup>(1)</sup>	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
<b>Non-Residential:</b>				
Commercial/Office	\$17,863,349,196	16.82%	9,201	5.17%
Vacant Commercial	342,228,594	0.32	705	0.40
Industrial	10,238,976,043	9.64	3,419	1.92
Vacant Industrial	172,692,941	0.16	629	0.35
Recreational	186,343,355	0.18	615	0.35
Government/Social/Institutional	<u>359,281,097</u>	<u>0.34</u>	<u>3,879</u>	<u>2.18</u>
Subtotal Non-Residential	\$29,162,871,226	27.47%	18,448	10.37%
<b>Residential:</b>				
Single Family Residence	\$58,361,848,739	54.97%	112,742	63.39%
Condominium/Townhouse	4,772,004,143	4.49	16,125	9.07
Mobile Home	12,852,894	0.01	59	0.03
Mobile Home Park	1,620,083	0.00	3	0.00
2-4 Residential Units	6,477,520,756	6.10	20,363	11.45
5+ Residential Units/Apartments	6,870,020,761	6.47	5,135	2.89
Vacant Residential	<u>514,878,688</u>	<u>0.48</u>	<u>4,987</u>	<u>2.80</u>
Subtotal Residential	\$77,010,746,064	72.53%	159,414	89.63%
<b>Total</b>	<b>\$106,173,617,290</b>	<b>100.00%</b>	<b>177,862</b>	<b>100.00%</b>

<sup>(1)</sup> Total secured assessed valuation; excluding tax-exempt property.  
Source: California Municipal Statistics, Inc.

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**Assessed Valuation of Single-Family Residential Properties.** The following table focuses on single-family residential properties only, which comprise approximately 55.0% of the assessed value of taxable property in the District in fiscal year 2019-20. The average assessed valuation per parcel is \$517,658, and the median assessed valuation per parcel is \$395,318.

**PERALTA COMMUNITY COLLEGE DISTRICT  
(County of Alameda, California)  
2019-20 Per Parcel Assessed Valuation of Single-Family Homes**

	No. of <u>Parcels</u>	2019-20 <u>Assessed Valuation</u>	Average <u>Assessed Valuation</u>	Median <u>Assessed Valuation</u>
Single Family Residential	112,742	\$58,361,848,739	\$517,658	\$395,318

<u>2019-20 Assessed Valuation</u>	<u>No. of Parcels (1)</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$49,999	4,435	3.934%	3.934%	\$ 171,371,487	0.294%	0.294%
\$50,000 - \$99,999	10,519	9.330	13.264	786,172,028	1.347	1.641
\$100,000 - \$149,999	9,347	8.291	21.555	1,164,253,265	1.995	3.636
\$150,000 - \$199,999	7,722	6.849	28.404	1,343,816,481	2.303	5.938
\$200,000 - \$249,999	6,881	6.103	34.507	1,546,049,736	2.649	8.587
\$250,000 - \$299,999	6,148	5.453	39.960	1,688,699,577	2.893	11.481
\$300,000 - \$349,999	6,076	5.389	45.350	1,973,645,641	3.382	14.862
\$350,000 - \$399,999	5,768	5.116	50.466	2,160,921,567	3.703	18.565
\$400,000 - \$449,999	5,500	4.878	55.344	2,335,901,018	4.002	22.568
\$450,000 - \$499,999	5,007	4.441	59.785	2,374,344,908	4.068	26.636
\$500,000 - \$549,999	4,298	3.812	63.597	2,257,177,543	3.868	30.503
\$550,000 - \$599,999	3,840	3.406	67.003	2,206,446,135	3.781	34.284
\$600,000 - \$649,999	3,661	3.247	70.251	2,285,585,894	3.916	38.200
\$650,000 - \$699,999	3,465	3.073	73.324	2,337,093,646	4.004	42.205
\$700,000 - \$749,999	3,406	3.021	76.345	2,466,445,297	4.226	46.431
\$750,000 - \$799,999	3,204	2.842	79.187	2,482,626,556	4.254	50.685
\$800,000 - \$849,999	2,835	2.515	81.702	2,336,838,738	4.004	54.689
\$850,000 - \$899,999	2,660	2.359	84.061	2,324,602,376	3.983	58.672
\$900,000 - \$949,999	2,371	2.103	86.164	2,190,762,792	3.754	62.426
\$950,000 - \$999,999	2,038	1.808	87.972	1,986,392,245	3.404	65.829
\$1,000,000 and greater	<u>13,561</u>	<u>12.028</u>	100.000	<u>19,942,701,809</u>	<u>34.171</u>	100.000
Total	112,742	100.000%		\$58,361,848,739	100.000%	

<sup>(1)</sup> Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.  
Source: California Municipal Statistics, Inc.

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**Largest Taxpayers in District.** The 20 taxpayers in the District with the greatest combined assessed valuation of taxable property on the 2019-20 tax roll, and the assessed valuations thereof, are shown in the following table.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness in the taxpayer's financial situation and ability or willingness to pay property taxes. In 2019-20, no single taxpayer owned more than 0.34% of the local secured taxable property in the District. Each taxpayer listed is a unique name on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table.

**PERALTA COMMUNITY COLLEGE DISTRICT  
(County of Alameda, California)  
Largest 2019-20 Total Secured Taxpayers**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2019-20 Assessed Valuation</u>	<u>% of Total<sup>(1)</sup></u>
1.	Bayer Healthcare LLC	Industrial	\$ 361,038,220	0.34%
2.	5616 Bay Street Investors LLC	Shopping Center	325,837,417	0.31
3.	Kaiser Foundation Health Plan Inc.	Office Building	287,297,182	0.27
4.	Pixar	Commercial/Office	263,662,886	0.25
5.	KBSIII Towers Emeryville LLC	Office Building	262,276,471	0.25
6.	KRE 1221 Broadway Owner LLC	Office Building	251,566,300	0.24
7.	BRE Alameda I MF Property Owner LLC	Apartments	234,982,857	0.22
8.	CSHV 1999 Harrison LLC	Office Building	233,829,899	0.22
9.	USPA City Center LLC	Office Building	220,729,600	0.21
10.	Broadway Franklin LLC	Office Building	216,300,523	0.20
11.	Jamestown Harsch Alameda Towne Centre LP	Shopping Center	214,739,340	0.20
12.	SOFXI WFO Center 21 Owner LLC	Office Building	212,856,930	0.20
13.	CIM Oakland 1 Kaiser Plaza LP / CIM 1333 Broadway LP	Office Building	199,781,850	0.19
14.	SIC Lakeside Drive LLC	Office Building	198,996,224	0.19
15.	Alameda Multifamily Owner LLC	Apartments	193,858,501	0.18
16.	1955 Broadway Oakland Owner LLC	Office Building	193,800,000	0.18
17.	SPUS8 2100 Powell LP	Office Building	174,318,000	0.16
18.	KRE 1330 Broadway Owner LLC	Office Building	171,354,232	0.16
19.	Novartis Vaccines & Diagnostics Inc.	Office Building	168,652,703	0.16
20.	601 City Center LLC	Office Building	<u>159,130,393</u>	<u>0.15</u>
			\$4,545,009,528	4.28%

<sup>(1)</sup> 2019-20 total secured assessed valuation: \$106,173,617,290.  
Source: California Municipal Statistics, Inc.

**Tax Rates**

The State Constitution permits the levy of an *ad valorem* property tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends on the assessed value of taxable property in that year. (The rate of tax imposed on unsecured property for repayment of the Bonds is based on the prior year's secured property tax rate.) Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, or toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in

the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

**Typical Tax Rate Area.** The following table shows *ad valorem* property tax rates for the last five years in a typical Tax Rate Area of the District (“TRA 17-001”). TRA 17-001 comprises approximately 25.9% of the total assessed value of taxable property in the District.

**PERALTA COMMUNITY COLLEGE DISTRICT**  
**(County of Alameda, California)**  
**Summary of *Ad Valorem* Property Tax Rates**  
**Typical Tax Rate per \$100 Assessed Valuation (TRA 17-001)<sup>(1)</sup>**

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Alameda County	-	-	-	0.0112	0.0108
Oakland Unified School District Bonds	0.1539	0.1151	0.1015	0.1176	0.1168
Peralta Community College District Bonds	0.0337	0.0256	0.0310	0.0269	0.0257
Bay Area Rapid Transit District	0.0026	0.0080	0.0084	0.0070	0.0120
East Bay Municipal Utility District Bonds	0.0034	0.0028	0.0011	-	-
East Bay Regional Park District Bonds	0.0067	0.0032	0.0021	0.0057	0.0060
City of Oakland	<u>0.1651</u>	<u>0.1961</u>	<u>0.2045</u>	<u>0.1982</u>	<u>0.1975</u>
Total Tax Rate	<u>1.3654%</u>	<u>1.3508%</u>	<u>1.3486%</u>	1.3666%	1.3688%

<sup>(1)</sup> 2019-20 assessed valuation for TRA 17-001: \$28,817,906,784.

Source: California Municipal Statistics, Inc.

**Tax Charges and Delinquencies**

As required by State Law, the District utilizes the services of the County for the assessment and collection of taxes for District purposes. District taxes are collected at the same time and on the same tax rolls as are County, city and other special district taxes.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1. When necessitated by changes in assessed value in the course of a year, a supplemental assessment is prepared, and taxes are pro-rated for the portion of the tax year remaining after the change.

Property taxes on the secured roll are due in two equal installments, on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. If the taxes have not been paid by June 30, the tax is deemed to be in default. Secured roll property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If the taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale at a public auction by the County Treasurer.

Property taxes on the unsecured roll are due as of the lien date of January 1 and become delinquent if unpaid on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the County Treasurer may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the County, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The County Treasurer may also bring a civil suit against the taxpayer for payment.

Property tax delinquencies may be impacted by economic and other factors beyond the District’s control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by, among other factors, high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of a pandemic or natural or manmade disaster, such as earthquake, drought, flood, fire, toxic dumping. It is not possible for the District to

make any representation regarding the extent to which an economic recession or depression could impact the ability or willingness of property owners within the District to pay property taxes in the future. For more information on the impact of the COVID-19 pandemic, see “RISK FACTORS – Risks Related to COVID-19.” If delinquencies increase substantially as a result of the unprecedented events of the COVID-19 pandemic or other events outside the control of the District, the County does have the authority to increase allowances for annual reserves in the tax levy to avoid fluctuating tax levies. Annual reserves can be used towards debt service where tax collections are insufficient to pay such debt service.

In connection with the recent outbreak of COVID-19, the California Association of County Treasurers and Tax Collectors issued a statement indicating that, to the extent April 10 remains the deadline for the second installment of property taxes, counties anticipate waiving penalties, costs or other charges resulting from tax delinquency due to reasonable cause and circumstances related to the pandemic, for fiscal year 2019-20. The District cannot predict the extent of delinquencies and delayed tax collections, or the resulting impact on the District’s financial condition or operations. The County has approved implementation of the Teeter Plan (defined herein), but the County does not apply the Teeter Plan to school district general obligation bond tax levies. Consequently, for taxes levied in the County to pay debt service on the Bonds, the District will receive actual collections (including penalties and interest) for that purpose, rather than the amount levied. See “– Teeter Plan.”

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The following table shows real property tax charges and corresponding delinquencies with respect to real property located in the District for the last several years.

**PERALTA COMMUNITY COLLEGE DISTRICT**  
**Secured Tax Charges and Delinquencies**  
**Fiscal Years 2009-10 through 2019-20**

**General Fund Apportionment**

	<b>Secured Tax Charge<sup>(1)</sup></b>	<b>Amount Delinquent June 30</b>	<b>% Delinquent June 30</b>
2009-10	\$13,586,209	\$555,216	4.09%
2010-11	13,499,421	417,611	3.11
2011-12	13,648,914	354,283	2.60
2012-13	13,834,109	255,497	1.85
2013-14	14,491,102	209,086	1.44
2014-15	15,386,077	206,891	1.34
2015-16	16,498,925	265,665	1.61
2016-17	17,483,251	247,106	1.41
2017-18	18,688,332	213,714	1.14
2018-19	19,739,801	225,170	1.14
2019-20 <sup>(3)</sup>	28,567,037	-	-

**Debt Service Levy Only**

	<b>Secured Tax Charge<sup>(2)</sup></b>	<b>Amount Delinquent June 30</b>	<b>% Delinquent June 30</b>
2009-10	\$28,240,426	\$1,089,919	3.86%
2010-11	27,578,411	836,033	3.03
2011-12	28,075,260	659,892	2.35
2012-13	28,583,521	507,095	1.77
2013-14	28,964,240	421,737	1.46
2014-15	30,221,950	388,867	1.29
2015-16	26,820,109	392,282	1.46
2016-17	21,856,995	344,447	1.58
2017-18	28,569,238	353,084	1.24
2018-19	26,382,733	319,784	1.21
2019-20 <sup>(3)</sup>	27,136,338	-	-

<sup>(1)</sup> 1% General Fund Apportionment. Excludes redevelopment agency impounds. Reflects county-wide delinquency rates.

<sup>(2)</sup> Bond debt service levy.

<sup>(3)</sup> As of December 2019. Subject to continual adjustment until completion of final County analysis in August or September following the end of the fiscal year. Amount and percentage of delinquencies not yet available for fiscal year 2019-20.

Source: California Municipal Statistics, Inc.

**Teeter Plan – Not Applicable for the District Bonds.** For counties that have approved its implementation, the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”) authorized by Sections 4701-4717 of the State Revenue & Taxation Code guarantees distribution of all ad valorem taxes levied to the taxing entities within a county, with the county retaining all penalties and interest affixed upon delinquent properties and redemptions of subsequent collections. The purpose of utilizing the Teeter Plan is to simplify the tax-levying and tax-apportioning process and to provide increased flexibility to counties in the use of available cash resources.

The County cash position is protected by a special fund, known as the “Tax Loss Reserve Fund,” which accumulates moneys from interest and penalty collections. In each fiscal year, the Tax Loss Reserve Fund is

required to be funded to the amount of delinquent taxes plus 1% of that year's tax levy. Amounts exceeding the amount required to be maintained in the tax loss reserve fund may be credited to the county's general fund. Amounts required to be maintained in the tax loss reserve fund may be drawn on to the extent of the amount of uncollected taxes credited to each agency in advance of receipt.

The Teeter Plan is to remain in effect unless the county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the county (which commences on July 1), the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. The board of supervisors may also, after holding a public hearing on the matter, discontinue the procedures with respect to any tax levying agency or assessment levying agency in the county if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls in that agency.

While the Board of Supervisors of the County has approved implementation of the Teeter Plan, the County does not apply the Teeter Plan to school district general obligation bond tax levies. Consequently, for taxes levied in the County to pay debt service on the Bonds, the District will receive actual collections (including penalties and interest) for that purpose, rather than the amount levied.

***Direct and Overlapping Debt.*** The following table was prepared by California Municipal Statistics Inc., and is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which, as of an effective date of February 21, 2020, has outstanding debt as of March 1, 2020, and whose territory overlaps the District in whole or in part. Column two shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column three, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The table generally includes long-term obligations sold in the public credit markets by the public agencies whose boundaries overlap the boundaries of the District. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

**PERALTA COMMUNITY COLLEGE DISTRICT**  
**(County of Alameda, California)**  
**Direct and Overlapping Bonded Debt**

2019-20 Assessed Valuation: \$111,247,885,729

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/20</u>
Alameda County	35.846%	\$ 78,144,280
Bay Area Rapid Transit District	13.825	177,338,805
<b>Peralta Community College District</b>	<b>100.000</b>	<b>351,780,000<sup>(1)</sup></b>
Alameda Unified School District	100.000	205,672,834
Albany Unified School District	100.000	83,275,000
Berkeley Unified School District	100.000	286,605,000
Emery Unified School District	100.000	86,738,472
Oakland Unified School District	99.999	1,023,214,768
Piedmont Unified School District	100.000	108,053,678
City of Alameda	100.000	6,825,000
City of Albany	100.000	12,940,000
City of Berkeley	100.000	106,610,000
City of Oakland	97.904	279,006,819
East Bay Regional Park District	22.044	34,542,948
City of Alameda Community Facilities Districts	100.000	15,395,000
City of Berkeley Community Facilities District No. 1	100.000	1,435,000
City 1915 Act Bonds (Estimate)	100.000	<u>8,440,432</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$2,866,018,036

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Alameda County General Fund Obligations	35.846%	\$299,737,083
Alameda-Contra Costa Transit District Certificates of Participation	42.531	4,956,988
<b>Peralta Community College District Benefit Obligation Bonds (OPEB)</b>	<b>100.000</b>	<b>140,396,395<sup>(2)</sup></b>
Alameda Unified School District General Fund Obligations	100.000	5,536,000
Oakland Unified School District Certificates of Participation	99.999	19,559,804
City of Alameda Certificates of Participation	100.000	7,630,000
City of Albany General Fund Obligations	100.000	5,925,120
City of Berkeley General Fund Obligations	100.000	24,145,000
City of Emeryville General Fund Obligations	100.000	2,865,600
City of Oakland General Fund Obligations	97.904	99,147,381
City of Oakland Pension Fund Obligation Bonds	97.904	217,890,816
City of Piedmont Pension Fund Obligation Bonds	100.000	<u>390,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$828,180,187

OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): \$413,301,009

COMBINED TOTAL DEBT \$4,107,499,232<sup>(3)</sup>

Ratios to 2019-20 Assessed Valuation:

<b>Direct Debt (\$351,780,000)</b> .....	<b>0.32%</b>
Total Direct and Overlapping Tax and Assessment Debt.....	2.58%
<b>Combined Direct Debt (\$492,176,395)</b> .....	<b>0.44%</b>
Combined Total Debt.....	3.69%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$27,572,419,290):

Total Overlapping Tax Increment Debt.....1.50%

<sup>(1)</sup> Excludes the Bonds to be sold.

<sup>(2)</sup> Excludes accreted interest on Capital Appreciation Bonds.

<sup>(3)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

## TAX MATTERS

### Tax-Exempt Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), and is exempt from State personal income taxes. Bond Counsel is of the further opinion that interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C hereto.

To the extent the issue price of any maturity of the Tax-Exempt Bonds is less than the amount to be paid at maturity of such Tax-Exempt Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Tax-Exempt Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Tax-Exempt Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Tax-Exempt Bonds is the first price at which a substantial amount of such maturity of the Tax-Exempt Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Tax-Exempt Bonds accrues daily over the term to maturity of such Tax-Exempt Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Tax-Exempt Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bonds. Beneficial owners of the Tax-Exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Tax-Exempt Bonds in the original offering to the public at the first price at which a substantial amount of such Tax-Exempt Bonds is sold to the public.

Tax-Exempt Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Tax-Exempt Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Tax-Exempt Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Tax-Exempt Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Tax-Exempt Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Tax-Exempt Bonds may adversely affect the value of, or the tax status of interest on, the Tax-Exempt Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Tax-Exempt Bonds may otherwise affect a beneficial owner’s federal, state or local tax liability. The nature and extent of these other tax consequences

depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Tax-Exempt Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the beneficial owners regarding the tax-exempt status of the Tax-Exempt Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and their appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Tax-Exempt Bonds, and may cause the District or the beneficial owners to incur significant expense.

## **Taxable Bonds**

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Taxable Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Taxable Bonds. The proposed form of opinion of Bond Counsel is contained in APPENDIX C hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Taxable Bonds that acquire their Taxable Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Taxable Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Taxable Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited

to U.S. tax considerations applicable to investors that acquire their Taxable Bonds pursuant to this offering for the issue price that is applicable to such Taxable Bonds (i.e., the price at which a substantial amount of the Taxable Bonds are sold to the public) and who will hold their Taxable Bonds as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Taxable Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Taxable Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below (in the case of original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Taxable Bonds in light of their particular circumstances.

## **U.S. Holders**

***Interest.*** Interest on the Taxable Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

Taxable Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Taxable Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Taxable Bond.

***Sale or Other Taxable Disposition of the Taxable Bonds.*** Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition of a Taxable Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Taxable Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder’s adjusted U.S. federal income tax basis in the Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Bond, decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Taxable Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder’s holding period for the Taxable Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

***Defeasance of the Taxable Bonds.*** If the District defeases any Taxable Bond, the Taxable Bond may be deemed to be retired and reissued for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from

the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted tax basis in the Taxable Bond.

**Information Reporting and Backup Withholding.** Payments on the Taxable Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Taxable Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Taxable Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Taxable Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

### **Non-U.S. Holders**

**Interest.** Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act," payments of principal of, and interest on, any Taxable Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, a such term is defined in the Code, which is related to the District through stock ownership and (2) a bank which acquires such Taxable Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the Taxable Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

**Disposition of the Taxable Bonds.** Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "FATCA," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the District or a deemed retirement due to defeasance of the Taxable Bond) or other disposition of a Taxable Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition and certain other conditions are met.

**U.S. Federal Estate Tax.** A Taxable Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individual's death, payments of interest with respect to such Taxable Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

**Information Reporting and Backup Withholding.** Subject to the discussion below under the heading "FATCA," under current U.S. Treasury Regulations, payments of principal and interest on any Taxable Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Taxable Bond or a financial institution holding the Taxable Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

## **Foreign Account Tax Compliance Act (“FATCA”) – U.S. Holders and Non-U.S. Holders**

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Taxable Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain “passthru” payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term “foreign passthru payments.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Taxable Bonds in light of the holder’s particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Taxable Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

### **RISK FACTORS**

The factors discussed below (among others) should be considered in evaluating the probability of payment of the Bonds. The considerations discussed below are not meant to be an exhaustive list of considerations associated with the purchase of the Bonds, and the discussion below does not necessarily reflect the relative importance of the various considerations. Potential investors should consider the following factors, among others, and review the other information in this Official Statement. Any one or more of the considerations discussed, and others, could lead to a decrease in the market value and or the liquidity of the Bonds. There can be no assurance that other factors and considerations will not become material in the future.

#### **Risks to the Property Tax Base**

Certain events could cause a decline in assessed value of property in the District, requiring the County to increase tax rates in order to meet the debt service obligations on the Bonds.

The property tax base has in the past and may in the future shrink due either to base year assessment appeals or due to blanket reductions of assessed values. For more detail concerning base year assessment appeals or blanket reductions of assessed values, see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Assessed Valuation of Property Within the District.” For a recent history of assessed value in the District, see “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – Assessed Valuation of Property Within the District.”

Increased unemployment and other general economic conditions in the District may also correlate with a decline in assessed value and an increase in delinquent tax payments. Also, in the case of an earthquake or other natural or manmade disaster or event that materially disrupts the economy of the Bay Area, large scale defaults on property taxes could cause delays or defaults on the Bonds. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – Tax Changes and Delinquencies – Teeter Plan – Not Applicable for the District Bonds.”

The property tax base in the District is located in a seismically active zone in California and could sustain a significant decline in value were a large-magnitude earthquake to occur. Property values in the District could also be adversely affected by a number of other natural or manmade disasters. For a more detailed discussion of earthquake risk, see “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – Assessed Valuation of Property Within the District.”

Although the District may have legal authority to supplement the payments on its bonds by transferring operating revenues to the Interest and Sinking Fund were amounts on deposit therein ever insufficient to pay the principal of and interest due on its bonds, the District is not legally obligated to use its operating revenues to support its bonds.

The reorganization of regulated utilities and the transfer of electricity generating property between state-assessed utilities and non-utility companies may also have an effect on the size of the District's tax base. A more in-depth discussion of how state-assessed property affects the size of the tax base is available at "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Assessed Valuation of Property Within the District – *State-Assessed Property*."

### **District Financial Risks**

Neither the principal of, nor interest on, the Bonds is payable from the District's general fund or from State revenues. The Bonds are paid by the County solely from *ad valorem* property taxes levied within the District by the County – moneys over which the District exerts no control. Nevertheless, the District has presented information concerning its finances and operations and has describes the funding of education in California in APPENDIX A as supplementary information. Because some of the events and circumstances discussed in APPENDIX A are anomalous, they are noted below. In the event of bankruptcy, the District cannot state with certainty that bond payments will remain unaffected. See "OTHER LEGAL MATTERS – Possible Limitations on Remedies; Bankruptcy."

The District's fiscal distress in recent years has led to increased oversight of its financial and budgetary practices by the ACCJC, as well as review of and recommendations to financial and budgetary practices by the Financial Crisis & Management Assistance Team ("FCMAT") and Collaborative Brain Trust ("CBT"). Detailed information relating to the District's fiscal distress is provided under the headings: "– FCMAT Assistance and Report," "– CBT Report" and "– Accreditor Concerns and Probation." The District has responded to the concerns raised by such entities in its Financial Accountability and Recovery Action Plan and Integrated Financial Plan (defined below). See "– FCMAT Assistance and Report" and "– Integrated Financial Plan."

### **FCMAT Assistance and Report**

In January 2019, the California Community Colleges Chancellor's Office and FCMAT entered into an agreement to conduct a management assistance study and provide professional development training for the District and prepare a fiscal health risk analysis (the "Fiscal Health Risk Analysis"). On June 28, 2019, FCMAT delivered the Fiscal Health Risk Analysis which recommended that the District make fundamental changes to avoid becoming insolvent or requiring emergency appropriations from the State. In the Fiscal Health Risk Analysis, FCMAT identified several signs of fiscal distress for the District, including suffering from years of ineffective and inconsistent leadership and guidance, nonadherence to policies and procedures, and difficulties in receiving consistent information and communication as well as sharp enrollment declines. FCMAT reviewed several fiscal indicator sections in its analysis, noting that the Fiscal Health Risk Analysis identified that the majority of categories are cause for concern and contribute to the District's fiscal distress. FCMAT's assistance and review of the District ended after the Fiscal Health Risk Analysis was presented to the Board of Trustees.

For further information on FCMAT's review of and conclusions regarding the District's financial condition, investors are directed to read the full version of the Fiscal Health Risk Analysis, which is publicly available on FCMAT's website at the following address: <http://www.fcmat.org/>. The information referred to is prepared by FCMAT and not by the District, and the District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by reference.

In response to the Fiscal Health Risk Analysis, the District instituted its Financial Accountability and Recovery Action Plan, the ("FCMAT Response Plan"), which was presented to the Board of Trustees in September 2019. The FCMAT Response Plan objectives include: (1) leadership under the current Chancellor, (2) completing implementations of recommendations of FCMAT, ACCJC and CBT, (3) reorganizing the District for efficiency and

cost-effectiveness, (4) adopting a two-year budget planning and development process, and (5) standardizing, updating and modernizing administrative practices, policies and operations. The District has also developed its Integrated Financial Plan. See “– Integrated Financial Plan.”

### **CBT Report**

In June 2019, CBT produced its Fiscal Improvement Plan Services Report (the “CBT Report”), an in-depth institutional assessment with recommendations for improvements. The CBT Report is the first phase of a two-phase proposal. The second phase consists of an operation plan which was delivered during fiscal year 2019-20. In the CBT Report, CBT identified several signs of fiscal distress for the District, including a drastic rise in the cost of living and concurrent decline in District enrollment, executive turnover, audit findings, and a structural deficit in the District budget. Additionally, the CBT Report noted that the implementation of the Student-Centered Funding Formula (“SCFF”) and other recent legislative initiatives will pose further challenges to the District. The CBT Report acknowledges that the District and its Board of Trustees has already taken action to address its fiscal difficulties by: (1) conducting an in-depth internal assessment, resulting in the District’s Integrated Financial Plan, (2) requesting FCMAT to conduct an analysis, resulting in the Fiscal Health Risk Analysis, and (3) engaging CBT in an in-depth external assessment, resulting in the CBT Report.

For further information on the CBT Report, investors are directed to read the full version of the CBT Report, which is publicly available on the District’s website at the following address: <https://web.peralta.edu/publicinfo/newsroom-2/>. The information referred to was prepared by CBT and not by the District, and the District can take no responsibility for the accuracy, completeness or timeliness of information in the CBT Report. Such information is not incorporated herein by reference.

### **Fiscal Monitor**

The California Community Colleges (“CCC”) Chancellor’s Office hired a fiscal monitor (the “Fiscal Monitor”) on behalf of itself and the Board of Governors of the CCC to serve from September 2019 through December 2020 and: (1) report on actions taken at the District that will have impacts on its fiscal condition (in the immediate term and over a multi-year window), including assessments of the District’s implementation of the plans presented to the Board of Governors of the CCC on September 2019 and the plans submitted to the ACCJC on November 2018, (2) produce independent estimates of the District’s fiscal condition, and (3) make recommendations to the Board of Governors of the CCC and Chancellor of the CCC concerning any further actions that may be necessary to maintain the District’s solvency.

### **Accreditor Concerns and Probation**

As of January 2020, all of the District’s colleges are on probation. Beginning in November 2018, the ACCJC signaled its concerns with the District’s fiscal monitoring processes, and determined that there was inconclusive evidence that such processes had been sufficiently resolved. The foundational issues identified by the ACCJC include: (1) a continued structural deficit, (2) lack of adherence to Board of Trustees policies and administrative procedures, (3) deficiency in reconciliation and financial control issues, (4) key staffing issues, (5) the District’s Other Post-Employment Benefit (“OPEB”) obligations, and (6) ongoing unaddressed audit findings. The issues raised by the ACCJC echo the concerns identified by FCMAT in its Fiscal Health Risk Analysis and CBT in its CBT Report. See “– FCMAT Assistance and Report” and “– CBT Report.”

Regardless of the probationary status of each of the colleges, such colleges’ accredited status continues until terminated. As of the date hereof, the District’s colleges remain accredited notwithstanding any warning status which has been assigned to any of them. Nevertheless, each of the District’s colleges is currently reviewing any findings and recommendations of the ACCJC and expects to address its accreditation eligibility requirements, accreditation standards and ACCJC policies in advance of their next respective review. See APPENDIX A – “INFORMATION REGARDING THE DISTRICT’S OPERATIONS AND BUDGET – Accreditation.”

## **Integrated Financial Plan**

In response to concerns about its long-term fiscal viability, the District produced its five-year Integrated Financial Plan (2019-2024) (the “Integrated Financial Plan”) in December 2019. The Integrated Financial Plan reflects the current state and progress of the District’s financial improvement plan and actions, and serves as a framework of for further work through 2024. The Integrated Financial Plan accounts for the FCMAT’s detailed recommendations in its Fiscal Health Risk Analysis and summarizes and assigns responsibilities for implementing such recommendations. Additionally, concerns raised in the CBT Report are addressed. The District began implementing remedies to its financial challenges in fiscal year 2018-19 and continues to follow sound fiscal management practices. The District is also modeling scenarios in which it can proactively update and implement action plans to avoid declining general fund reserves. The Integrated Financial Plan aims to: (1) increase revenue from the State by maximizing targets for each component of the SCFF, implementing enrollment management plans at each college and at the District level, and implementing a Student Success Infrastructure Plan, (2) meeting the District’s 10% unrestricted general fund reserve ratio policy target by reducing expenditures, improve management of its OPEB debt, and eliminating the structural deficit, and (3) apply sound financial and administrative management by developing and implementing a plan to retain executive level administrators, addressing all audit findings, and implementing FCMAT recommendations. The Integrated Financial Plan has been reviewed and approved by the District’s Participatory Governance Council, Planning and Budgeting Council Colleges’ Participatory Governance, and Board of Trustees.

For further information on the District’s Integrated Financial Plan, investors are directed to read the full version of the Fiscal Improvement Plan, which is publicly available on the District’s website at the following address: <http://web.peralta.edu/accreditation/files/2019/04/Five-Year-Integrated-Financial-Plan-4.23.19.pdf>.

## **Risks Related to COVID-19**

The recent outbreak of the novel strain of coronavirus called COVID-19, which has been designated a global pandemic by the World Health Organization, is impacting local and global economies, as governments, businesses, and citizens react to, plan for, and try to prevent or slow further transmission of the virus. Financial markets, including the stock market in the United States and globally, have seen significant recent volatility and decline that have been attributed to coronavirus concerns. The United States Centers for Disease Control and Prevention and the California Department of Public Health have been providing regular updates and guidelines to the public and to State and local governments. On March 4, 2020, as part of the State’s response to address the outbreak, the Governor declared a state of emergency. On March 13, President Donald Trump declared a national emergency, freeing up funding for federal assistance to state and local governments. Many school districts across the State have temporarily closed some or all school campuses in response to local and state directives or guidance. On March 16, 2020, the Governor remarked that residents of the State should prepare for most schools to be closed for the remainder of the 2019-20 school year.

On March 27, 2020, the U.S. House of Representatives approved and President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”). The CARES Act provides \$30 billion to education, specifically \$3 billion allocated to state governors to be used at their discretion to address the emergency, \$13.5 billion for K-12 education, and \$14.25 billion for postsecondary institutions.

The District cannot predict the extent or duration of the outbreak, or what impact the outbreak and any resulting economic situation might have on the District’s financial condition or operations, including potential impacts on the assessed values of property within the District. See “SECURITY AND SOURCE OF PAYMENT OF THE BONDS – Assessed Valuation of Property within the District.” Although the Bonds are payable solely from *ad valorem* property taxes and not from the general fund of the District, the District cannot predict what future impacts the outbreak may have on its operations and budget.

The District is currently receiving guidance on the coronavirus from County health officials and the County Superintendent of Schools, which is monitoring the coronavirus situation in accordance with coronavirus guidelines for schools published by the Centers for Disease Control and Prevention.

For a discussion regarding other impacts the District may face in connection with the COVID-19 pandemic, see APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – DISTRICT FINANCIAL INFORMATION – Impact to District Operations and Budget Due to COVID-19 Pandemic.”

## OTHER LEGAL MATTERS

### Possible Limitations on Remedies

**General.** Following is a discussion of certain considerations in the event that the District should become a debtor in a bankruptcy proceeding. It is not an exhaustive discussion of the potential application of bankruptcy law to the District.

State law contains a number of safeguards to protect the financial solvency of community college districts. If the safeguards are not successful in preventing the District from becoming insolvent, the State Chancellor, operating through an administrator appointed by the State Chancellor, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the “Bankruptcy Code”) on behalf of the District for the adjustment of its debts, assuming that the District meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. Under current State law, the District is not itself authorized to file a bankruptcy proceeding, and it is not subject to an involuntary bankruptcy proceeding.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the parties to the proceedings may be prohibited from taking any action to collect any amount from the District or the County (including *ad valorem* property tax revenues) or to enforce any obligation of the District, without the bankruptcy court’s permission. In such a proceeding, as part of its plan of adjustment in bankruptcy, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, including the obligation of the County and the District to raise taxes if necessary to pay the Bonds, if the bankruptcy court determines that the plan is fair and equitable and otherwise complies with the Bankruptcy Code. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

**Limitations on Plans of Adjustments.** Chapter 9 of the Bankruptcy Code provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in the state in the exercise of its political or governmental powers, including expenditures for such exercise. In addition, Chapter 9 provides that a bankruptcy court may not interfere with the political or governmental powers of the debtor, unless the debtor consents to that action or the plan so provides. State law provides that *ad valorem* property taxes may be levied to pay the principal of and interest on the Bonds and other voted general obligation bonds of the District in an unlimited amount, and that proceeds of such a levy must be used for the payment of principal of and interest on the District’s general obligation bonds, including the Bonds, and for no other purpose. Under State law, the District’s share of the 1% limited tax imposed by the County is the only *ad valorem* property tax revenue that may be raised and expended to pay liabilities and expenses of the District other than its voter-approved debt, such as its general obligation bonds. If the State law restriction on the levy and expenditure of *ad valorem* property taxes is respected in a bankruptcy case, then *ad valorem* property tax revenue in excess of the District’s share of the 1% limited County tax could not be used by the District for any purpose under its plan other than to make payments on the Bonds and its other voted general obligation bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

**Statutory Lien.** Pursuant to state law, all general obligation bonds issued by local agencies, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* property taxes. State law provides that the lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the bonds are executed and delivered. As a result, the lien on debt service taxes will continue to be valid with respect to post-petition receipts of debt service taxes, should the District become the subject of bankruptcy proceedings. However, the automatic stay

provisions of the Bankruptcy Code would apply, preventing bondholders from enforcing their rights to payment from such taxes, so payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed.

***Special Revenues.*** If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. “Special revenues” are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the *ad valorem* property taxes for payment of the Bonds. The Bonds and the District’s other general obligation bonds were approved at elections held on propositions that described the projects for which such bonds may be issued. As noted above, State law prohibits the use of the proceeds of the District’s debt service tax for any purpose other than payment of its general obligation bonds, and the bond proceeds may only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payment of general obligation bonds in the State, so no assurance can be given that a bankruptcy court would not hold otherwise.

The Bankruptcy Code provides that there is no stay of application of pledged special revenues to payment of indebtedness secured by such revenues. The United States Court of Appeals for the First Circuit, in a case arising out of the insolvency proceedings of Puerto Rico, recently held that this provision permitted voluntary payments of debt service by the issuer of bonds backed by special revenues, but did not permit the bondholders to compel the issuer to make payments of debt service from special revenues. If this decision is followed by other courts, the holders of the Bonds may be prohibited from taking any action to require the District or the County to make payments on the Bonds without the bankruptcy court’s permission. This could result in substantial delays in payments on the Bonds.

In addition, even if the *ad valorem* property tax revenues are determined to be “special revenues,” the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the *ad valorem* property tax revenues to pay necessary operating expenses of the District and its schools, before the remaining revenues are paid to the owners of Bonds.

Bondholders may experience delays or reductions in payments on the Bonds, the Bonds may decline in value or Bondholders may experience other adverse effects should the District file for bankruptcy.

***Possession of Tax Revenues; Remedies.*** If the District goes into bankruptcy and the District or the County has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the District or the County, as applicable, does not voluntarily pay such tax revenues to the Owners of the Bonds, it is not entirely clear what procedures the Owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. A similar risk would exist if the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy).

***Opinion of Bond Counsel Qualified.*** The proposed form of opinion of Bond Counsel, attached hereto as APPENDIX C is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor’s rights.

## **Legal Opinion**

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the District. A complete copy of the

proposed form of Bond Counsel opinion is contained in APPENDIX C hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

### **Legality for Investment in California**

Under provisions of the Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of its depositors. Under provisions of the Government Code, the Bonds are eligible securities for deposits of public moneys in the State.

### **No Litigation**

No litigation is pending or threatened concerning the validity of the Bonds, or the District's ability to receive *ad valorem* property taxes and to collect other revenues, or contesting the District's ability to issue and retire the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of District officials who will sign the Bonds and other certifications relating to the Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the Underwriters at the time of the original delivery of the Bonds.

The District is routinely subject to lawsuits and claims and is a member of a joint powers authority from which it has extensive property and liability coverage. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District.

### **Continuing Disclosure**

The District has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2019-20 fiscal year (which is due no later than April 1, 2021) and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized in APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

The District is not aware of any failures to comply with its prior obligations undertaken pursuant to the Rule in the last five years.

## **MISCELLANEOUS**

### **Ratings**

The Bonds have received ratings of "AA" by Fitch Ratings ("Fitch") and "AA-" by S&P Global Ratings ("S&P"). Rating agencies generally base their ratings on their own investigations, studies and assumptions. The District has provided certain additional information and materials to the rating agencies (some of which do not appear in this Official Statement). The ratings reflect only the current views of the rating agencies, and any explanation of the significance of such ratings may be obtained only from Fitch at [www.fitchratings.com](http://www.fitchratings.com) and from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by a rating agency, if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds. The District undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

## **Professionals Involved in the Offering**

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel to the District and as Disclosure Counsel with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Backstrom McCarley Berry & Co., LLC is acting as Municipal Advisor to the District with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Schiff Hardin LLP is acting as Underwriters' Counsel with respect to the Bonds, and will receive compensation from the Underwriters (defined below) contingent upon the sale and delivery of the Bonds.

## **Underwriting**

The Bonds are being purchased for reoffering to the public by Siebert Williams Shank & Co., LLC as representative (the "Representative") of itself and Barclays Capital Inc. (each, an "Underwriter" and together, the "Underwriters") pursuant to the terms of a bond purchase agreement dated April 22, 2020, by and between the District and the Representative (the "Purchase Contract"). Pursuant to the Purchase Contract, the Underwriters agree to purchase from the District for offering to the public, and the District agrees to sell to the Underwriters for such purpose, all of the Series 2020E Bonds, at the purchase price of \$77,083,291.30, which has been computed as the aggregate principal amount of the Series 2020E Bonds, plus original issue premium thereon (\$12,372,123.40), and less Underwriters' discount (\$288,832.10), and the Series 2020A Bonds, at the purchase price of \$52,489,623.25, which has been computed as the aggregate principal amount of the Series 2020A Bonds, plus original issue premium thereon (\$2,727,112.40), and less Underwriters' discount (\$237,489.15). The Purchase Contract provides that the Underwriters will purchase all of the Bonds, subject to certain terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel.

The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices shown on the inside front cover pages of this Official Statement. The offering prices may be changed from time to time by the Underwriters.



**APPENDIX A**

**INFORMATION RELATING TO THE DISTRICT'S  
OPERATIONS AND BUDGET**

*The information in this appendix concerning the operations of the District, the District's finances, and State funding of education is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District or from State revenues. The Bonds are payable from the proceeds of an ad valorem property tax approved by the voters of the District pursuant to all applicable laws and Constitutional requirements, and required to be levied by the County of Alameda on property within the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."*

**Introduction**

The Peralta Community College District was formed in 1964 and serves a 78-square mile area in Alameda County (the "County"), including the cities of Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont in the State of California (the "State" or "California"). The District operates four colleges: Laney College in downtown Oakland, College of Alameda in Alameda, Merritt College in the Oakland hills, and Berkeley City College in downtown Berkeley. The District also operates one community education center in Oakland's Fruitvale neighborhood. The District's four colleges are fully accredited by the Accrediting Commission for Community and Junior Colleges ("ACCJC"). See "– Accreditation" below. For fiscal year 2019-20, the District has projected enrollment of 16,708 full time-equivalent students ("FTES") and assessed valuation in the District is projected to be \$111,247,885,729.

The District is governed by an elected board of trustees consisting of seven members and two student trustees (the "Board"). The voting members are elected to four-year staggered terms. The day-to-day operations are managed by a Board-appointed Chancellor.

<b><u>Board of Trustees</u></b>	<b><u>End of Term</u></b>
Julina Bonilla, President	November 2022
Cynthia Napoli-Abella Reiss, Vice President	November 2022
Bill Withrow, Trustee	November 2020
Meredith Brown, Trustee	November 2020
Linda Handy, Trustee	November 2022
Nicky Gonzalez Yuen, Trustee	November 2020
Karen Weinstein, Ph.D., Trustee	November 2020

Dr. Regina Stanback Stroud was appointed as Chancellor of the Peralta Community College District in September 2019. Serving more than 35 years as an educator, Dr. Stanback Stroud began as a professor of nursing at Rancho Santiago College (now Santa Ana College). She later became the Dean of Workforce and Economic Development at Mission College and the Vice President of Instruction at Skyline College, before being appointed President of Skyline College. Dr. Stanback Stroud holds a Doctorate of Education and a Master's Degree in Educational Leadership from Mills College, a Master's Degree in Human Relations from Golden Gate University and a Bachelor's Degree in Nursing Sciences from Howard University.

**Accreditation**

The District currently operates four colleges that are accredited by the ACCJC, a division of the Western Association of Schools and Colleges. Accreditation by the ACCJC is voluntary and designed to evaluate and enforce standards of educational quality and institutional effectiveness. Accreditation is also a form of peer review. ACCJC standards and criteria are developed and implemented by representatives from the member institutions. The ACCJC is not a governmental agency and has no direct authority over the District's operations.

The ACCJC may issue several types of sanctions against participating institutions, depending on the degree to which the institution is out of compliance with accreditation standards. Institutions may be issued a warning, indicating the ACCJC's concern regarding certain existing deficiencies. An institution deviating significantly from accreditation standards may be placed on probation. Finally, an institution that continues to be significantly out of compliance with accreditation standards, or fails to properly respond to ACCJC inquiries, will be issued an order to show cause why its accredited status should not be terminated. As of January 2020, all of the District's colleges are on probation. Beginning in November 2018, the ACCJC signaled its concerns with the District's fiscal monitoring processes, and determined that there was inconclusive evidence that such concerns had been sufficiently resolved. The foundational issues identified by the ACCJC include: (1) a continued structural deficit, (2) lack of adherence to Board policies and administrative procedures, (3) deficiency in reconciliation and financial control issues, (4) key staffing issues, (5) its OPEB obligations, and (6) ongoing unaddressed audit findings. Many of the issues raised by the ACCJC echo the concerns identified by FCMAT in its Fiscal Health Risk Analysis and CBT in its CBT Report. See "RISK FACTORS – FCMAT Assistance and Report" and "– CBT Report."

As of the date hereof, the District's colleges remain accredited notwithstanding any warning status which has been assigned to them. Nevertheless, each of the District's colleges is currently reviewing any findings and recommendations of the ACCJC and expects to address accreditation eligibility requirements, accreditation standards and ACCJC policies in advance of their next respective review. See "RISK FACTORS – Accreditor Concerns and Probation."

## **DISTRICT FINANCIAL INFORMATION**

### **General**

The District's annual revenues are determined by a State funding formula, and consist of local property taxes, student fees, and State appropriations that are based upon student attendance. Because the District receives over 40% of its general fund revenues from State funds, the District's fiscal position is closely tied to the fiscal health of the State. And because the State Constitution commands that approximately 40% of the State's general fund budget be used to fund local school districts and community college districts, funding for education is at the heart of an often-contentious annual State budget approval process.

This Appendix discusses overall State funding of education through the State's constitutional funding formula known as "Proposition 98", funding of the community college system, and the District's budget process. Specific information is presented regarding the District's current budgeted revenues and expenditures, as well as long-term obligations and capital financing.

Under the new Student Centered Funding Formula ("SCFF"), districts will receive revenue apportioned across enrollment, success, and need based factors. The primary basis of the State apportionment is the calculation of FTES. For fiscal year 2019-20, the District is budgeted to receive a base allocation of \$124.4 million for its four colleges. Student attendance in approved credit courses (generally, those courses leading to a degree) are funded at a rate of \$3,848.50 per FTES.

A recent history of actual audited attendance and the current budgeted attendance measured in terms of FTES is shown in the table below. Since completion of the year-end financial audits, the District has made corrections to its historical FTES in fiscal year 2011-12.

**PERALTA COMMUNITY COLLEGE DISTRICT  
Resident Full-Time Equivalent Students**

<u>Fiscal Year</u>	<u>Total FTES</u>	<u>Funded FTES</u>	<u>Unfunded FTES</u>
2011-12	18,712	18,006	706
2012-13	18,264	18,264	0
2013-14	18,642	18,642	0
2014-15	19,500	19,500	0
2015-16	19,507	19,507	0
2016-17	15,768	15,768	0
2017-18	18,802	18,802	0
2018-19	16,551	16,551	0
2019-20 <sup>(1)</sup>	16,708	16,708	0

<sup>(1)</sup> Budgeted.

The District had no unfunded FTES as of the final adjusted annual FTES report for fiscal year 2018-19 and is budgeted to have no unfunded FTES for fiscal year 2019-20. The District is planning for an overall 0.9% FTES decline over the next four fiscal years, as the State allocations are not currently known. The table below sets forth the projected funded FTES in the District for fiscal years 2020-21 through 2023-24.

**PERALTA COMMUNITY COLLEGE DISTRICT  
FTES Projections  
Fiscal Year 2020-21 through 2023-24**

<u>Fiscal Year</u>	<u>FTES</u>
2020-21	15,646
2021-22	15,524
2022-23	15,402
2023-24	15,500

Source: The District.

**State Funding of the Community College System; State Budget Process**

**General.** As is true for all community college districts in California, the District’s operating income consists primarily of these components: (i) a State portion funded from the State’s general fund; (ii) a local portion derived from the District’s share of the county-wide property tax; (iii) revenues generated from the District’s operations, consisting primarily of student fees and sales; and (iv) federal government grants and transfers. The District receives over 46.4% of its general fund revenues from State funds, budgeted at approximately \$72.1 million in fiscal year 2019-20. As a result, decreases in State revenues, or in State legislative appropriations made to fund higher education, may significantly affect District operations.

State funding is guaranteed to a minimum level for community college districts, school districts, and other State agencies that provide direct elementary and secondary instructional programs. The funding guarantee is known as “Proposition 98”, a constitutional and statutory initiative amendment adopted by the State’s voters in 1988, and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the Constitution).

Under Proposition 98, a minimum level of funding is guaranteed to school districts, community college districts and other State agencies that provide direct elementary and secondary instructional programs. Historically,

there have been disruptions in State revenues from personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State's general fund expenditures, it is generally at the center of annual budget negotiations and adjustments.

With its passage of the 2018-19 State Budget in June 2018, the California Legislature adopted a new funding formula for California community colleges that the Governor ultimately signed into law, which incentivizes student success, joining approximately 35 other states with some form of performance funding formula for allocation of state support to state colleges. Under the new Student Centered Funding Formula ("SCFF"), districts will receive revenue apportioned across enrollment, success, and need based factors, the details of which are discussed below. The California Community College System is projecting short-term funding increases for many of the community college districts, some of them substantial. Other districts are projected to receive less funding under the SCFF, particularly districts in higher cost of living areas within the State.

Under the SCFF, the District expects to receive an estimated \$124.5 million in apportionment revenue in fiscal year 2019-20. This contrasts with the \$117.8 million received in fiscal year 2018-19. The District projects receipt of a Base Allocation of \$89.3 million, \$23.3 million through the Student Success Allocation, and \$11.9 million through the Supplemental need based Allocation. There is no change proposed to the Basic Allocation, the fixed amount of operational funding directed to each approved College or Educational Center. The District projects receiving \$89.3 million through the Basic Allocation for fiscal year 2019-20.

The SCFF formula includes a "hold harmless" provision that ensures no community college will receive less in fiscal years 2018-19 through 2021-22 than in fiscal year 2017-18, by allocating money to colleges that would see annual funding increases of less than a 2.7 percent cost-of-living adjustment. In addition, the final version includes \$50 million to hire full-time faculty members and another \$50 million for part-time instructors to increase their office hours.

Under the State's existing approach, all of the State's roughly \$6.7 billion in general funding for community colleges is based on enrollment numbers. State law reflects a three-year transition to the new formula. Beginning in fiscal year 2018-19, 70% of funding was enrollment based, 20% was need based, and 10% success based. In fiscal year 2019-20, that framework shifted to 65% enrollment, 20% need, and 15% success. By the third year of the transition districts should see 60% enrollment based funding, 20% need based, and 20% success based. State funding also would increase overall to \$7.4 billion. However, with the passage of the 2019-20 State Budget (defined below), the enrollment based and success based allocations will remain at 70% and 10%, respectively. Continued work is ongoing on fine tuning certain aspects of the SCFF in order to minimize system disruption as well as avoid any unintended consequences.

The formula uses several measures to calculate the 10% of funding that would be based on how colleges stack up on student success. Those metrics include points for the number of degrees and certificates granted, for those that are completed within three years, and for graduates who earn a "regional living wage" within a year of completion. Colleges also will get funding for students who earn an associate degree for transfer, for completions of transfer-level math and English courses in the first year, and for completions of nine credits of career and technical education courses. Weight also would be given to the number of completions of economically disadvantaged students.

The formula would allocate another 20% of State funding based on the portion of low-income students each college enrolls. Those numbers would be determined by how many students in the previous year received federal Pell Grants or students over the age of 25 who received the State's College Promise Grant fee waiver, and an additional measure of undocumented students who qualified for resident tuition rates.

Other than its initial projections for expected short-term funding, the District cannot predict any long-term impact on its operations and financial results which may be due to the implementation of the funding program or future changes in policy or law which may be effected by the State Legislature. Under existing law and applied interpretation, the District clearly falls into the "hold harmless" provision under the SCFF which allows for stable planning and funding at least through fiscal year 2021-22. This provision guarantees the District its high water mark

of revenue achieved in fiscal year 2017-18 of \$149.2 million, before implementation of the SCFF, adjusted upwards by cost of living adjustments each year. With potential revenue reductions taking place in fiscal year 2022-23, the District is actively engaged in internal discussions and modeling on ways to enhance its position under the SCFF to mitigate revenue losses. As it has done in the past, the District is also exploring potential expenditure reductions should the need arise.

**State Budget Process.** According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. Historically, the budget required a two-thirds vote of each house of the State Legislature for passage. However, on November 2, 2010, the State's voters approved Proposition 25, which amended the State Constitution to lower the vote requirement necessary for each house of the State Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two-thirds to a simple majority (50% plus one) of each house of the State Legislature. The lower vote requirement would also apply to trailer bills that appropriate funds and are identified by the State Legislature "as related to the budget in the budget bill." The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two-thirds vote of the State Legislature is still required to override any veto by the Governor. Community college district budgets must generally be adopted by July 1, and revised by the governing board of such district within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2019-20 State budget on June 27, 2019.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to community college districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the *White v. Davis* decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the fiscal year. The District does not expect the *White v. Davis* decision to have any long-term effect on its operating budgets.

**Aggregate State Education Funding.** The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

Although the State Constitution requires the State to approve a balanced State Budget Act each fiscal year, the State's response to fiscal difficulties in some years has had a significant impact on the Proposition 98 minimum

guarantee and the treatment of settle-up payments with respect to years in which the Proposition 98 minimum guarantee was suspended. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent of Public Instruction and others sued the State or Governor in 1995, 2005, 2009 and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over \$4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006, have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts. However, to date, the State has retired the settle-up obligations associated with the 1995 and 2005 lawsuits.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds from one fiscal year to the next; by permanently deferring apportionments of Proposition 98 funds from one fiscal year to the next; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The District cannot predict how State income or State education funding will vary over the term to maturity of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading "California Budget." An impartial analysis of the State budget is posted by the Office of the Legislative Analyst at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov). The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

**AB 1469.** As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 ("AB 1469") which implements a new funding strategy for the California State Teachers' Retirement System ("CalSTRS"), increasing the employer contribution rates in fiscal years 2014-15 through 2020-21. See "-- Major District Expenditures -- Retirement Programs -- CalSTRS" below for more information about CalSTRS and AB 1469.

**2019-20 State Budget.** The Governor signed the fiscal year 2019-20 State budget (the "2019-20 State Budget") on June 27, 2019. The 2019-20 State Budget preceded the COVID-19 pandemic, and therefore did not take into account the significant adverse impacts it will have on the State's financial condition beginning in fiscal year 2019-20. The State has indicated that the projections of revenues and expenditures in the 2019-20 State Budget are no longer operative and will be significantly revised in the Governor's May revision of the fiscal year 2020-21 State budget and the final fiscal year 2020-21 budget. See "-- Proposed 2020-21 State Budget" below. Certain limited information from the 2019-20 State Budget is provided herein as a historical baseline solely for context and reference.

With total expenditures estimated at nearly \$215 billion, it marked the largest budget in California history. The budget was balanced and included significant transfers into the State's reserve, or Rainy Day account, which is nearing its constitutional maximum of 10% of the State budget. Notably, the Proposition 98 guarantee grew to \$81.1 billion, which is \$2.9 billion greater than the fiscal year 2018-19 amended budget. Much of the new Proposition 98 dollars went to fund a 3.26% cost of living adjustment. For the District, this generates greater than \$5.6 million in new unrestricted revenue. Additional dollars were deposited into the State pension systems to help pay down the unfunded liabilities that exist. These additional dollars provided significant relief to the District, by lowering the mandated employer contribution for CalSTRS participants.

The complete 2019-20 State Budget is available from the California Department of Finance website at [www.ebudget.ca.gov](http://www.ebudget.ca.gov). The District can take no responsibility for the continued accuracy of this internet address or

for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by such reference.

**Proposed 2020-21 State Budget.** The Governor released his proposed State budget for fiscal year 2020-21 (the “Proposed 2020-21 State Budget”) on January 10, 2020. The Proposed 2020-21 State Budget preceded the COVID-19 pandemic, and therefore did not take into account the significant adverse impacts it will have on the State’s financial condition. The State has indicated that the projections of revenues and expenditures in the Proposed 2020-21 State Budget are no longer operative and will be significantly revised in the Governor’s May revision of the fiscal year 2020-21 State budget and the final fiscal year 2020-21 budget. Certain limited information from the Proposed 2020-21 State Budget is provided herein solely for context and reference.

The Proposed 2020-21 State Budget sets forth a balanced budget for fiscal year 2020-21. The Proposed 2020-21 State Budget estimates that total resources available in fiscal year 2019-20 totaled approximately \$155.0 billion (including a prior year balance of approximately \$8.5 billion) and total expenditures in fiscal year 2019-20 totaled approximately \$149.7 billion. The Proposed 2020-21 State Budget projects total resources available for fiscal year 2020-21 of approximately \$156.9 billion, inclusive of revenues and transfers of approximately \$151.6 billion and a prior year balance of \$5.2 billion. The Proposed 2020-21 State Budget projects total expenditures of \$153.1 billion, inclusive of non-Proposition 98 expenditures of approximately \$95.5 billion and Proposition 98 expenditures of approximately \$57.6 billion. The Proposed 2020-21 State Budget proposes to allocate approximately \$2.1 billion of the general fund’s projected fund balance to the Reserve for Liquidation of Encumbrances and \$1.6 billion of such fund balance to the State’s Special Fund for Economic Uncertainties. In addition, the Proposed 2020-21 State Budget estimates the Rainy Day Fund will have a fund balance of approximately \$18.0 billion.

The complete Proposed 2020-21 State Budget is available from the California Department of Finance website at [www.ebudget.ca.gov](http://www.ebudget.ca.gov). The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by such reference.

**Changes in State Budget.** The State has indicated that the final fiscal year 2020-21 State budget, which requires approval by a majority vote of each house of the State Legislature, and the Governor’s May revision of the fiscal year 2020-21 State budget will differ substantially from the Proposed 2020-21 State Budget as a result of the COVID-19 pandemic and the adverse impacts it has had and will have on the State’s financial condition. On March 24, 2020, the California Department of Finance released Budget Letter 20-08 explaining that it anticipates a severe drop in economic activity as a result of the COVID-19 pandemic, which could negatively impact anticipated revenue levels in fiscal year 2019-20, and will certainly produce impacts on the final fiscal year 2020-21 State budget. The State has further indicated that the calculation of the Proposition 98 minimum guarantee in fiscal years 2019-20 and 2020-21 is sensitive to changes in the State’s general fund revenues. According to the State, any material change in State revenue, as a result of the COVID-19 pandemic, will reduce the Proposition 98 minimum guarantee by roughly 40% of the change in revenues. At this time, the District cannot predict the impact that the final fiscal year 2020-21 State budget, or subsequent budgets, will have on its finances and operations. For additional information about the current impacts of COVID-19 on the District, see “– Impact to District Operations and Budget Due to COVID-19 Pandemic.”

**Future Budgets and Budgetary Actions.** The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State’s ability to fund schools during the current fiscal year and in future fiscal years. State budget shortfalls in any fiscal year could have a material adverse financial impact on the District. However, the Bonds are secured by *ad valorem* property taxes levied and collected on taxable property within the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

**Prohibitions on Diverting Local Revenues for State Purposes.** Beginning in fiscal year 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a

local Educational Revenue Augmentation Fund (“ERAF”) in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State’s voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as “Proposition 22.”

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State’s control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of \$1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see “– *Dissolution of Redevelopment Agencies*” below). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State’s authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years – such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State’s general fund.

***Dissolution of Redevelopment Agencies.*** The adopted State budget for fiscal year 2011-12, as signed by the Governor on June 30, 2011, included as trailer bills Assembly Bill No. 26 (First Extraordinary Session) (“AB1X 26”) and Assembly Bill No. 27 (First Extraordinary Session) (“AB1X 27”), which the Governor signed on June 29, 2011. AB1X 26 suspended most redevelopment agency activities and prohibited redevelopment agencies from incurring indebtedness, making loans or grants, or entering into contracts after June 29, 2011. AB1X 26 dissolved all redevelopment agencies in existence and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. Certain provisions of AB1X 26 are described further below.

In July of 2011, various parties filed an action before the Supreme Court of the State of California (the “Court”) challenging the validity of AB1X 26 and AB1X 27 on various grounds (*California Redevelopment Association v. Matosantos*). On December 29, 2011, the Court rendered its decision in *Matosantos* upholding virtually all of AB1X 26 and invalidating AB1X 27. In its decision, the Court also modified various deadlines for the implementation of AB1X 26. The deadlines for implementation of AB1X 26 described below take into account the modifications made by the Court in *Matosantos*.

On February 1, 2012, and pursuant to *Matosantos*, AB1X 26 dissolved all redevelopment agencies in existence and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency, will be transferred to the control of its successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB1X 26.

AB1X 26 requires redevelopment agencies to continue to make scheduled payments on and perform obligations required under its “enforceable obligations.” For this purpose, AB1X 26 defines “enforceable obligations” to include “bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of outstanding bonds of the former redevelopment agency” and “any legally binding and enforceable agreement or contract that is not otherwise void as

violating the debt limit or public policy.” AB1X 26 specifies that only payments included on an “enforceable obligation payment schedule” adopted by a redevelopment agency shall be made by a redevelopment agency until its dissolution. However, until a successor agency adopts a “recognized obligation payment schedule” the only payments permitted to be made are payments on enforceable obligations included on an enforceable obligation payment schedule. A successor agency may amend the enforceable obligation payment schedule at any public meeting, subject to the approval of its oversight board.

Under AB1X 26, commencing February 1, 2012, property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved will instead be deposited in a “redevelopment property tax trust fund” created for each former redevelopment agency by the related county auditor-controller and held and administered by the related county auditor-controller as provided in AB1X 26. AB1X 26 generally requires each county auditor-controller, on May 16, 2012 and June 1, 2012 and each January 16 and June 1 (now each January 2 and June 1 pursuant to Assembly Bill 1484, as described below) thereafter, to apply amounts in a related redevelopment property tax trust fund, after deduction of the county auditor-controller’s administrative costs, in the following order of priority:

To pay pass-through payments to affected taxing entities in the amounts that would have been owed had the former redevelopment agency not been dissolved; provided, however, that if a successor agency determines that insufficient funds will be available to make payments on the recognized obligation payment schedule and the county auditor-controller and State Controller verify such determination, pass-through payments that had previously been subordinated to debt service may be reduced;

- To the former redevelopment agency’s successor agency for payments listed on the successor agency’s recognized obligation payment schedule for the ensuing six-month period;
- To the former redevelopment agency’s successor agency for payment of administrative costs; and
- Any remaining balance to school entities and local taxing agencies.

The District received approximately \$1.8 million in pass-through payments in fiscal year 2018-19 and projects it will receive approximately \$1.2 million in pass-through payments in fiscal year 2019-20.

It is possible that there will be additional legislation proposed and/or enacted to “clean up” various inconsistencies contained in AB1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26. For example, AB 1484 was signed by the Governor on June 27, 2012, to clarify and amend certain aspects of AB1X 26. AB 1484, among other things, attempts to clarify the role and requirements of successor agencies, provides successor agencies with more control over agency bond proceeds and properties previously owned by redevelopment agencies and adds other new and modified requirements and deadlines. AB 1484 also provides for a “tax claw back” provision, wherein the State is authorized to withhold sales and use tax revenue allocations to local successor agencies to offset payment of property taxes owed and not paid by such local successor agencies to other local taxing agencies. This “tax claw back” provision has been challenged in court by certain cities and successor agencies. The District cannot predict the outcome of such litigation and what effect, if any, it will have on the District. Additionally, no assurances can be given as to the effect of any such future proposed and/or enacted legislation on the District.

### **Impact to District Operations and Budget Due to COVID-19 Pandemic**

The recent outbreak of the novel strain of coronavirus called COVID-19 has and continues to impact the operations of federal, state, and local governments, as these entities join in the widespread effort to slow the transmission of the virus. Health officials and experts are recommending, and some governments and officials are mandating, a variety of responses ranging from travel bans and social distancing practices, to complete shut-downs of certain services and facilities. On March 4, the Governor proclaimed a State of Emergency to make additional resources available, formalize emergency actions already underway, and help the State prepare for broader spread of COVID-19.

This situation, and the guidance from federal, State, and local officials, including California Community Colleges Office of the Chancellor, in response to the outbreak, is rapidly developing, and the District cannot predict what future impacts the outbreak may have on its operations and budget. The District cannot predict costs associated with a potential infectious disease outbreak such as operational costs to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease, or costs to hire substitute certificated or classified employees. The District also cannot predict what impact the COVID-19 outbreak, or responses by federal, State or local governments thereto, might have on the amount of funding the District receives from the State, or on the District's FTES, which is a factor in determining the District's State apportionment. Under existing law, in the event the District has a material decrease in FTES as a result of an emergency that impacts both general and categorical funding, the District may submit an attendance allowance request seeking financial relief; however, no representation can be made that such a request would be granted.

Notwithstanding the impacts the coronavirus may have on the global and national economy, the economy in the State and the District, or on the District's revenues, the Bonds described herein are voter-approved general obligations of the District payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, and are not payable from the general fund of the District. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

On March 16, 2020, the Governor remarked that residents of the State should prepare for most schools to be closed for the remainder of the 2019-20 school year. On March 19, 2020, the Governor issued Executive Order N-33-20, a mandatory statewide shelter-in-place order applicable to all non-essential services.

In its own response to COVID-19, and out of concern for the health and safety of its students, staff, and community, the Board of Trustees made the decision to close District campuses on March 23, 2020, and cancel all classes from March 23 to April 5. Remote instruction resumed on April 6. The District is monitoring the situation to determine the duration of District campus closures.

### **District Operating Revenues**

In fiscal year 2018-19, local property tax revenues made up 47.2% of the District's total general fund revenues, State apportionments accounted for approximately 33.8%, other State and local revenues accounted for another 13.8%, and student enrollment fees accounted for approximately 5.2% of total District general fund revenues. In its 2019-20 budget, the District projects local property tax revenues of 45.4% of the District's total general fund revenues, State general apportionment funds of 36.2%, other State and local revenues of 13.3%, and student enrollment and non-resident tuition fees of 5.1% of total District general fund revenues.

The balance of the District's general fund revenues in each fiscal year are derived from auxiliary enterprise revenues (such as bookstore, cafeteria and information technology operations), lottery income, special purpose apportionments, interest, and miscellaneous other sources. Lottery funds, which are distributed to community college districts proportional to their total enrollment, are budgeted at 2.4% of general fund revenues in fiscal year 2019-20, or approximately \$3.8 million.

The District's restricted general fund revenues for fiscal year 2018-19 were \$58.2 million. Fiscal year 2019-20 restricted general fund revenues are budgeted at \$51.3 million, reflecting in large part the District's practice of taking such revenues into account when funding becomes more certain over the course of the year. A portion of the District's restricted general fund revenues come from State funding earmarked for specific categorical programs. The volume and allocation of categorical funding is subject to the discretion of the State legislature and the District's continued qualification for each such program. The District cannot predict how State funding of categorical programs will vary in the future.

**Tax and Revenue Anticipation Notes.** Because District revenues from local property taxes and State apportionments are received at irregular intervals throughout the year, while expenditures tend to be incurred on a regular monthly basis, the District may find it necessary to borrow for short-term cash flow needs by issuing tax and revenue anticipation notes. The District may also find it necessary to issue such notes due to reductions and/or delays or deferrals in payments from the State. See "– State Funding of Community College System; State Budget

Process – *State Budget Process*.” The District has no outstanding notes but if it did such notes would be a general obligation of the District, payable from the District’s general fund and any other lawfully available moneys.

**Foundation.** 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 amount of receipts from the Foundation is insignificant to the District as a whole, the Foundation is not considered a component unit of the District and its financial statements are not included in the District’s financial statements.

**Major District Expenditures**

The largest part of each community college district’s general fund budget is used to pay salaries and benefits of certificated (credentialed teaching) and classified (non-instructional) employees. Changes in salary and benefit expenditures from year to year are generally based on changes in staffing levels, negotiated salary increases, and the overall cost of employee benefits. In its fiscal year 2019-20 budget, the District projects that it will expend \$184.8 million on salaries and benefits, or approximately 79.4% of its unrestricted and restricted general fund expenditures on salaries and benefits. This amount represents a decrease of approximately 2.2% from the \$188.8 million the District expended in salaries and benefits in fiscal year 2018-19.

In its fiscal year 2019-20 budget, the District projects that it will expend \$28,581,820 on pension and Other Post-Employment Benefits (“OPEB”), or approximately 18.2% of its unrestricted and restricted general fund expenditures. See “– Long-Term Obligations.”

**Labor Relations.** As of February 1, 2020, the District employed 358 full-time certificated professionals, 436 full-time classified employees and 63 managers. In addition, the District employs approximately 747 part-time faculty and 103 part-time staff. As of February 1, 2020, 1,633 employees were represented by labor organizations, as shown in the table below. The remainder are not represented by any formal bargaining unit.

**Peralta Community College District  
Labor Organizations**

<u>Labor Organization</u>	<u>Represented Employees (FTEs)</u>	<u>Contract Expiration</u>
Peralta Federation of Teachers	358 (Full-time) 747 (Part-time)	June 30, 2022
Local SEIU 1021 & IUOE Local 39 (Classified)	417	June 30, 2022 <sup>(1)</sup>
Local SEIU 1021 & IUOE Local 39 (Supervisory – Non-Management)	101 (Short-Term Hourly & Substitutes)	June 30, 2019 <sup>(1)(2)</sup>

<sup>(1)</sup> A Tentative Agreement between the District and SEIU 1021 was signed on March 18, 2020.

<sup>(2)</sup> Negotiations are expected to take place in the coming months.

Source: The District.

**Retirement Programs**

**CalSTRS.** The CalSTRS defined benefit pension plan provides retirement benefits (generally 2% of final compensation for each year of credited service) to participating employees based on hiring date, age, final compensation and years of credited service. The CalSTRS benefit pension plan is funded through a combination of investment earnings and statutorily set contributions from participating employees, employers (including the District) and the State. Prior to fiscal year 2014-15, the statutorily set rates did not vary annually to adjust for funding shortfalls or actuarial surpluses. As a result, the combined employee, employer and State contributions to CalSTRS were not sufficient to pay actuarially determined amounts. To address the shortfall and implement a new funding strategy, Governor Brown signed into law Assembly Bill 1469 on June 24, 2014, as part of the fiscal year

2014-15 State budget (the “2014-15 State Budget”). The 2014-15 State Budget introduced phased increases to employee, employer and State contributions to CalSTRS and sets forth a plan to eliminate CalSTRS’ unfunded liability by June 30, 2046.

As of June 30, 2018, an actuarial valuation (the “2018 CalSTRS Actuarial Valuation”) for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of \$107.2 billion, a decrease of approximately \$0.1 billion from the June 30, 2017 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2018, June 30, 2017, June 30, 2016 and June 30, 2015, based on the actuarial assumptions, were approximately 64.0%, 62.6%, 63.7% and 68.5%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the CalSTRS valuation. The following are certain of the actuarial assumptions set forth in the 2018 CalSTRS Actuarial Valuation: measurement of accruing costs by the “Entry Age Normal Actuarial Cost Method,” an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% projected wage growth, and 2.75% projected inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The 2018 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See “– California Public Employees’ Pension Reform Act of 2013” below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

The 2014-15 State Budget increased employee contributions, which were previously set at 8.00% of pay, to 10.25% of pay for members hired on or before December 31, 2012 and 9.205% of pay for members hired on or after January 1, 2013 effective July 1, 2016. On July 1, 2018, the rate increased to 10.250% of pay for employees hired on or after January 1, 2013. Employer contribution rates were also increased in fiscal year 2014-15 to 8.88% of payroll, with such rate increasing by 1.85% each year thereafter, plateauing at 19.10% of payroll in July 2020. However, due to supplemental payments of approximately \$850 million pursuant to the 2019-20 State Budget, employer contribution rates are expected to decrease from 18.13% to 17.10% in fiscal year 2019-20 and 19.10% to 18.40% in fiscal year 2020-21 (see table below). The State’s total contribution was increased from approximately 3% in fiscal year 2013-14 to 6.828% of payroll in fiscal year 2017-18, and to 10.328% of payroll in fiscal year 2019-20. The State’s contribution includes an annual payment of 2.5% of payroll pursuant to a supplemental inflation protection program.

As indicated above, there was no required contribution from teachers, districts or the State to fund the unfunded actuarial liability for the CalSTRS defined benefit program and only the State legislature can change contribution rates. The actuarial valuation from June 30, 2016 noted that, as of June 30, 2017, the aggregate contribution rate, inclusive of an equivalent rate contribution of 10.219% from members, 8.00% from employers relating to the base rate, 0.25% from employers based on the sick leave rate, 10.096% from employers based on the supplemental rate, 1.881% from the State based on the base rate and 4.021% from the State based on the supplemental rate equivalent to 34.467%.

Pursuant to Assembly Bill 1469, districts' contribution rates will increase in accordance with the following schedule:

Effective Date (July 1)	District Contribution Rate
2014	8.88%
2015	10.73
2016	12.58
2017	14.43
2018	16.28
2019 <sup>(1)</sup>	17.10
2020 <sup>(1)</sup>	18.40

<sup>(1)</sup> Pursuant to 2019-20 State Budget.  
*Source:* Assembly Bill 1469.

The following table sets forth the District's total employer contributions to CalSTRS for fiscal years 2013-14 through 2018-19, and the budgeted contribution for fiscal year 2019-20:

**PERALTA COMMUNITY COLLEGE DISTRICT  
 (County of Alameda, California)  
 Contributions to CalSTRS for Fiscal Years 2013-14 through 2019-20**

Fiscal Year	Contribution
2013-14	\$3,486,147
2014-15	4,011,990
2015-16	5,282,541
2016-17	6,289,690
2017-18	7,272,192
2018-19	8,121,728
2019-20 <sup>(1)</sup>	8,307,203

<sup>(1)</sup> Budgeted.  
*Source:* The District.

The District's total employer contributions to CalSTRS for fiscal years 2013-14 through 2018-19 were equal to 100% of the required contributions for each year. Pursuant to the 2014-15 State Budget, beginning in fiscal year 2021-22, the State Teachers Retirement Board is required to increase or decrease employer contribution rates to the rates designed to eliminate the CalSTRS unfunded liability by June 30, 2046. A decrease in investment earnings may result in increased employer contribution rates in order to timely eliminate the CalSTRS unfunded liability. As the world is currently experiencing a pandemic, the District cannot predict the impact of the outbreak of COVID-19 on investment earnings and employer contribution rates. See "DISTRICT FINANCIAL INFORMATION – Impact to District Operations and Budget Due to COVID-19 Pandemic." However, the State Teachers Retirement Board may not increase the employer contribution rate by more than 1% in any fiscal year. The State Teachers Retirement Board may also adjust the State's contribution rate by a maximum of 0.5% from year to year, based on the funding status of the CalSTRS actuarially determined unfunded liability.

With the implementation of AB1469, the District anticipates that its contributions to CalSTRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

CalSTRS produces a comprehensive annual financial report and actuarial valuations which include financial statements and required supplementary information. Copies of the CalSTRS comprehensive annual financial report and actuarial valuations may be obtained from CalSTRS. The information presented in these reports is not incorporated by reference in this Official Statement.

CalPERS. The District also participates in CalPERS for all full-time and some part-time classified employees. All qualifying classified employees of districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such districts share the same contribution rate in each year. The districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS will not significantly increase in the future above current levels.

CalPERS is funded by employee contributions and investment earnings, with the balance of the funding provided by employer contributions. Districts' contributions decrease when investment earnings rise and increase when investment earnings decline. As a result, declines in investment earnings may result in substantial increases in district contributions. The District cannot make any predictions as to the effect of a global pandemic, including the outbreak of COVID-19, on investment earnings and school district contributions. See "DISTRICT FINANCIAL INFORMATION – Impact to District Operations and Budget Due to COVID-19 Pandemic." for more information about the impact of COVID-19. Participating employees enrolled in CalPERS prior to January 1, 2013 contribute 7.00% of their respective salaries, while participating employees enrolled after January 1, 2013 contribute the higher of fifty percent of normal costs of benefits or an actuarially determined rate of 7.00% in fiscal year 2019-20. Districts are required to contribute to CalPERS at an actuarially determined rate, which was 18.062% of eligible salary expenditures for fiscal year 2018-19, and is 20.733% for fiscal year 2019-20.

The CalPERS Schools Actuarial Valuation as of June 30, 2018 indicates that the funded ratio as of June 30, 2018 is approximately 70.4% on a market value of assets basis. The funded ratio, on a market value of assets basis, as of June 30, 2017, June 30, 2016, June 30, 2015, and June 30, 2014, was 72.1%, 71.9%, 77.5%, and 86.6%. In April 2013, the CalPERS Board of Administration approved changes to the CalPERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. Beginning with the June 30, 2013 actuarial valuation, CalPERS employed a new amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period (as compared to the current policy of spreading investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period). Such changes, the implementation of which were delayed until fiscal year 2015-16 for the State, schools and all public agencies, have increased contribution rates in the near term but are expected to lower contribution rates in the long term. In November 2015, the CalPERS Board of Administration approved a proposal pursuant to which the discount rate would be reduced by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the then-current discount rate of 7.5% by at least four percentage points. In December 2016, the CalPERS Board of Administration voted to lower the discount rate from 7.5% to 7.375% for fiscal year 2017-18, 7.25% for fiscal year 2018-19, and 7.0% beginning fiscal year 2019-20. The new discount rates took effect beginning July 1, 2017 for the State and July 1, 2018 for school districts. The change in the assumed rate of return is resulted in increases in the District's normal costs and unfunded actuarial liabilities.

The following table sets forth the District's total employer contributions to CalPERS for fiscal years 2013-14 through 2018-19, and the budgeted contribution for fiscal year 2019-20:

**PERALTA COMMUNITY COLLEGE DISTRICT  
(County of Alameda, California)  
Contributions to CalPERS for Fiscal Years 2013-14 through 2019-20**

Fiscal Year	Contribution
2013-14	\$3,053,688
2014-15	3,341,727
2015-16	3,868,691
2016-17	4,839,608
2017-18	5,854,403
2018-19 <sup>(1)</sup>	6,333,207
2019-20 <sup>(2)</sup>	8,081,362

<sup>(1)</sup> Budgeted.

Source: The District.

The District's total employer contributions to CalPERS for fiscal years 2013-14 through 2018-19 were equal to 100% of the required contributions for each year.

CalPERS produces a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS comprehensive annual financial report and actuarial valuations may be obtained from CalPERS Financial Services Division. The information presented in these reports is not incorporated by reference in this Official Statement.

California Public Employees' Pension Reform Act of 2013. The Governor signed the California Public Employee's Pension Reform Act of 2013 (the "Reform Act" or "PEPRA") into law on September 12, 2012. The Reform Act affects both CalSTRS and CalPERS, most substantially as they relate to new employees hired after January 1, 2013 (the "Implementation Date"). As it pertains to CalSTRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age, increasing the eligibility for the 2.0% "age factor" (the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. For non-safety CalPERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2.0% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

The Reform Act also implements certain other changes to CalPERS and CalSTRS including the following: (a) all new participants enrolled in CalPERS and CalSTRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) CalSTRS and CalPERS are both required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for CalSTRS members who retire with 25 years of service), and (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for CalSTRS and CalPERS members not participating in social security.

CalSTRS and CalPERS are more fully described in Note 14 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019." The District is not permitted to pay down its portion of retirement liability for CalSTRS or CalPERS.

***GASB 67 and 68.*** In June 2012, GASB approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans ("GASB 67"), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions ("Statement Number 68"), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements changed how governments calculated and reported the costs and obligations associated with pensions. GASB 67 replaced the requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 68 replaced the requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replaced the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes included: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities are currently typically included as notes to the government's financial statements); (ii) full pension costs would be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates would be required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities would be required to be used for certain purposes of the financial statements, which generally would increase pension expenses. GASB 67 became effective beginning in fiscal year 2013-14, and Statement Number 68 became effective beginning in fiscal year 2014-15.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. See APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019."

## **Accounting Practices; Annual Audit**

The accounting policies of the District conform to generally accepted accounting principles in accordance with the definitions, instructions and procedures of the California Community Colleges Budget and Accounting Manual. The Budget and Accounting Manual has the authority of regulation in accordance with Title 5, Section 59011 of the State Code of Regulations, as defined in Section 70901 of the State Education Code. Each community college district is required to follow the Budget and Accounting Manual in accordance with Section 84030 of the State Education Code. For most activities and funds, a modified accrual basis is used. Revenues are recognized only when they are earned, measurable and available: collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized when an event or transaction is expected to draw upon current spendable resources.

The District's financial statements are presented in accordance with Governmental Accounting Standards Board ("GASB") Procedures No. 34 and No. 35, following a business-type activity model. These financial statements allow for the presentation of financial activity and results with respect to the District as a whole, rather than focusing on individual funds. The District's financial statements are presented using an accrual basis of accounting, recognizing revenues when earned and expenses when an obligation has been incurred.

Eide Bailly LLP, Rancho Cucamonga, California served as independent auditor to the District and its report for the fiscal year ended June 30, 2019, is attached hereto as APPENDIX B. The District considers its audited financial statements to be public information, and accordingly no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has made no representation in connection with inclusion of the audit herein that there has been no material change in the financial condition of the District since the audit was concluded. The District is required by law to file its audited financial statements with the County Clerk, County Superintendent of Schools, the Board of Governors of the California Community Colleges, and the State Department of Finance no later than December 31 following the close of each fiscal year.

## **Recent Audit Findings**

The District's audited financial statements for fiscal year 2018-19 set out several findings identifying material weaknesses or significant deficiencies in the District's internal fiscal controls. The findings cover various areas of the District's finances, including administration, financial reporting, accounting, documentation and standardization of procedures. Several of these audit findings are deficiencies identified in prior audits, and represent on-going challenges currently being addressed by District management. The District provided a response to each of the audit findings. For more information regarding the audit findings, see APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019" attached hereto.

## **Summary of General Fund Revenues and Expenditures**

The following table summarizes the District's audited financial results for the fiscal years 2015-16 through 2018-19. See also APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019."

**PERALTA COMMUNITY COLLEGE DISTRICT**  
**(County of Alameda, California)**  
**Statement of Revenues, Expenses and Change in Net Position**  
**Fiscal Years 2015-16 through 2018-19**

	<b>Fiscal Year 2015-16</b>	<b>Fiscal Year 2016-17</b>	<b>Fiscal Year 2017-18</b>	<b>Fiscal Year 2018-19</b>
<b>OPERATING REVENUES</b>				
Student Tuition and Fees	\$32,060,301	\$30,388,551	\$29,322,941	\$30,699,934
Less: Scholarship discounts and allowances	(13,579,614)	(11,604,121)	(11,814,870)	(11,290,654)
Net Tuition and Fees	18,480,687	18,784,430	17,508,071	19,409,280
Other Operating Revenue (including grants) <sup>(1)</sup>	1,449,159	1,553,386	41,196,903	42,675,617
<b>TOTAL OPERATING REVENUES</b>	<b>19,929,846</b>	<b>20,337,816</b>	<b>58,704,974</b>	<b>62,084,897</b>
<b>OPERATING EXPENSES</b>				
Salaries	100,366,664	102,615,682	106,972,225	102,978,601
Employee benefits	53,885,986	64,372,872	65,308,279	85,863,533
Supplies, materials and other operating expenses and services	37,736,833	38,913,517	33,738,794	26,831,065
Student financial aid	43,916,443	37,623,440	47,668,717	35,643,289
Equipment, maintenance, and repairs	1,626,550	1,356,893	14,568,590	14,972,964
Depreciation <sup>(2)</sup>	13,935,079	16,042,395	20,003,398	21,993,756
<b>TOTAL OPERATING EXPENSES</b>	<b>251,467,555</b>	<b>260,924,799</b>	<b>288,260,003</b>	<b>288,283,208</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(231,537,709)</b>	<b>(240,586,983)</b>	<b>(229,555,029)</b>	<b>(226,198,311)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
State apportionments, non-capital	71,991,147	61,997,011	59,646,620	56,571,235
Federal grants and contracts <sup>(1)</sup>	43,821,654	37,075,973	34,048,897	29,973,569
State grants and contracts <sup>(1)</sup>	30,813,804	44,421,947	2,340,651	1,889,643
Local property taxes, levied for general purposes	45,219,964	55,886,908	61,368,015	64,188,593
Taxes levied for specific purposes	30,743,962	24,901,220	32,099,143	29,725,748
State taxes and other revenues <sup>(3)</sup>	15,855,030	7,933,536	4,023,453	14,248,348
Net interest income	127,025,498	2,566,335	2,086,170	1,313,390
Net unrealized gain (loss) on investments	(136,691,108)	24,308,298	29,050,969	11,551,733
Interest expense on capital related debt	(33,214,720)	(22,801,412)	(31,180,958)	(30,104,965)
Investment income on capital asset-related debt, net	92,914	133,391	195,886	171,583
Transfer to agency fund	--	--	--	--
Transfer from fiduciary fund	249,604	--	--	--
Transfer to fiduciary fund	(5,000)	--	--	--
Other non-operating revenue	8,983,824	13,333,615	5,659,110	6,592,783
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>204,886,573</b>	<b>249,756,822</b>	<b>199,337,956</b>	<b>186,121,660</b>
<b>INCOME/(LOSS) BEFORE OTHER REVENUES</b>	<b>(26,651,136)</b>	<b>9,169,839</b>	<b>(30,217,073)</b>	<b>(40,076,651)</b>
State revenues, capital	2,435,181	1,969,799	982,226	185,612
Local revenues, capital	438,774	729,284	1,009,438	46,762
<b>CHANGE IN NET POSITION</b>	<b>(23,777,181)</b>	<b>11,868,922</b>	<b>(28,225,409)</b>	<b>(39,844,277)</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>(12,156,622)</b>	<b>(25,079,878)</b>	<b>(19,528,882)</b>	<b>(208,167,790)</b>
<b>NET POSITION, BEGINNING OF YEAR, AS RESTATED<sup>(3)</sup></b>	<b>(1,302,697)</b>	<b>(31,397,804)</b>	<b>(179,942,381)<sup>(4)</sup></b>	<b>--</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$(25,079,878)</b>	<b>\$(19,528,882)</b>	<b>\$(208,167,790)</b>	<b>\$(248,012,067)</b>

<sup>(1)</sup> In fiscal year 2017-18, the District began including grants in the "Other Operating Revenue" category, resulting in significant increases in this category of funding from prior fiscal years and significant decreases in the "Non-Operating Revenues (Expenses) – Federal grants and contracts" category of funding from prior fiscal years.

<sup>(2)</sup> The increase in depreciation expenses in fiscal years 2017-18 and 2018-19 is due to recent completion of projects and that such projects started accumulating depreciation.

<sup>(3)</sup> Fluctuations in State taxes and other revenues are related to changes in mandated costs (inclusive of lottery proceeds), which vary from year to year based on State allocations and disbursements.

<sup>(4)</sup> Beginning net positions are typically restated for the correction of errors.

<sup>(5)</sup> The District's adoption of Governmental Accounting Standards Board Statement No. 75 resulted in the inclusion of its aggregate net OPEB liability of \$160,413,499 in its net position.

Source: The District.

***The Budget Process.*** Community college district budgeting begins each year with the State Budget process discussed above. The District prepares a preliminary budget by June 30 of each year for the upcoming fiscal year commencing July 1. By September 15 of the budget year, the Governing Board of the District is required to formally adopt a revised budget, and deliver it to the State Chancellor not later than October 10, pursuant to Section 58305 of the State Code of Regulations, Title V. Once adopted, the budget may be amended throughout the fiscal year as the District's financial circumstances change. Set forth below is information relating to the District's revised budget for fiscal year 2019-20.

The statewide Board of Governors of the California Community Colleges and the State Chancellor have established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of California's community college districts. In accordance with statutory and regulatory provisions, the State Chancellor has been given the responsibility to identify districts at risk and, when necessary, the authority to intervene to bring about improvement in their financial condition. To stabilize a district's financial condition, the State Chancellor may, as a last resort, seek an appropriation for an emergency apportionment.

The monitoring and evaluation process is designed to provide early detection and amelioration that will stabilize the financial condition of a district before an emergency apportionment is necessary. This is accomplished by (1) assessing the financial condition of districts through the use of various information sources, and (2) taking appropriate and timely follow-up action to bring about improvement in a district's financial condition, as needed. A variety of instruments and sources of information are used to provide a composite of each district's financial condition, including quarterly financial status reports, annual financial and budget reports, attendance reports, annual district audit reports, district input and other financial records. In assessing each district's financial condition, the State Chancellor will pay special attention to each district's general fund balance, spending pattern, and full-time equivalent student patterns. Those districts with greater financial difficulty will receive follow-up visits from the State Chancellor's Office where financial solutions to the district's problems will be addressed and implemented.

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The presentation of the District's audits as summarized in the preceding table is used only for the District's external audit. The District manages its funds in a different format, including with respect to its budgets. The following table sets forth the District's adopted general fund budgets for fiscal years 2018-19 and 2019-20 and audited actuals for fiscal years 2016-17 through 2018-19.

**PERALTA COMMUNITY COLLEGE DISTRICT**  
**General Fund Beginning Balance, Income, Expense and Ending Balance**  
**Fiscal Years 2016-17 through 2019-20**

	<b>Audited Actuals 2016-2017</b>	<b>Audited Actuals 2017-2018</b>	<b>Adopted Budget 2018-2019</b>	<b>Amended Budget 2018-2019</b>	<b>Audited Actuals 2018-2019</b>	<b>Revised Budget 2019-2020</b>
<b>Revenues:</b>						
Federal Revenue	-	-	-	-	-	-
State Revenue	\$69,246,277	\$71,311,059	\$65,486,282	\$72,692,251	\$64,006,532	\$72,060,019
Local Revenue	65,636,111	69,868,956	70,787,368	70,787,368	73,457,731	73,562,117
Interfund Transfer In	11,845,534	7,971,120	9,650,000	9,650,000	9,496,623	9,650,000
<b>Total Revenues:</b>	<b>146,727,921</b>	<b>149,151,135</b>	<b>145,923,650</b>	<b>153,129,619</b>	<b>146,960,886</b>	<b>155,272,136</b>
<b>Expenditures:</b>						
Full Time Academic	23,009,475	22,709,343	25,151,587	25,985,115	22,008,148	26,494,736
Academic Administration	5,917,477	5,267,029	5,424,834	5,424,834	5,455,284	5,545,939
Other Faculty	2,649,363	4,660,583	4,236,677	4,236,677	4,618,907	4,862,479
Part Time Academic	18,957,473	16,569,082	11,677,623	12,050,064	18,238,275	10,083,450
Classified Salary	25,765,673	28,639,881	27,276,438	27,276,438	26,053,294	29,131,772
Fringe Benefits	51,928,694	46,955,002	41,944,230	47,944,230	45,762,426	47,030,588
Bad Debts	-	600,000	1,050,000	1,050,000	1,050,000	850,000
Books Supplies, Services	19,620,549	11,631,987	19,121,578	21,001,078	11,248,836	21,319,082
Equipment Outlay	431,334	461,833	274,071	274,071	377,567	273,267
Other Outgo	5,645,556	10,045,680	6,309,000	8,309,000	8,113,818	6,198,805
PT Peralta Faculty Parity 75%	-	-	-	-	-	600,000
Cola 3.26%	-	-	-	-	-	3,080,000
<b>Total Expenses:</b>	<b>153,925,593</b>	<b>147,540,420</b>	<b>142,466,038</b>	<b>153,551,507</b>	<b>142,926,555</b>	<b>155,470,118</b>
<b>Beginning Fund Balance:</b>	<b>10,781,791</b>	<b>12,283,839</b>	<b>13,894,554</b>	<b>13,894,554</b>	<b>13,894,554</b>	<b>20,253,640</b>
Net Increase (Decrease)	(7,197,672)	1,610,715	3,457,612	(421,888)	4,034,331	(197,982)
Audit Adjustment	8,699,720	-	-	-	2,324,755	-
<b>Ending Fund Balance:</b>	<b>\$12,283,839</b>	<b>\$13,894,554</b>	<b>\$ 17,352,166</b>	<b>\$13,472,666</b>	<b>\$20,253,640</b>	<b>\$20,055,658</b>
Fund Balance %	<b>7.98%</b>	<b>9.42%</b>	<b>12.18%</b>	<b>8.77%</b>	<b>14.17%</b>	<b>12.90%</b>

Source: The District.

**Long-Term Obligations**

The District carries on its books long-term obligations consisting of post-employment benefits, accrued vacation and other obligations, general obligation bonds and certificates of participation. See generally, APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019.”

**Benefits Plan.** The District operates a single-employer defined benefit plan (the “Plan”) that provides post-employment healthcare benefits, or OPEB, in accordance with negotiated labor contracts. For employees hired prior to July 1, 2004, the Plan provides life-time post-retirement healthcare benefits to eligible retirees, spouses and, in many cases, dependent children (the “Pre-2004 Employee Pool”). For employees hired after July 1, 2004, the District is responsible only for the payment of healthcare benefit premiums for eligible employees until the age of Medicare eligibility (the “Post-2004 Employee Pool”). The contribution requirements of Plan members and the District are established and amended by the District and its bargaining units every three years.

**Accrued Liability.** Beginning in fiscal year 2007-08, the District was required to implement Governmental Accounting Standards Board Statement No. 45 (“GASB 45”) which directs certain changes in accounting for post-employment healthcare benefits in order to quantify a government agency’s current liability for future benefit payments.

In June 2015, GASB approved new accounting and financial reporting standards for state and local government OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (“GASB 74”), applies to OPEB plans. Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (“GASB 75”), applies to state and local employers that sponsor OPEB. Generally, the new OPEB standards parallel those applied to defined-benefit pension plans and participating employers by GASB 67 and 68, respectively. The new standards introduce new procedures for measuring OPEB liabilities and costs, require employers to report a net OPEB liability on their financial statements, and require more extensive disclosure in plan and employer financial statements. GASB 74 was effective for plans with fiscal years beginning after June 15, 2016. GASB 75 is effective for employers for fiscal years beginning after June 15, 2017.

The District has implemented GASB 74 and GASB 75, the latter as a replacement to GASB 45. Under GASB 75, net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (“total OPEB liability”), less the amount of the OPEB plan’s fiduciary net position.

The following tables set forth the District’s annual required contribution (“ARC”), Annual OPEB Cost reflecting the interest on the District’s Net OPEB Obligation and the adjustment to the ARC, the District’s contribution toward the ARC and the Net OPEB Obligation as of June 30 for fiscal years 2010-11 through 2016-17.

**PERALTA COMMUNITY COLLEGE DISTRICT  
Funding of Annual Requirement Contributions - OPEB  
Fiscal Years 2010-11 through 2016-17**

<b>Fiscal Year</b>	<b>Annual Required Contribution</b>	<b>Annual OPEB Cost</b>	<b>District Contribution</b>	<b>Net OPEB Obligation</b>
2010-11	\$12,812,000	\$13,217,137	\$8,190,235	\$18,269,394
2011-12	12,812,000	13,005,505	7,893,515	23,381,384
2012-13	11,228,305	11,471,921	7,692,012	27,161,293
2013-14	11,228,305	11,511,305	8,756,303	29,916,295
2014-15	9,874,857	10,186,562	7,308,367	32,794,490
2015-16	9,874,857	10,216,551	7,151,315	35,859,726
2016-17	11,357,878	11,731,509	7,627,708	39,963,527

Source: The District.

The following tables set forth the District’s service cost/interest, changes of assumptions, benefit payments and net OPEB liability as of June 30 for fiscal years 2017-18 through 2018-29, for each of the Pre-2004 Employee Pool and the Post-2004 Employee Pool.

The Total OPEB Liability for the Other Post-Employment Benefits related to employees hired prior to July 1, 2004, as of June 30, 2019, was \$196,543,327. The Net OPEB Liability related to employees hired prior to July 1, 2004, as of June 30, 2019, was \$196,543,327. The Total OPEB Liability for the Other Post-Employment Benefits related to employees hired on or after July 1, 2004, as of June 30, 2019, was \$15,954,670. The Net OPEB Liability related to employees hired on or after July 1, 2004, as of June 30, 2019, was \$14,904,068.

The District’s net OPEB obligation (the “Net OPEB Obligation”) is the cumulative difference between the annual cost of OPEB (the “Annual OPEB Cost”) to the District of its postemployment benefit plan and the actual contribution for a given year. For information regarding the basic assumptions upon which the valuations described above were based, see APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019 – Note 12.”

**PERALTA COMMUNITY COLLEGE DISTRICT  
Funding of Actuarially Required Contributions - OPEB  
Fiscal Years 2017-18 through 2018-19  
Pre-2004 Employee Pool**

<u>Fiscal Year</u>	<u>Service Cost/Interest</u>	<u>Changes of Assumptions</u>	<u>Benefit Payments</u>	<u>Net OPEB Liability</u>
2017-18	\$10,622,856	-	\$9,781,668	\$188,821,787
2018-19	10,189,359	\$6,705,116	10,172,935	196,543,327

Source: The District.

**PERALTA COMMUNITY COLLEGE DISTRICT  
Funding of Actuarially Required Contributions - OPEB  
Fiscal Years 2017-18 through 2018-19  
Post-2004 Employee Pool**

<u>Fiscal Year</u>	<u>Service Cost/Interest</u>	<u>Changes of Assumptions</u>	<u>Benefit Payments</u>	<u>Net OPEB Liability</u>
2017-18	\$2,569,016	-	\$299,127	\$12,914,792
2018-19	2,713,132	\$637,838	311,092	14,904,068

Source: The District.

**Funding Policy; OPEB Trusts.** The District currently funds its OPEB on a “pay-as-you-go” basis to cover the cost of benefits provided to current retirees. The District has established the OPEB Trust, which is a revocable trust, from which the District reimburses its unrestricted General Fund for expenditures on OPEB for employees hired prior to July 1, 2004. Initially, the OPEB Trust was funded with proceeds derived from the sale of the District’s OPEB Bonds (defined herein). Responsibility for the investment of monies in the OPEB Trust rests with an independent retirement board (the “Retirement Board”) established by the District. The Retirement Board is comprised of five members appointed pursuant to the Retirement Board’s bylaws. Currently, the members include two members of the Board of Trustees, one member appointed by the Retirement Board to fill a vacancy pursuant to the Retirement Board’s bylaws, the Vice Chancellor, Human Resources and the Vice Chancellor of Finance & Administration. The Retirement Board also includes three advisory members representing the District’s bargaining units and three advisory members who are current retirees receiving Plan benefits.

At the direction of the Retirement Board, assets on deposit in the OPEB Trust are managed by Neuberger Berman Trust Company N.A. (the “Investment Advisor”), in accordance with its Investment Policy Statement and

Investment Guidelines (the “Investment Policy”) established by the Retirement Board. The Investment Advisor, who also serves as discretionary Investment Trustee with fiduciary obligations to the Retirement Board, advises the Retirement Board as to recommended asset allocations within the OPEB Trust portfolio, as well as long-term economic and market trends.

The Investment Policy is modeled after similar policies developed for the CalPERS program and the Alameda County Employees Retirement Association. The objectives of the Investment Policy are to ensure the growth of Plan assets in a prudent manner and to invest Plan assets for the sole interest and exclusive purpose of providing benefits to participants. The OPEB Trust portfolio is generally limited to domestic and international equities, fixed income securities, and cash. Real and alternative asset investments are subject to the approval of the Retirement Board and the long-term target is for such investments to compose 15% of total portfolio assets. The Investment Policy calls for the Investment Advisor to deliver quarterly reports on the performance of the portfolio, and the Retirement Board meets quarterly to review investments and returns. As of the fiscal year ended June 30, 2019, the OPEB Trust had assets with a market value of \$214.1 million. The OPEB Trust does not qualify as a “plan” under GASB 74. Accordingly, the District’s most recent actuarial valuation recognizes plan assets as \$0.

The following table sets forth the value of assets in the OPEB Trust based on the market value from fiscal years 2010-11 through 2018-19.

**PERALTA COMMUNITY COLLEGE DISTRICT**  
**Market Value of Assets – OPEB Trust**  
**Fiscal Year 2010-11 through 2018-19**  
**(\$ in millions)**

<u>Fiscal Year</u>	<u>Market Value of OPEB Trust Assets<sup>(1)</sup></u>
2010-11	\$162.1
2011-12	175.1
2012-13	194.3
2013-14	220.1
2014-15	214.1
2015-16	200.9
2016-17	212.6
2017-18	214.9
2018-19	214.1

*Source:* The District.

<sup>(1)</sup> The OPEB Trust does not qualify as a “plan” under GASB 74. Accordingly, the actuarial valuations recognize plan assets as \$0.

The following tables set forth the funding progress of the OPEB Trust from fiscal years 2010-11 through 2018-19.

**PERALTA COMMUNITY COLLEGE DISTRICT**  
**Schedule of Funding Progress**  
**Fiscal Year 2010-11 through 2016-17**  
(\$ in millions)

<b>Fiscal Year</b>	<b>Actuarial Value of Assets<sup>(1)</sup></b>	<b>Actuarial Accrued Liability</b>	<b>Unfunded Actuarial Accrued Liability</b>	<b>Covered Payroll</b>	<b>UAAL as Percentage of Covered Payroll</b>
2010-11	--	\$221.2	\$221.2	\$53.4	414%
2011-12	--	221.2	221.2	48.9	452
2012-13	--	174.7	174.7	48.4	361
2013-14	--	174.7	174.7	54.2	322
2014-15	--	152.4	152.4	91.9	166
2015-16	--	152.4	152.4	91.9	166
2016-17	--	145.5	145.5	N/A	N/A

Source: The District.

<sup>(1)</sup> The OPEB Trust does not qualify as a “plan” under GASB 74. Accordingly, the actuarial valuations recognize plan assets as \$0.

**PERALTA COMMUNITY COLLEGE DISTRICT**  
**Schedule of Funding Progress**  
**Fiscal Year 2017-18 through 2018-19**  
**Pre-2004 Employee Pool**  
(\$ in millions)

<b>Fiscal Year</b>	<b>Fiduciary Net Position<sup>(1)</sup></b>	<b>Total OPEB Liability</b>	<b>Net OPEB Liability</b>	<b>Covered Payroll</b>	<b>Net OPEB Liability as a Percentage of Covered Payroll</b>
2017-18	--	\$189.8	\$189.8	N/A	N/A
2018-19	--	196.5	196.5	N/A	N/A

Source: The District.

<sup>(1)</sup> The OPEB Trust does not qualify as a “plan” under GASB 74. Accordingly, the actuarial valuations recognize plan assets as \$0.

The District has established an OPEB trust, which is an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code of 1986, as amended, for the purpose of funding certain postemployment benefits for the Post-2004 Employee Pool. This OPEB trust is managed through the Community College League of California Retiree Health Benefits Joint Powers Authority.

**PERALTA COMMUNITY COLLEGE DISTRICT**  
**Schedule of Funding Progress**  
**Fiscal Year 2017-18 through 2018-19**  
**Post-2004 Employee Pool**  
**(\$ in millions)**

<b>Fiscal Year</b>	<b>Fiduciary Net Position</b>	<b>Total OPEB Liability</b>	<b>Net OPEB Liability</b>	<b>Covered Payroll</b>	<b>Net OPEB Liability as a Percentage of Covered Payroll</b>
2017-18	-	\$12.9	\$12.9	N/A	0.0%
2018-19	\$1.1	16.0	14.9	\$32.4	42.0

*Source:* The District.

**OPEB Charge.** Beginning in fiscal year 2010-2011, the District implemented a uniformly applied District-paid charge (the “OPEB Charge”) to all programs to supplement funds available in the OPEB Trust. The OPEB Charge is calculated as a percentage of payroll for categorically funded active employees. The categorical funds to which the OPEB Charge applies are, during each fiscal year, accounted for in the OPEB Reserve Fund (defined herein). At certain intervals, and as such amounts are available, portions of such amounts are transferred to the OPEB Trust, to be invested in accordance with its Investment Policy; the balance of such amounts are retained in the OPEB Reserve Fund. The District budgeted \$6.3 million for the OPEB Charge for fiscal year 2019-20.

**OPEB Reserve Fund.** The District established a reserve fund (the “OPEB Reserve Fund”) during 2012, independent of the OPEB Trust or its General Fund, into which it has set aside surplus funds. Amounts on deposit in the OPEB Reserve Fund (other than amounts attributable to the OPEB Charge) are available to pay for any lawful expenditures of the District, including but not limited to, swap agreement payments (including termination), debt service on the OPEB Bonds, or OPEB. However, amounts in the OPEB Reserve Fund (other than amounts attributable to the OPEB Charge) may be withdrawn therefrom without any legal obligation of the District to replenish such amounts. Funds on deposit in the OPEB Reserve Fund are invested in the County Investment Pool. See APPENDIX E – “ALAMEDA COUNTY INVESTMENT POLICY AND INVESTMENT REPORT; ALAMEDA COUNTY POOLED SURPLUS INVESTMENTS.”

In fiscal year 2019-20, the District expects to deposit approximately \$6.3 million in the OPEB Reserve Fund, representing the OPEB Charge for fiscal year 2019-20. In addition, the District expects to withdraw approximately \$6.3 million from the OPEB Reserve Fund, \$1.9 million of which it expects to use to pay debt service and swap payments coming due on the OPEB Bonds. The following table sets forth the ending balances in the OPEB Reserve Fund for fiscal years 2013-14 through 2018-19 and the projected ending balance for fiscal year 2019-20.

**PERALTA COMMUNITY COLLEGE DISTRICT**  
**OPEB Reserve Fund – Ending Balance**  
**Fiscal Year 2013-14 through 2019-20**

<b>Fiscal Year</b>	<b>Ending Balance<sup>(1)</sup></b>
2013-14	\$12,377,130
2014-15	15,488,000
2015-16	13,688,000
2016-17	14,363,823
2017-18	(2,692,238) <sup>(2)</sup>
2018-19	11,013,140
2019-20 <sup>(3)</sup>	11,104,505

*Source:* The District.

<sup>(1)</sup> As of June 30.

<sup>(2)</sup> After prior year adjustment.

<sup>(3)</sup> Budgeted.

**OPEB Bonds.** On December 28, 2005, the District issued its Taxable 2005 Limited Obligation OPEB (Other Post-Employment Benefit) Bonds (the “2005 OPEB Bonds”) in the aggregate principal amount of \$153,749,832.25 to refund the District’s accrued liability with respect to OPEB. The net proceeds from the 2005 OPEB Bonds were deposited into the OPEB Trust. The 2005 OPEB Bonds were issued as a series of fixed-rate bonds bearing periodic interest (the “Standard Bonds”), as well as six series of convertible auction rate bonds (the “CARS”). The CARS initially do not bear periodic interest, but instead accrete in value from their date of issuance to a full accretion date (the “Full Accretion Date”). On the Full Accretion Date for each maturity of the CARS, an auction (each, an “Auction”) is required to be held pursuant to the auction and settlement procedures applicable thereto. Following each such Auction, the CARS bear periodic, variable interest on the accreted value thereof as of the Full Accretion Date, at the rates set at each subsequent Auction.

In October of 2006, a portion of the 2005 OPEB Bonds were the subject of a modification whereby three maturities of the taxable Standard Bonds were purchased from investors and were issued as convertible capital appreciation bonds (the “Modified OPEB Bonds”) that were fully accreted and converted on August 1, 2009 to a fixed interest rate of 6.25% per annum. The purpose of this modification was to restructure the District’s debt service obligations with respect thereto and provide short-term budget relief to the District.

On February 19, 2009, the District issued its 2009 Taxable OPEB (Other Post-Employment Benefit) Refunding Bonds, in an aggregate principal amount \$48,725,000 (the “2009 OPEB Bonds”), to refund the remaining outstanding Standard Bonds, and one series of the CARS. On October 28, 2011, the District issued its 2011 Taxable OPEB Refunding Bonds, in an aggregate principal amount of \$53,505,000 (the “2011 OPEB Bonds” and together with the 2005 OPEB Bonds, Modified OPEB Bonds, and 2009 OPEB Bonds, the “OPEB Bonds”), to refund all of the outstanding 2009 OPEB Bonds.

On August 6, 2015, the District converted the Taxable 2005 Limited Obligation OPEB (Other Post-Employment Benefit), Series B-2 to bonds bearing interest at a rate of 4% per annum payable on each February 5 and August 5, commencing February 5, 2016 computed on the basis of a 360 day year of twelve 30-day months. In addition, the Series B-2 Bonds are subject to mandatory tender for purchase by the District on any Business Day for conversion to an alternate interest rate mode at a purchase price equal to the aggregate principal amount thereof at the option of the District.

On August 20, 2015, the District converted the Taxable 2005 Limited Obligation OPEB (Other Post-Employment Benefit), Series B-2 to Weekly Rate Mode.

The following table sets forth the requirements to amortize the accreted value on the remaining, unrefunded CARS and estimated interest due thereon, as well as the full debt service schedules for the Modified OPEB Bonds and the 2011 OPEB Bonds. The District is considering several options for a possible restructuring of the OPEB Bonds.

**PERALTA COMMUNITY COLLEGE DISTRICT  
OPEB Bonds Debt Service**

Bond Year ended August 5	OPEB Bonds		2006 Modified Bonds <sup>(3)</sup>	2011 OPEB Bonds <sup>(4)</sup>	Total Debt Service
	Unrefunded CARS <sup>(1)</sup>	Estimated Interest <sup>(2)</sup>			
2020	\$ 7,375,000.00	\$ 380,402.50	\$730,440.00	\$5,491,365.00	\$13,977,207.00
2021	7,800,000.00	2,279,208.25	729,312.00	4,444,545.00	15,253,065.00
2022	8,325,000.00	1,867,446.25	733,825.00	4,895,494.00	15,821,765.00
2023	9,200,000.00	1,427,969.50	731,568.00	5,037,503.00	16,397,041.00
2024	9,925,000.00	942,301.50	734,953.00	5,441,487.00	17,043,742.00
2025	7,925,000.00	418,360.75	731,568.00	6,279,600.00	15,354,529.00
2026	8,325,000.00	2,995,326.75	733,825.00	4,822,895.00	16,877,047.00
2027	8,850,000.00	2,561,844.00	735,330.00	5,391,303.00	17,538,477.00
2028	9,875,000.00	2,101,024.50	730,064.00	5,488,910.00	18,194,998.00
2029	10,600,000.00	1,586,833.25	736,458.00	5,990,204.00	18,913,496.00
2030	11,650,000.00	1,034,891.25	735,706.00	6,243,758.00	19,664,355.00
2031	8,225,000.00	428,275.75	734,201.00	7,538,457.00	16,925,934.00
2032	8,550,000.00	4,380,157.50	731,944.00	-	13,662,102.00
2033	8,975,000.00	3,947,955.00	734,953.00	-	13,657,908.00
2034	10,225,000.00	3,494,268.75	736,834.00	-	14,456,103.00
2035	10,850,000.00	2,977,395.00	737,586.00	-	14,564,981.00
2036	12,100,000.00	2,428,927.50	737,210.00	-	15,266,138.00
2037	13,000,000.00	1,817,272.50	735,706.00	-	15,552,978.00
2038	14,275,000.00	1,160,122.50	739,091.00	-	16,174,213.00
2039	8,675,000.00	438,521.25	740,971.00	-	9,854,493.00
2040	8,825,000.00	6,636,341.25	741,348.00	-	16,202,689.00
2041	9,100,000.00	6,200,827.50	740,219.00	-	16,041,047.00
2042	10,650,000.00	5,751,742.50	743,604.00	-	17,145,347.00
2043	11,150,000.00	5,226,165.00	745,109.00	-	17,121,274.00
2044	12,750,000.00	4,675,912.50	744,733.00	-	18,170,645.00
2045	13,525,000.00	4,046,700.00	742,476.00	-	18,314,176.00
2046	15,125,000.00	3,379,241.25	744,357.00	-	19,248,598.00
2047	16,400,000.00	2,632,822.50	743,981.00	-	19,776,803.00
2048	17,650,000.00	1,823,482.50	747,366.00	-	20,220,848.00
2049	<u>19,300,000.00</u>	<u>952,455.00</u>	<u>748,118.00</u>	<u>-</u>	<u>21,000,573.00</u>
Total	\$329,200,000.00	\$79,994,194.25	\$22,132,856.00	\$67,065,522.00	\$654,656,471.00

Source: Backstrom McCarley Berry & Co., LLC.

- (1) Reflects the amortization of accreted value of the remaining outstanding CARS, comprising, for each maturity thereof, the initial principal amount and accreted interest thereon to the Full Accretion Date. Accreted value payments with respect to the CARS are due on August 5 of each year.
- (2) Assumes the respective associated swap rates for the 2005 OPEB Bonds.
- (3) Payments of accreted value are due on August 1 of each year.
- (4) Payments of interest on the 2011 OPEB Bonds are payable semiannually on February 1 and August 1. Principal of the 2011 OPEB Bonds is payable on August 1 of each year.

**Interest Rate Swaps.** In 2006, the District entered into six forward-starting interest rate swaps (each, a “Swap Agreement”) with Morgan Stanley Capital Services Inc. (the “Swap Provider”). Each Swap Agreement corresponds to one series of the CARS, with a term equal to the final maturity thereof and with an effective date matching the full accretion date for the related series of CARS. Under the Swap Agreements, the District pays to the Swap Provider a fixed rate of interest on an initial notional amount, and in return the District receives a floating rate of interest equal to 100% of the one-month London Interbank Offered Rate. The amounts payable by each party under the Swap Agreements are netted against the payments receivable by such party thereunder. The Swap Agreements were designed to create a synthetic fixed rate security that mitigates variable rate interest risk on the CARS.

Both the District and the Swap Provider have the right to terminate each Swap Agreement under certain conditions, in which event termination payments may be due to the non-terminating counterparty. Such termination payments could be substantial, and potentially adverse to the District's financial condition. The District has also retained an advisor with nationally-recognized expertise in interest rates swaps to assist the District in monitoring the values of the remaining Swap Agreements. The Retirement Board has adopted a policy regarding its engagement in swap agreements. As of March 1, 2020, the outstanding notional amount of the Swap Agreements is \$329,200,000. As of February 24, 2020, the mark-to-market value on the interest rate swaps is -\$47,641,557.

For more information regarding the District's Swap Agreements, see APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019 – Note 12."

***Accrued Vacation and other Obligations.*** The long-term portion of accumulated and unpaid employee vacation for the District as of June 30, 2019, was approximately \$6.7 million. The District has funds set aside and earmarked for the entirety of this liability.

***General Obligation Bonds.*** The District has issued general obligation bonds pursuant to several voter-approved authorizations. The proceeds of such bonds have been used to renovate, construct and acquire District sites and facilities, as well as the refunding of prior outstanding debt. The District's general obligation bonds are payable solely from ad valorem taxes levied by the County upon all property subject to taxation by the District without limitation of rate or amount (with the exception of certain personal property which is taxable at limited rates). **The District's general fund is not a source of payment for general obligation bonds.**

District voters authorized the District to issue general obligation bonds at an election held on November 3, 1992 (the "1992 Authorization"). The entire authorization under the 1992 Authorization has been issued. District voters authorized the District to issue general obligation bonds at an election held on November 5, 1996 (the "1996 Authorization"). The entire authorization under the 1996 Authorization has been issued. District voters authorized the District to issue \$153,200,000 in general obligation bonds at an election held on November 7, 2000 (the "2000 Authorization"). The entire authorization under the 2000 Authorization has been issued. On June 6, 2006, District voters authorized the District to issue \$390,000,000 in general obligation bonds (the "2006 Authorization"). Following the issuance of the Series 2020E Bonds, the entire authorization under the 2006 Authorization will have been issued. On November 6, 2018, District voters authorized the District to issue \$800,000,000 in general obligation bonds (the "2018 Authorization"). Following the issuance of the Series 2020A Bonds, \$750,000,000 of authorized but unissued general obligation bonds will remain under the 2018 Authorization. All general obligation bonds of the District are issued on a parity with one another and with the Bonds. See also APPENDIX G – "DEBT SERVICE TABLES."

The following table sets forth the outstanding general obligation bond issuances by the District as of March 1, 2020.

**OUTSTANDING GENERAL OBLIGATION BONDS<sup>(1)</sup>**  
**Peralta Community College District**  
**As of March 1, 2020**

Issuance	Initial Principal Amount	Principal Outstanding	Date of Delivery	Final Maturity Date
2009 Refunding Bonds <sup>(2)</sup>	\$ 39,080,000	\$ 23,855,000	January 14, 2010	August 1, 2031
2012 Refunding Bonds <sup>(3)</sup>	59,005,000	42,385,000	May 4, 2012	August 1, 2034
2014 Refunding Bonds, Series A <sup>(4)</sup>	127,505,000	111,350,000	September 11, 2014	August 1, 2035
2014 Refunding Bonds, Series B <sup>(5)</sup>	30,220,000	18,665,000	November 4, 2014	August 1, 2032
Election of 2006, Series D	50,000,000	50,000,000	June 29, 2016	August 1, 2039
2016 Refunding Bonds, Series A <sup>(6)</sup>	<u>107,825,000</u>	<u>105,525,000</u>	June 29, 2016	August 1, 2039
<b>Total</b>	<u>\$413,635,000</u>	<u>\$351,780,000</u>		

<sup>(1)</sup> Reflects principal outstanding prior to the issuance of the Bonds.

<sup>(2)</sup> Refunded the District's then-outstanding 2001 Refunding General Obligation Bonds, Election of 2000 Series A Bonds, and a portion of the then-outstanding 2000 Series B Bonds.

<sup>(3)</sup> Refunded portions of the District's then-outstanding Election of 2000, Series C Bonds, Election of 2000 Series D Bonds and 2002 General Obligation Refunding Bonds.

<sup>(4)</sup> Refunded portions of the District's then-outstanding Election of 1992 Series C Bonds, Election of 2000 Series D Bonds, Election of 2006 Series A Bonds and Election of 2006, Series B Bonds.

<sup>(5)</sup> Refunded portions of the District's then-outstanding Election of 2000 Series B Bonds and 2005 Series B Refunding Bonds.

<sup>(6)</sup> Refunded portions of the District's then-outstanding Election of 2006, Series B Bonds and Election of 2006, Series C Bonds.

**Insurance, Risk Pooling and Joint Powers Arrangements**

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. The District participates in joint powers agreements with the Schools Excess Liability Fund ("SELF"), the Alliance of Schools for Cooperative Insurance Programs ("ASCIP"), and the Alameda County Schools Insurance Group ("ACSIG" and, together with SELF and ASCIP, the "JPAs") for its property, liability and health insurance. See also APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019 – Note 13" and "– Note 15." The relationship between the District and the JPAs is such that they are not component units of the District for financial reporting purposes.

The District has contracted with ASCIP for property and liability insurance coverage. ASCIP is a shared risk pool comprised of school districts, community college districts, charter schools and joint powers authorities in the State of California. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has not been a significant reduction in coverage from the prior year. 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 District has contracted with ACSIG to provide workers compensation insurance. ACSIG 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 of

ACSIG 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.

## **CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS**

### **Limitations on Revenues**

On June 6, 1978, California voters approved Proposition 13 (“Proposition 13”), which added Article XIII A to the State Constitution (“Article XIII A”). Article XIII A limits the amount of any *ad valorem* property tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* property taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The authorizations under which the Bonds are issued were approved pursuant to clause (iii). Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

***County of Orange v. Orange County Assessment Appeals Board No. 3.*** Section 51 of the State Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently “recapture” such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor’s measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new “base year value” for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIII A. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

***Legislation Implementing Article XIII A.*** Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

Beginning in fiscal year 1981-82, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as \$4 per \$100 assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

## **Article XIII B of the State Constitution**

An initiative to amend the State Constitution entitled “Limitation of Government Appropriations” was approved on September 6, 1979, thereby adding Article XIII B to the State Constitution (“Article XIII B”). Under Article XIII B state and local governmental entities have an annual “appropriations limit” and are not permitted to spend certain moneys which are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the “appropriations limit.” Article XIII B does not affect the appropriation of moneys which are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the “appropriations limit” is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

In fiscal year 2018-19 the District had an appropriations limit of \$111,216,057. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State’s allowable limit.

## **Article XIII C and Article XIII D of the State Constitution**

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the State Constitution (“Article XIII C” and “Article XIII D,” respectively), which contain a number of provisions affecting the ability of local agencies, including community college districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the “Title and Summary” of Proposition 218 prepared by the California Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as community college districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the State Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District imposes a parcel tax which is subject to the provisions of Proposition 218. On November 6, 2018, voters within the District approved Measure E by a two-thirds vote; the ballot measure renewed an existing annual tax of \$48 per parcel, for a total annual parcel tax of \$48 per parcel within the District for each year between July 1, 2020, and June 30, 2028. The District also receives a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

## **Statutory Limitations**

On November 4, 1986, State voters approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute (a) requires new or higher general taxes to be approved by two-thirds of the local agency’s governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) required local agencies to stop collecting any new or

higher general tax adopted after July 31, 1985, unless a majority of the voters approved the tax by November 1, 1988.

Appellate court decisions following the approval of Proposition 62 determined that certain provisions of Proposition 62 were unconstitutional. However, the Court upheld Proposition 62 in its decision on September 28, 1995 in *Santa Clara County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as whether the decision applies retroactively, what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

### **Proposition 98 and Proposition 111**

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (collectively, "K-14 school districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance that the Legislature or a court might not interpret the Accountability Act to require a different percentage of general fund revenues to be allocated to K-14 school districts than the 40.9%, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIII B spending limit would restrain the State's ability to fund such other programs by raising taxes.

The Accountability Act also changes how tax revenues in excess of the State Appropriations Limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Such transfer would be excluded from the Appropriations Limit for K-14 school districts and the K-14 school Appropriations Limits for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which could be transferred to schools is 4% of the minimum State spending for education mandated by the Accountability Act, as described above.

On June 5, 1990, State voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the "change in the cost of living" by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State's spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the "excess" tax revenues, determined based on a two-year cycle, would be transferred to K-14 school districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts' minimum funding level), and that any such transfer to K-14 school districts would not be built into the school districts' base expenditures for calculating their entitlement for State aid in the following year and would not increase the State's appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain "qualified capital outlay projects" and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the Appropriations Limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 school districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 school districts were guaranteed the greater of (a) 40.9% of general fund revenues (the “first test”) or (b) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (the “second test”). Under Proposition 111, K-14 school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, schools would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a “credit” to be paid in future years when general fund revenue growth exceeds personal income growth.

### **Proposition 30 and Proposition 55**

On November 6, 2012, voters approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State’s income taxpayers by one to three percent for a period of seven years beginning with the 2012 tax year and ending with the 2019 tax year, and (b) increased the sales and use tax by one-quarter percent for a period of four years beginning on January 1, 2013 and ending with the 2016 tax year. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see “– Proposition 98 and Proposition 111” above). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the Education Protection Account), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the California Tax Extension to Fund Education and Healthcare Initiative (“Proposition 55”), approved by voters on November 8, 2016, extends by 12 years the temporary personal income tax increases on incomes over \$250,000 that was first enacted by Proposition 30; Proposition 55 did not extend the sales tax increases imposed by Proposition 30. Revenues from the income tax increase under Proposition 55 will be allocated to school districts and community colleges in the State.

### **Proposition 51**

At the November 8, 2016 Election, voters in the State approved the Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (“Proposition 51”). Proposition 51 authorizes the sale and issuance of \$9 billion in general obligation bonds for new construction and modernization of K-14 facilities. The District makes no representation or guarantee that it will either pursue or qualify for Proposition 51 State facilities funding.

*K-12 School Facilities.* Proposition 51 includes \$3 billion for new construction of K-12 facilities and an additional \$3 billion for modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of new construction costs and 40% of modernization costs with local revenues. If a school district lacks sufficient local funding it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of \$1 billion will be available for the modernization and new construction of charter school facilities (\$500 million) and technical education facilities (\$500 million). Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two project types may apply for State loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at \$3 million for a new facility and \$1.5 million for a modernized facility. Charter schools must be deemed financially sound prior to project approval.

*Community College Facilities.* Proposition 51 includes \$2 billion for community college district facility projects, including land acquisition, new building construction, modernization of existing buildings, and equipment purchases. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then determines which projects to submit to the State Legislature and

Governor based on a scoring system that considers in the amount of local funds contributed to the project. The Governor and State Legislature select among eligible projects as part of the annual state budget process.

### Applications of Constitutional and Statutory Provisions

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding see “DISTRICT FINANCIAL INFORMATION – State Funding of the Community College System; State Budget Process.”

### Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D, as well as Propositions 30, 51, 55, 62, 98, 111 and 218, were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District’s ability to expend revenues.

## ECONOMIC AND DEMOGRAPHIC INFORMATION

The District is unable to predict whether and to what extent COVID-19 may affect the economics and demographics within the District in the current and future years. For a discussion regarding impacts the District may face in connection with the COVID-19 pandemic, see “MISCELLANEOUS – Risks Related to COVID-19” in the forepart of this Official Statement and APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – DISTRICT FINANCIAL INFORMATION – Impact to District Operations and Budget Due to COVID-19 Pandemic.”

### Population

The boundaries of the District include the cities of Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont. The following table sets forth the population figures of the City of Alameda, the City of Albany, the City of Berkeley, the City of Emeryville, the City of Oakland, the City of Piedmont, the County and the State from 2011 through 2019.

#### POPULATION 2011 through 2019<sup>(1)</sup>

Year	City of Alameda	City of Albany	City of Berkeley	City of Emeryville	City of Oakland	City of Piedmont	County of Alameda	State of California
2011	74,052	18,345	113,925	10,110	392,333	10,710	1,517,756	37,427,946
2012	74,546	18,468	114,690	10,186	394,838	10,793	1,530,206	37,668,804
2013	75,197	18,446	115,814	10,278	388,699	10,900	1,550,119	37,984,138
2014	75,961	18,457	117,383	10,481	405,703	11,011	1,574,497	38,357,121
2015	76,638	18,565	118,780	10,570	410,603	11,113	1,594,569	38,714,725
2016	79,338	18,905	119,997	11,730	423,191	11,227	1,629,233	39,189,035
2017	79,928	18,988	121,238	11,854	426,074	11,283	1,645,359	39,523,613
2018	78,980	19,216	122,369	11,871	431,373	11,368	1,656,884	39,740,508
2019	79,316	19,393	123,328	11,885	432,897	11,420	1,669,301	39,927,315

<sup>(1)</sup> Data as of January 1 of each year.  
Source: California State Department of Finance.

### Employment

The following tables set forth the principal employers in the County of Alameda, and in three most populous cities within the District’s boundaries, the City of Alameda, the City of Berkeley and the City of Oakland during fiscal year 2018-19.

**COUNTY OF ALAMEDA  
Principal Employers  
Fiscal Year 2018-19**

<u>Employer</u>	<u>Number of Employees</u>
1. Kaiser Permanente Medical Group Inc.	58,269
2. Sutter Health	24,347
3. Wells Fargo Bank	14,000
4. Safeway Inc.	13,397
5. Tesla	10,000
6. PG&E Corporation	9,600
7. Oracle Corp.	7,535
8. UPS	6,700
9. John Muir Health	6,518
10. County of Alameda	9,428 <sup>(1)</sup>

<sup>(1)</sup> The number of employees, except for the County of Alameda, include both Alameda and Contra Costa County employees. Total employment for the County of Alameda is unavailable.

*Source:* County of Alameda, 2018-19 Annual Financial Report.

**CITY OF ALAMEDA  
Principal Employers  
Fiscal Year 2018-19**

<u>Employer</u>	<u>Number of Employees</u>
1. Penumbra, Inc.	1,839
2. Alameda Unified School District	1,025
3. Allegis Group Services, Inc.	950
4. Alameda Hospital	754
5. Oakland Raiders	694
6. Abbott Diabetes Care Inc.	600
7. City of Alameda	533
8. Kaiser Foundation Health Plan	425
9. U.S. Department of Transportation	400
10. Performance Contracting Inc.	380

*Source:* City of Alameda, 2018-19 Draft Annual Financial Report. Final report currently unavailable.

**CITY OF BERKELEY**  
**Principal Employers**  
**Fiscal Year 2018-19**

<u>Employer</u>	<u>Number of Employees</u>
1. University of California, Berkeley	13,394
2. Lawrence Berkeley National Laboratory	3,312
3. Sutter East Bay Medical Foundation/Hospitals	2,242
4. City of Berkeley	1,568
5. Bayer Corporation	1,267
6. Berkeley Unified School District	1,225
7. Siemens Corporation/Healthcare Diagnostics, Inc.	885
8. Kaiser Permanente Medical Group	831
9. Berkeley Bowl Produce	640
10. Whole Foods Market California Inc.	389

*Source:* City of Berkeley, 2018-19 Comprehensive Annual Financial Report.

**CITY OF OAKLAND**  
**Principal Employers**  
**Fiscal Year 2018-19**

<u>Employer</u>	<u>Number of Employees</u>
1. Kaiser Foundation Health Plan, Hospitals and Kaiser Permanente Medical Group	12,000+
2. County of Alameda	8,000-10,000
3. Oakland Unified School District	5,000-5,500
4. City of Oakland	4,000-4,500
5. San Francisco BART District	3,500-4,000
6. State of California	3,000-3,500
7. United Parcel Service	2,500-3,000
8. Southwest Airlines Co.	2,500-3,000
9. Children's Hospital & Research Center	2,500-3,000
10. Internal Revenue Service	2,500-3,000

*Source:* City of Oakland, 2018-19 Comprehensive Annual Financial Report.

The following table sets forth the labor force, employment, civilian employment and the unemployment rate in the City of Alameda, the City of Albany, the City of Berkeley, the City of Emeryville, the City of Oakland, the City of Piedmont, the State of California and the United States during the period from 2015 through 2019.

**LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**  
**Yearly Average for Years 2015 through 2019**

<u>Year and Area</u>	<u>Labor Force</u>	<u>Civilian Employment</u>	<u>Civilian Unemployment</u>	<u>Unemployment Rate</u>
<b><u>2015</u></b>				
City of Alameda	41,000	39,300	1,700	4.1%
City of Albany	9,800	9,500	300	3.0
City of Berkeley	61,400	59,100	2,300	3.8
City of Emeryville	7,700	7,500	200	3.0
City of Oakland	209,900	197,600	12,200	5.8
City of Piedmont	5,500	5,300	100	2.6
California	18,893,200	17,723,300	1,169,900	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
<b><u>2016</u></b>				
City of Alameda	41,800	40,300	1,500	3.6%
City of Albany	10,000	9,700	300	2.7
City of Berkeley	62,600	60,500	2,100	3.4
City of Emeryville	7,900	7,700	200	2.7
City of Oakland	213,400	202,200	11,200	5.3
City of Piedmont	5,600	5,500	100	2.4
California	19,102,700	18,065,000	1,037,700	5.4
United States	159,187,000	151,436,000	7,751,000	4.9
<b><u>2017</u></b>				
City of Alameda	41,700	40,200	1,400	3.5%
City of Albany	9,800	9,500	300	3.1
City of Berkeley	62,900	60,700	2,200	3.5
City of Emeryville	7,400	7,200	200	2.6
City of Oakland	212,300	203,500	8,900	4.2
City of Piedmont	5,100	5,000	100	2.1
California	19,176,400	18,257,100	919,300	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
<b><u>2018</u></b>				
City of Alameda	41,300	40,100	1,200	2.9%
City of Albany	9,800	9,600	300	2.6
City of Berkeley	62,600	60,800	1,800	2.9
City of Emeryville	7,400	7,300	200	2.2
City of Oakland	214,500	207,000	7,500	3.5
City of Piedmont	5,200	5,100	100	1.8
California	19,280,800	18,460,700	820,100	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
<b><u>2019</u></b>				
City of Alameda	41,400	40,300	1,100	2.6%
City of Albany	9,900	9,600	200	2.5
City of Berkeley	62,800	61,100	1,700	2.8
City of Emeryville	7,500	7,300	200	2.1
City of Oakland	215,000	207,800	7,200	3.4
City of Piedmont	5,200	5,100	100	1.7
California	19,411,600	18,627,400	784,200	4.0
United States	163,539,000	157,538,000	6,001,000	3.7

Source: State of California Employment Development Department; U.S. Department of Labor, Bureau of Labor Statistics.

## Taxable Transactions

The following tables set forth taxable transactions in the three most populous cities in the District's boundaries, the City of Alameda, the City of Berkeley and the City of Oakland for the years 2014 through 2018, the last year being the most recent full year for which data is currently available.

### CITY OF ALAMEDA Taxable Sales Transactions (\$ in thousands)

	2014	2015	2016	2017	2018
Motor Vehicle and Parts Dealers	\$22,925	\$22,874	23,833	21,484	23,419
Home Furnishings and Appliance Stores	13,955	59,439	30,088	30,092	30,112
Building Materials, Garden Equipment and Supplies	21,973	22,743	25,029	23,911	23,456
Food and Beverage Stores	71,530	76,003	77,087	78,937	81,200
Gasoline Stations	71,840	65,080	61,335	66,110	78,617
Clothing and Clothing Accessories Stores	39,618	40,917	42,925	40,140	38,357
General Merchandise Stores	46,946	55,635	61,187	64,939	68,018
Food Services and Drinking Places	134,237	152,238	167,763	179,924	185,991
Other Retail Group	94,745	112,322	122,405	136,437	129,240
Total Retail and Food Services	<u>\$517,770</u>	<u>\$607,254</u>	<u>\$611,654</u>	<u>641,974</u>	<u>658,410</u>
All Other Outlets	244,722	246,287	205,964	268,770	284,819
Total All Outlets	<u>\$762,492</u>	<u>\$853,540</u>	<u>\$817,618</u>	<u>910,744</u>	<u>943,229</u>

Source: California State Board of Equalization, Research and Statistics Division.

### CITY OF BERKELEY Taxable Sales Transactions (\$ in thousands)

	2014	2015	2016	2017	2018
Motor Vehicle and Parts Dealers	\$126,527	\$125,716	\$115,808	\$117,513	\$119,884
Home Furnishings and Appliance Stores	74,682	74,514	71,927	72,358	69,746
Building Materials, Garden Equipment and Supplies	90,104	98,959	100,899	107,333	109,053
Food and Beverage Stores	123,572	133,916	145,462	150,894	149,662
Gasoline Stations	94,630	83,285	75,720	84,041	93,694
Clothing and Clothing Accessories Stores	59,369	57,048	55,449	52,645	52,991
General Merchandise Stores	12,292	15,165	15,610	17,178	20,782
Food Services and Drinking Places	323,135	347,926	364,417	371,299	374,792
Other Retail Group	248,626	255,133	251,324	243,881	262,209
Total Retail and Food Services	<u>\$1,152,938</u>	<u>\$1,161,661</u>	<u>\$1,196,618</u>	<u>\$1,217,142</u>	<u>\$1,252,813</u>
All Other Outlets	394,169	413,156	431,614	364,736	361,292
Total All Outlets	<u>\$1,547,107</u>	<u>\$1,604,817</u>	<u>\$1,628,232</u>	<u>\$1,581,879</u>	<u>\$1,614,105</u>

Source: California State Board of Equalization, Research and Statistics Division.

**CITY OF OAKLAND**  
**Taxable Sales Transactions**  
**(\$ in thousands)**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Motor Vehicle and Parts Dealers	\$534,171	\$565,502	\$561,284	\$560,013	\$532,740
Home Furnishings and Appliance Stores	138,959	189,118	155,890	152,995	168,223
Building Materials, Garden Equipment and Supplies	233,339	255,448	275,585	292,573	300,902
Food and Beverage Stores	300,992	325,928	343,925	356,173	358,328
Gasoline Stations	587,645	460,157	410,316	490,425	567,381
Clothing and Clothing Accessories Stores	86,098	92,929	94,924	97,078	100,947
General Merchandise Stores	162,538	162,540	101,055	98,245	101,058
Food Services and Drinking Places	688,552	773,250	825,498	874,249	912,163
Other Retail Group	308,793	334,414	366,936	391,994	394,762
<b>Total Retail and Food Services</b>	<b><u>\$3,041,086</u></b>	<b><u>\$3,159,287</u></b>	<b><u>\$3,135,414</u></b>	<b><u>\$3,313,745</u></b>	<b><u>\$3,436,505</u></b>
All Other Outlets	1,316,321	1,296,340	1,324,193	1,448,507	1,502,826
<b>Total All Outlets</b>	<b><u>\$4,357,407</u></b>	<b><u>\$4,455,627</u></b>	<b><u>\$4,459,606</u></b>	<b><u>\$4,762,252</u></b>	<b><u>\$4,939,331</u></b>

*Source:* California State Board of Equalization, Research and Statistics Division.

**APPENDIX B**

**FINANCIAL STATEMENTS OF THE DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Annual Financial Report  
June 30, 2019

# Peralta Community College District



# PERALTA COMMUNITY COLLEGE DISTRICT

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JUNE 30, 2019

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**FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Peralta Community College District  
Oakland, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Peralta Community College District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic 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 statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions 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, and the 2018-2019 *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the financial statements, whether due to fraud or error. 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2019, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 15, and other required supplementary schedules on pages 75 through 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, 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.

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

Rancho Cucamonga, California  
December 20, 2019



# Peralta Community College District

333 East Eighth Street · Oakland, California 94606 · (510) 466-7200

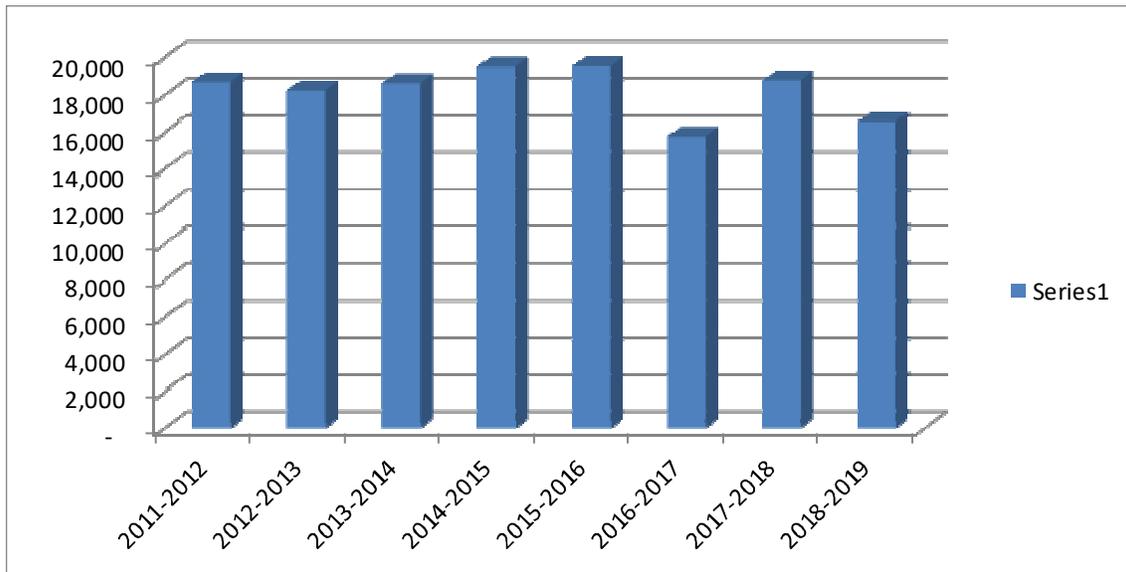
## Introduction

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, 2019. The discussion has been prepared by management and should be read in conjunction with the financial statements and notes which follow this section.

The Peralta Community College District was founded in 1964 and serves six cities in the East Bay Area, including Albany, Alameda, Berkeley, Emeryville, Oakland, and Piedmont. The four colleges comprising the District include: Berkeley City College, College of Alameda, Laney College, and Merritt College. The District has a reputation for developing effective approaches to serving the varied interests and needs of its vibrant community. The District serves over 23,743 students a semester, and is one of the top community college districts in California in transferring students into the UC system. Currently, 865 full-time employees and over 1,915 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 2018-2019, Peralta Colleges generated 16,551 FTES (including credit and noncredit FTES), as compared to 18,802 in the fiscal year 2017-2018. This represents a 11.97 percent increase. FTES is generated at the District's four colleges: Berkeley City College, College of Alameda, Laney College, and Merritt College.
- FTES claimed by the District in 2018-2019, 16,511 included utilizing all of summer enrollment/FTES, thereby surpassing the FTES claimed in 2017-2018 of 18,802 which also included prior year summer enrollment.



	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Full-Time Equivalent Students	18,712	18,264	18,642	19,500	19,507	15,768	18,802	16,551
Percentage Increase/(Decrease)		-2.39%	2.07%	4.60%	0.04%	-19.17%	19.24%	-11.97%

Berkeley City College • College of Alameda • Laney College • Merritt College

# PERALTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2019**

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- Unrestricted General Fund revenues for the year were \$141,592,515, a decrease of 1.4 percent from prior year's revenue of \$143,558,089. This was due, in large part, to the base increase community colleges received in the current year.
- Unrestricted General Fund expenditures for the year were \$137,623,147, decrease of 7.1 percent over prior year's expenditures of \$148,210,338.
- The District received approximately \$1,953,608 in Student Success and Support Program funding allocated to the four Colleges.
- The District received approximately \$8,353,443 in Student Equity funding that was distributed among the four Colleges and the District Office.
- The District received approximately \$1.1 million in one-time Scheduled Maintenance and Instructional Equipment funding that was distributed among the four Colleges and the District Office.
- Medical benefit rates for both employees and retirees increased by zero percent for Kaiser and remained flat for the Self-Insurance plan over the prior year. The District continues to provide retirees who were hired prior to July 1, 2004, with lifetime medical benefits. For employees hired after July 1, 2004, medical benefits upon retirement are provided until age 65 or Medicare eligibility. The District's aggregate net OPEB liability (TOL) as of June 30, 2019, is \$212,035,476 (\$196,543,327 for those employees hired prior to July 1, 2004, and \$14,904,068 for employees hired after July 1, 2004 and \$588,081 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 is using Measures A and E bonds to pay for various capital improvements to our educational facilities. 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 six story 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, 2019**

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### **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.

# PERALTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

A summary of the Statement of Net Position as of June 30, 2019 and June 30, 2018, is presented below:

	<b>Net Position As of June 30,</b>	
	2019	2018
<b>ASSETS</b>		
Current Assets		
Cash and investments	\$ 300,667,588	\$ 330,087,731
Accounts receivable, net	23,827,988	21,443,584
Other current assets	1,609,969	1,561,944
Total Current Assets	<u>326,105,545</u>	<u>353,093,259</u>
Noncurrent Assets		
Capital assets, net	447,161,347	458,101,304
TOTAL ASSETS	<u>773,266,892</u>	<u>811,194,563</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charges on refunding	15,376,720	16,289,627
Interest rate SWAP	27,371,014	18,647,542
Deferred outflows of resources related to pensions	43,895,258	44,552,270
Deferred outflows of resources related to OPEB	594,447	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>87,237,439</u>	<u>79,489,439</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued liabilities	20,886,947	28,191,727
Unearned revenue	16,584,492	14,404,250
SWAP liability	307,602	675,897
Current portion of long-term obligations	21,386,513	23,682,307
Total Current Liabilities	<u>59,165,554</u>	<u>66,954,181</u>
Noncurrent Liabilities		
Bonds payable	396,935,966	413,758,348
Other long-term liabilities	616,719,522	590,418,344
Long-term obligations	<u>1,013,655,488</u>	<u>1,004,176,692</u>
TOTAL LIABILITIES	<u>1,072,821,042</u>	<u>1,071,130,873</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Interest rate SWAP	27,371,014	18,647,542
Deferred inflows of resources related to pensions	8,309,061	9,073,377
Deferred inflows of resources related to OPEB	15,281	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>35,695,356</u>	<u>27,720,919</u>
<b>NET POSITION</b>		
Net investment in capital assets	75,628,609	97,175,592
Restricted for:		
Debt service	14,270,881	15,151,659
Capital projects	5,804,951	8,535,574
Other activities	19,458,583	16,179,335
Unrestricted deficit	(363,175,091)	(345,209,950)
TOTAL NET POSITION	<u>\$ (248,012,067)</u>	<u>\$ (208,167,790)</u>

# PERALTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2019**

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- Approximately 85 percent of the cash equivalent balance per the Statement of Cash Flows is cash deposited in the Alameda County Treasury Pool, and approximately 15 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 decrease in cash during the 2018-2019 fiscal year.
- The majority of the accounts receivable balance is from Federal and State sources for grant and entitlement programs, and student receivables. Receivables totaling \$8,401,093 for reimbursements from Federal and State agencies related to grant awards, \$7,618,272 from local sources, and \$7,808,623 for student receivables.
- Capital assets had a net decrease of \$10,939,957. The District had additions of \$23,295,697 related to construction in progress. Depreciation expense of \$21,993,756 was recognized during 2018-2019. 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, 2019. Total accounts payable are \$11,192,850; \$4,425,099 of the balance was accrued in the Capital Projects fund, Bond fund, and Special Revenue fund related to capital outlay. \$1,843,170 is for amounts due to or on behalf of employees for wages and benefits, \$859,547 is related to Federal and State categorical programs, with the remaining \$4,065,034 due to vendors and suppliers in the normal course of business.
- The District's noncurrent liabilities primarily consist of bonds payable, related to the issuance of Election 2000 Series B, C, and D of the District General Obligation Bonds; 2005 Series A and B Refunding of the District General Obligation Bonds; Election 2006 Series A, B, and C of the District General Obligation Bonds; and Election 2009 and Other Postemployment Benefit Bonds. The face value of these bonds at the time of initial sale totaled \$700.1 million, and \$411,140,966 represents the remaining long-term debt to satisfy these obligations. Additional information related to long-term obligations is found in Note 10 of the financial statements.

### **Statement of Revenues, Expenses, and Changes in Net Position**

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

# PERALTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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The Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2019 and June 30, 2018, is summarized below:

### Statement of Revenues, Expenses, and Changes in Net Position for the Years Ended June 30,

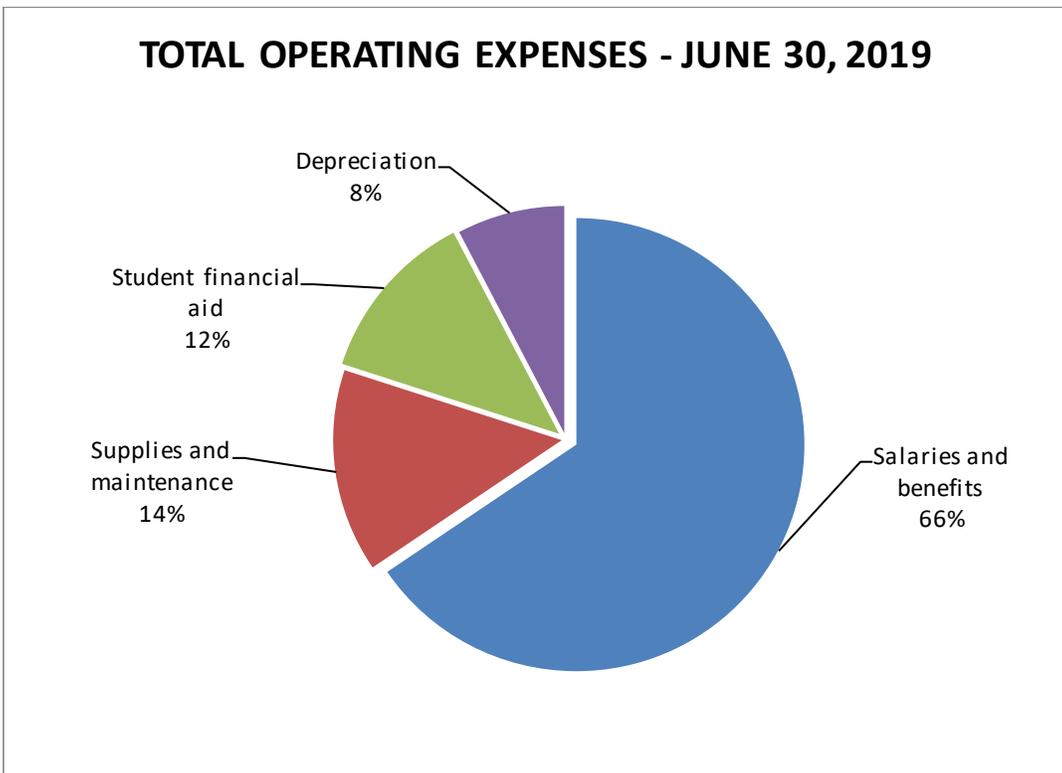
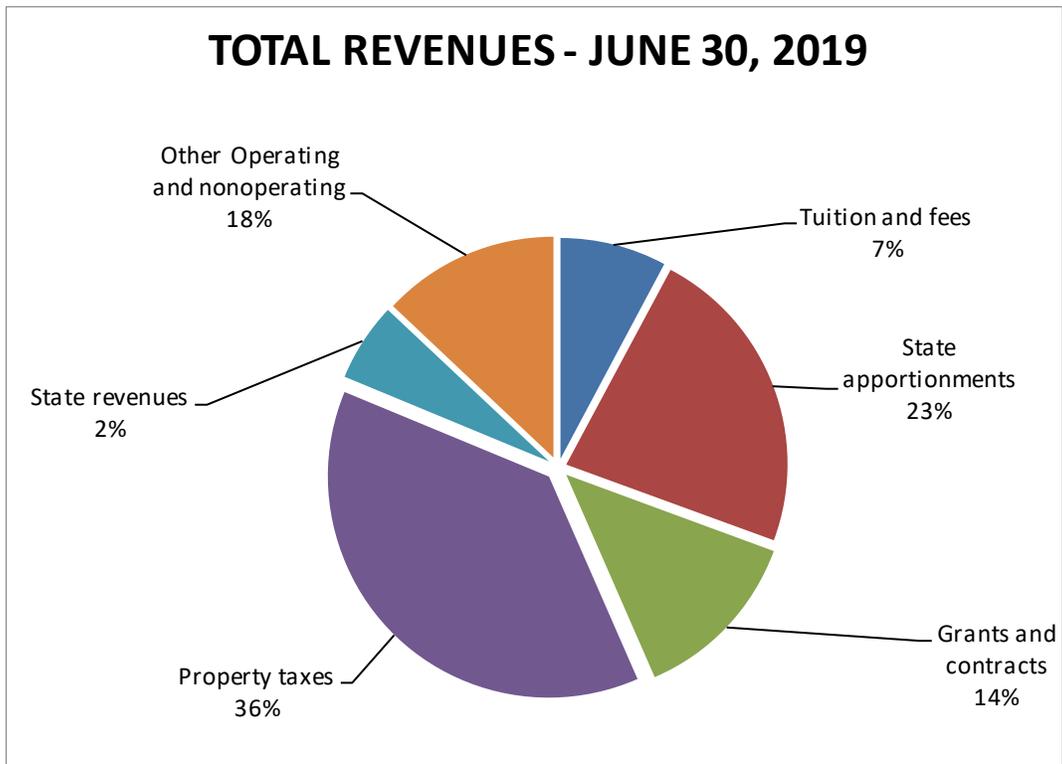
	<u>2019</u>	<u>2018</u>
Operating Revenues		
Tuition and fees	\$ 19,409,280	\$ 17,508,071
Grants and contracts, noncapital	42,675,617	41,196,903
Total Operating Revenues	<u>62,084,897</u>	<u>58,704,974</u>
Operating Expenses		
Salaries and benefits	188,842,134	172,280,504
Equipment, supplies, and maintenance	41,804,029	48,307,384
Student financial aid	35,643,289	47,668,717
Depreciation	21,993,756	20,003,398
Total Operating Expenses	<u>288,283,208</u>	<u>288,260,003</u>
Operating Loss	<u>(226,198,311)</u>	<u>(229,555,029)</u>
Nonoperating Revenues and (Expenses)		
State apportionments	56,571,235	59,646,620
Financial aid grants and contracts	31,863,212	36,389,548
Property taxes	93,914,341	93,467,158
State revenues	14,248,348	4,023,453
Investment income and unrealized gain on investments	13,036,706	31,333,025
Interest expense on capital related debt	(30,104,965)	(31,180,958)
Other nonoperating revenues	6,592,783	5,659,110
Total Nonoperating Revenues (Expenses)	<u>186,121,660</u>	<u>199,337,956</u>
Other Revenues		
State and local capital income	232,374	1,991,664
Net Decrease in Net Position	<u>\$ (39,844,277)</u>	<u>\$ (28,225,409)</u>

**PERALTA COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2019**

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# PERALTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2019**

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- The primary components of tuition and fees are the \$46 per unit enrollment fee that is charged to all students registering for classes and the additional \$258 per unit fee that is charged to all non-resident students.
- Personnel costs across all funds account for 68 percent of operating expenses in fiscal year 2019 compared to 60 percent in 2018. The balance of operating expenses is for supplies, materials, other operating expenses, financial aid, equipment, maintenance, and depreciation expense.
- The principal components of the District's nonoperating revenue are: capital Federal and State grants, State apportionment, local property taxes, other State funding, and interest income. With the exception of interest income, the majority of this revenue is received to support the District's instructional activities. The amount of State general apportionment received by the District is dependent upon the number of FTES generated and reported to the State, 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.

# PERALTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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- A schedule of functional expenses is displayed below:

	Salaries and Benefits	Supplies, Material, and Other Operating Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional activities	\$ 81,842,282	\$ 2,753,351	\$ -	\$ -	\$ 84,595,633
Academic support	14,133,399	1,067,324	-	-	15,200,723
Student services	39,570,484	3,008,168	-	-	42,578,652
Plant operations and maintenance	8,285,061	6,477,196	-	-	14,762,257
Institutional support services	38,772,260	7,002,552	-	-	45,774,812
Community services and economic development	411,803	57,700	-	-	469,503
Ancillary services and auxiliary operations	4,490,686	1,693,023	-	-	6,183,709
Student aid	-	3,665	35,643,289	-	35,646,954
Physical property and related acquisitions	1,336,159	19,741,050	-	-	21,077,209
Unallocated expense	-	-	-	21,993,756	21,993,756
Total	<u>\$ 188,842,134</u>	<u>\$ 41,804,029</u>	<u>\$ 35,643,289</u>	<u>\$ 21,993,756</u>	<u>\$ 288,283,208</u>

### Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This Statement also helps users assess the District's ability to generate positive cash flows, meet obligations as they come due, and the need for external financing.

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the District. The second part details cash received for nonoperating, noninvesting, and noncapital financing purposes. The third part shows cash flows from capital and related financing activities. It deals with the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received. The last section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

# PERALTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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The Statement of Cash Flows for the fiscal years ended June 30, 2019 and June 30, 2018, is summarized below:

### Statement of Cash Flows for the Years Ended June 30,

	2019	2018
Cash From		
Operating activities	\$ (189,455,682)	\$ (200,848,956)
Noncapital financing activities	169,778,586	170,752,861
Capital and related financing activities	(22,239,875)	(12,426,370)
Investing activities	17,664,956	23,236,749
Net Change in Cash	(24,252,015)	(19,285,716)
Cash, Beginning of Year	110,688,360	129,974,076
Cash, End of Year	<u>\$ 86,436,345</u>	<u>\$ 110,688,360</u>

- Cash receipts from operating activities are from student tuition. Use of cash is for payments to employees, vendors, and students related to the instructional program.
- State apportionment received based on the workload measures generated by the District accounts for 33.3 percent and 37.7 percent of noncapital financing for fiscal years 2019 and 2018, respectively. Cash receipts from Federal and State grants represent 30.2 percent in 2019 and 22.9 percent in 2018. Cash received from property taxes accounts for 37.8 percent in fiscal year 2019 and 35.9 percent in fiscal year 2018 of the cash generated in this section.
- The majority of the activity in the capital and related financing activities is for the purchase of capital assets (buildings, building improvements, and equipment).
- Cash from investing activities is purchase of investments and investment income for interest earned on cash in bank and cash invested through the Alameda County pool, and on investments with local banking institutions.

### Aggregate Net Pension Liability (NPL)

At year end, the District has an aggregate net pension liability of \$160,121,635 versus \$149,028,086 last year, an increase of \$11,093,549 or 7.4 percent.

### Other Postemployment Benefits Obligation (OPEB)

During the year ended June 30, 2018, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees. The District had two actuarial studies performed in November 2018 to identify the District's total OPEB liability (TOL). These studies determined the District's TOL to be approximately \$212,497,997.

# PERALTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2019**

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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. 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, 2019, the balance of the Retiree Health Benefit Program Fund was \$214,231,243.

### **Economic Factors that May Affect the Future**

The District looks forward to 2019-2020 with the same cautious optimism that has served it well over the past few years. A new District-wide Enrollment Management task force has begun work to enhance outreach and marketing efforts designed to showcase the excellent opportunities that the Peralta Colleges affords its students. The District anticipates that the fruits of these endeavors will manifest in 2019-2020 and thereafter.

The State economy remains robust: property taxes and personal income taxes are forecast to increase, albeit slightly, over the next year, and the extension of Proposition 30 via the November 2018 ballot (Proposition 55) bodes well. The Legislative Analyst's Office, in its most recent assessment, derives a "positive outlook" with an emphasis on back-up contingencies – e.g. – strong reserve levels – in case of an economic downturn.

With respect to the State's solid economy, after three years of increased funding coming to the California community colleges in the form of targeted, restricted resources – in a ratio of nearly 2:1 – the District anticipates seeing a larger share of the new State resources allocated in the form of unrestricted resources in the future. These additional unrestricted funds would certainly assist with the continued rise in operating costs, the most substantial being, of course, the escalating costs of STRS and PERS.

The District has also recently refined its budget allocation model, through the work of a cross-functional task force, and expects to begin implementation of the changes. This will allow for the equitable distribution of resources through the four Peralta Colleges.

### **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 8<sup>th</sup> Street, Oakland, California 94606.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF NET POSITION - PRIMARY GOVERNMENT  
JUNE 30, 2019**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 13,249,405
Investments	73,186,940
Restricted investments	214,231,243
Accounts receivable	16,019,365
Student receivables, net	7,808,623
Due from fiduciary funds	77,649
Prepaid expenses	1,392,940
Inventories	139,380
<b>Total Current Assets</b>	<u>326,105,545</u>

**NONCURRENT ASSETS**

Nondepreciable capital assets	39,839,449
Depreciable capital assets, net of depreciation	407,321,898
<b>Total Noncurrent Assets</b>	<u>447,161,347</u>
<b>TOTAL ASSETS</b>	<u>773,266,892</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred charges on refunding	15,376,720
Interest rate SWAP	27,371,014
Deferred outflows of resources related to pensions	43,895,258
Deferred outflows of resources related to OPEB	594,447
<b>Total Deferred Outflows of Resources</b>	<u>87,237,439</u>

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable	11,192,850
Accrued interest payable	9,593,790
Due to fiduciary funds	100,307
Unearned revenue	16,584,492
SWAP liability	307,602
General obligation bonds - current portion	14,205,000
Other postemployment benefits bonds - current portion	7,181,513
<b>Total Current Liabilities</b>	<u>59,165,554</u>

**NONCURRENT LIABILITIES**

Claims liability	3,951,000
Load banking	2,147,764
Compensated absences	6,736,165
General obligation bonds	396,935,966
Other postemployment benefits bonds	231,727,482
Aggregate net pension obligation	160,121,635
Aggregate net other postemployment benefits (OPEB) liability	212,035,476
<b>Total Noncurrent Liabilities</b>	<u>1,013,655,488</u>
<b>TOTAL LIABILITIES</b>	<u>1,072,821,042</u>

The accompanying notes are an integral part of these financial statements.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF NET POSITION - PRIMARY GOVERNMENT, Continued**  
**JUNE 30, 2019**

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**DEFERRED INFLOWS OF RESOURCES**

Interest rate SWAP	\$	27,371,014
Deferred inflows of resources related to pensions		8,309,061
Deferred inflows of resources related to OPEB		15,281
<b>Total Deferred Inflows of Resources</b>		<u>35,695,356</u>

**NET POSITION**

Net investment in capital assets		75,628,609
Restricted for:		
Debt service		14,270,881
Capital projects		5,804,951
Educational programs		5,406,020
Other activities		14,052,563
Unrestricted deficit		(363,175,091)
<b>TOTAL NET POSITION</b>	\$	<u>(248,012,067)</u>

The accompanying notes are an integral part of these financial statements.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT  
FOR THE YEAR ENDED JUNE 30, 2019**

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**OPERATING REVENUES**

Student Tuition and Fees	\$ 30,699,934
Less: Scholarship discount and allowance	(11,290,654)
Net tuition and fees	<u>19,409,280</u>
Grants and Contracts, Noncapital:	
Federal	4,606,200
State	33,925,838
Local	<u>4,143,579</u>
Total grants and contracts, noncapital	<u>42,675,617</u>
<b>TOTAL OPERATING REVENUES</b>	<u><b>62,084,897</b></u>

**OPERATING EXPENSES**

Salaries	102,978,601
Employee benefits	85,863,533
Supplies, materials, and other operating expenses and services	26,831,065
Student financial aid	35,643,289
Equipment, maintenance, and repairs	14,972,964
Depreciation	<u>21,993,756</u>
<b>TOTAL OPERATING EXPENSES</b>	<u><b>288,283,208</b></u>

**OPERATING LOSS**

(226,198,311)

**NONOPERATING REVENUES (EXPENSES)**

State apportionments, noncapital	56,571,235
Federal financial aid grants and contracts, noncapital	29,973,569
State financial aid grants and contracts, noncapital	1,889,643
Local property taxes, levied for general purposes	64,188,593
Taxes levied for other specific purposes	29,725,748
State taxes and other revenues	14,248,348
Interest income	1,313,390
Net unrealized gain on investments	11,551,733
Interest expense on capital related debt	(30,104,965)
Investment income on capital asset-related debt	171,583
Other nonoperating revenue	<u>6,592,783</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u><b>186,121,660</b></u>

**LOSS BEFORE OTHER REVENUES**

(40,076,651)

**OTHER REVENUES**

State revenues, capital	185,612
Local revenues, capital	<u>46,762</u>
<b>TOTAL OTHER REVENUES</b>	<u><b>232,374</b></u>

**CHANGE IN NET POSITION**

(39,844,277)

**NET POSITION, BEGINNING OF YEAR**

(208,167,790)

**NET POSITION, END OF YEAR**

\$ (248,012,067)

The accompanying notes are an integral part of these financial statements.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT  
FOR THE YEAR ENDED JUNE 30, 2019**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and fees	\$ 16,506,731
Federal and state grants and contracts	47,030,132
Payments to or on behalf of employees	(167,630,506)
Payments made to students from financial aid	(35,643,289)
Payments to vendors for supplies and services	(49,718,750)
<b>Net Cash Flows From Operating Activities</b>	<b>(189,455,682)</b>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State apportionments	56,571,235
Federal and state financial aid grants	34,338,639
Property taxes - nondebt related	64,188,593
State taxes and other revenues	14,248,348
Other nonoperating revenues	431,771
<b>Net Cash Flows From Noncapital Financing Activities</b>	<b>169,778,586</b>

**CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES**

Capital grants	232,374
Taxes levied for debt repayment	29,725,748
Accretion of bonds	8,382,080
Acquisition and construction of capital assets	(8,487,365)
Principal paid on capital debt	(23,168,720)
Interest received on capital debt	171,583
Interest paid on capital debt and leases	(29,095,575)
<b>Net Cash Flows From Capital and Related Financing Activities</b>	<b>(22,239,875)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Sale of investments	5,168,128
Investment income	12,496,828
<b>Net Cash Flows From Investing Activities</b>	<b>17,664,956</b>

<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(24,252,015)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>110,688,360</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 86,436,345</b>

The accompanying notes are an integral part of these financial statements.

# PERALTA COMMUNITY COLLEGE DISTRICT

## STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, Continued FOR THE YEAR ENDED JUNE 30, 2019

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### RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Operating Loss	\$ (226,198,311)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:	
Depreciation	21,993,756
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows	
Receivables, net	1,747,151
Inventories	7,832
Prepaid expenses	(295,524)
Accounts payable and accrued liabilities	(7,698,573)
Unearned revenue	(295,185)
Aggregate net pension obligation	11,093,549
Aggregate net OPEB liability	8,656,665
Load banking	113,105
Compensated absences	2,106,323
Deferred outflows of resources related to pensions	657,012
Deferred outflows of resources related to OPEB	(594,447)
Deferred inflows of resources related to pensions	(764,316)
Deferred inflows of resources related to OPEB	15,281
Total Adjustments	<u>36,742,629</u>
<b>Net Cash Flows From Operating Activities</b>	<u><u>\$ (189,455,682)</u></u>

### CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:

Cash in banks	\$ 13,249,405
Investment in county treasury	73,186,940
<b>Total Cash and Cash Equivalents</b>	<u><u>\$ 86,436,345</u></u>

### NONCASH TRANSACTIONS

On behalf payments for benefits	<u><u>\$ 3,764,490</u></u>
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The accompanying notes are an integral part of these financial statements.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

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	<b>Retiree OPEB Trust</b>	<b>Other Trust</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 152,534
Investments	1,050,602	1,133,226
Accounts receivable	-	61,200
Student receivable	-	32,806
Due from primary government	-	100,307
Prepaid expenses	-	418
Other current assets	-	3,596
<b>Total Assets</b>	<u>1,050,602</u>	<u>1,484,087</u>
<b>LIABILITIES</b>		
Accounts payable	-	152,485
Due to primary government	-	77,649
Unearned revenue	-	102
<b>Total Liabilities</b>	<u>-</u>	<u>230,236</u>
<b>NET POSITION</b>		
Restricted for postemployment benefits other than pensions	1,050,602	-
Unrestricted	-	1,253,851
<b>Total Net Position</b>	<u>\$ 1,050,602</u>	<u>\$ 1,253,851</u>

The accompanying notes are an integral part of these financial statements.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2019**

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	<b>Retiree OPEB Trust</b>	<b>Other Trust</b>
<b>ADDITIONS</b>		
District Contributions	\$ 1,311,092	\$ -
Local revenues	51,420	270,253
<b>Total Additions</b>	<b>\$ 1,362,512</b>	<b>\$ 270,253</b>
<b>DEDUCTIONS</b>		
Classified salaries	-	8,486
Employee benefits	311,092	487
Services and operating expenditures	818	210,743
Capital outlay	-	99,987
<b>Total Deductions</b>	<b>311,910</b>	<b>319,703</b>
<b>CHANGE IN NET POSITION</b>	1,050,602	(49,450)
<b>NET POSITION, BEGINNING OF YEAR</b>	-	1,303,301
<b>NET POSITION, END OF YEAR</b>	<b>\$ 1,050,602</b>	<b>\$ 1,253,851</b>

The accompanying notes are an integral part of these financial statements.

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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### *NOTE 1 - ORGANIZATION*

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

### **Financial Reporting Entity**

The District has adopted GASB Statement No. 61, *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.

Peralta Community College District and the Golden West Financing Authority, as represented by the 2005 General Obligation Revenue Bonds, Series B, have a financial and operational relationship that meets the reporting definition antenna of GASB Statement No. 14, *The Financial Reporting Entity*, for the inclusion of the related debt. Therefore, the related debt has been included in the financial statements of the District.

The following entity does not meet the above criteria for inclusion as a component unit of the District.

- **Peralta Colleges Foundation, Inc.**

Peralta Colleges Foundation, Inc. (the Foundation) is a legally separate, tax-exempt organization. The Foundation acts primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the District by the donors. Because the amount 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 8<sup>th</sup> Street, Oakland, California 94606.

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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### *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. Fiduciary activities, with the exception of the Student Financial Aid Fund, are excluded from the basic financial statements. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, Federal and State financial aid grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State financial aid grants are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2019**

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

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

### **Cash and Cash Equivalents**

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

### **Investments**

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2019, 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.

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2019**

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### **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 \$7,992,097 for the year ended June 30, 2019.

### **Prepaid Expenses**

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30, 2019.

### **Inventories**

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

### **Capital Assets and Depreciation**

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$50,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 to 40 years; equipment, 5 to 20 years; vehicles, 5 to 10 years.

### **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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### **Hedging Derivative Instruments (Interest Rate SWAPS)**

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

### **Debt Premiums**

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

### **Deferred Charges on Refunding**

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

### **Deferred Outflows/Inflows of Resources**

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

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

### **Pensions**

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

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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### **Postemployment Benefits Other Than Pensions (OPEB)**

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

### **Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the government-wide financial statements.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified employees who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

### **Unearned Revenue**

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or 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.

### **Noncurrent Liabilities**

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

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

---

### 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. The government-wide financial statements report \$39,534,415 of restricted net position.

### Operating Revenues and Expenses

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

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

**Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, 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 nonoperating according to the following criteria:

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

**Nonoperating expenses** - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2019**

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### **State Apportionments**

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

### **Property Taxes**

Secured property taxes attach 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 a general obligation bond in 2006 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 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.

### **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.

### **Federal Financial Assistance Programs**

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

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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### Estimates

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

### Interfund Activity

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

### Change in Accounting Principles

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The District has implemented the provisions of this Statement as of June 30, 2019.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2019**

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For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The District has implemented the provisions of this Statement as of June 30, 2019.

### **New Accounting Pronouncements**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2019**

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An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020. Early implementation is encouraged.

### ***NOTE 3 - DEPOSITS AND INVESTMENTS***

#### **Policies and Practices**

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

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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### Investment in County Treasury

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

### Other Investments

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

### General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency 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

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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### Authorized Under Debt Agreements

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

### Summary of Deposits and Investments

Deposits and investments of as of June 30, 2019, consist of the following:

Primary government	\$ 300,667,588
Fiduciary funds	2,336,362
Total Deposits and Investments	<u>\$ 303,003,950</u>
Cash on hand and in banks	\$ 13,335,294
Cash in revolving	66,645
Investments	289,602,011
Total Deposits and Investments	<u>\$ 303,003,950</u>

### 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 \$74,320,166 with the Alameda County Investment Pool with a weighted maturity of 420 days. Additionally, OPEB bond proceeds of \$214,231,243 and \$1,050,602 in an OPEB Trust have been invested in other instruments which equate to the CalPERS investment strategy.

### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Alameda County Investment Pool and OPEB Trust are not required to be rated, nor have they been rated as of June 30, 2019. The District's OPEB investments (bond proceeds) ratings range from Aaa to Caa according to Moody's Investors Service as of June 30, 2019.

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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### **Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent 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 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District's bank balance of \$12,686,656 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

### **NOTE 4 - FAIR VALUE MEASUREMENTS**

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

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

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

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

Uncategorized - Investments in the Alameda County Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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

Asset Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Uncategorized
Alameda County Investment Pool	\$ 74,604,403	\$ -	\$ -	\$ -	\$ 74,604,403
Mutual Funds	1,050,602	1,050,602	-	-	-
First American Government Obligation Fund	805,976	-	805,976	-	-
Fixed Income	86,912,592	31,436,004	55,476,588	-	-
Equities	116,872,023	116,872,023	-	-	-
Private Equities	4,843,888	-	-	4,843,888	-
Money market	4,796,764	4,796,764	-	-	-
Derivative Instruments (Interest Rate SWAPS)	27,371,014	-	27,371,014	-	-
Total	\$ 317,257,262	\$ 154,155,393	\$ 83,653,578	\$ 4,843,888	\$ 74,604,403

Investments at Fair Value	Level 3 Inputs
Balance at July 1, 2018	\$ 4,533,064
Net realized and unrealized Gains	310,824
Balance at June 30, 2019	\$ 4,843,888

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

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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### NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

	<u>Primary Government</u>	<u>Fiduciary Funds</u>
Federal Government		
Categorical aid	\$ 1,818,038	\$ -
Student Financial Assistance	5,031,358	-
State Government		
Categorical aid	561,682	-
Lottery	990,015	-
Local Sources		
Other local sources	7,618,272	61,200
Total	<u>\$ 16,019,365</u>	<u>\$ 61,200</u>
Student receivables	\$ 15,800,720	\$ 32,806
Less allowance for bad debt	(7,992,097)	-
Student receivables, net	<u>\$ 7,808,623</u>	<u>\$ 32,806</u>

**PERALTA COMMUNITY COLLEGE DISTRICT**

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

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the primary government for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 11,913,296	\$ -	\$ -	\$ 11,913,296
Construction in progress	25,301,266	23,295,697	20,670,810	27,926,153
Total Capital Assets Not Being Depreciated	<u>37,214,562</u>	<u>23,295,697</u>	<u>20,670,810</u>	<u>39,839,449</u>
<b>Capital Assets Being Depreciated</b>				
Buildings	317,141,009	-	-	317,141,009
Site improvements	273,079,895	3,045,130	-	276,125,025
Software and IT development	37,320,150	1,978,146	-	39,298,296
Machinery and equipment	55,854,324	3,405,636	-	59,259,960
Total Capital Assets Being Depreciated	<u>683,395,378</u>	<u>8,428,912</u>	<u>-</u>	<u>691,824,290</u>
Total Capital Assets	<u>720,609,940</u>	<u>31,724,609</u>	<u>20,670,810</u>	<u>731,663,739</u>
<b>Less Accumulated Depreciation</b>				
Buildings	129,886,279	6,502,992	-	136,389,271
Site improvements	56,968,180	11,743,780	-	68,711,960
Software and IT development	32,721,332	1,047,786	-	33,769,118
Machinery and equipment	42,932,845	2,699,198	-	45,632,043
Total Accumulated Depreciation	<u>262,508,636</u>	<u>21,993,756</u>	<u>-</u>	<u>284,502,392</u>
Net Capital Assets	<u>\$ 458,101,304</u>	<u>\$ 9,730,853</u>	<u>\$ 20,670,810</u>	<u>\$ 447,161,347</u>

Depreciation expense for the year was \$21,993,756.

**NOTE 7 - ACCOUNTS PAYABLE**

Accounts payable at June 30, 2019, consisted of the following:

	Primary Government	Fiduciary Funds
Accrued payroll and benefits	\$ 1,843,170	\$ 3,205
Construction	4,425,099	-
State categorical	859,547	-
Student representation fees	-	128,439
Vendors and supplies	4,065,034	20,841
Total	<u>\$ 11,192,850</u>	<u>\$ 152,485</u>

**PERALTA COMMUNITY COLLEGE DISTRICT**

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

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**NOTE 8 - UNEARNED REVENUE**

Unearned revenue at June 30, 2019, consisted of the following:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>
Federal categorical aid	\$ 67,861	\$ -
State categorical aid	10,533,314	-
Other State	2,712,608	-
Enrollment fees	77,111	102
Other local	3,193,598	-
Total	<u>\$ 16,584,492</u>	<u>\$ 102</u>

**NOTE 9 - INTERFUND TRANSACTIONS**

**Interfund Receivables and Payables (Due To/Due From)**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2019, the amount owed to the Fiduciary Funds from the Primary Government was \$100,307, and the amount owed to Primary Government from the Fiduciary Funds was \$77,649.

**Interfund Operating Transfers**

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2019 fiscal year, there were no transfers between the Primary Government and the Fiduciary Funds.

**PERALTA COMMUNITY COLLEGE DISTRICT**

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

**NOTE 10 - LONG-TERM OBLIGATIONS**

**Summary**

The changes in the District's long-term obligations during the fiscal year 2019 consisted of the following:

	Balance July 1, 2018	Additions	Accretion	Deductions	Balance June 30, 2019	Due in One Year
General obligation bonds	\$ 427,943,348	\$ -	\$ -	\$ 16,802,382	\$ 411,140,966	\$ 14,205,000
2005 Taxable Limited Obligation OPEB Bonds	180,865,069	-	8,382,080	4,994,031	184,253,118	5,378,188
2006 OPEB Bond modification and restructuring	10,068,184	-	-	102,307	9,965,877	108,325
2011 Taxable Refunding bonds	45,960,000	-	-	1,270,000	44,690,000	1,695,000
Total Bonds Payable	<u>664,836,601</u>	<u>-</u>	<u>8,382,080</u>	<u>23,168,720</u>	<u>650,049,961</u>	<u>21,386,513</u>
Other liabilities						
Claims liability	3,951,000	1,281,055	-	1,281,055	3,951,000	-
Load banking	2,034,659	113,105	-	-	2,147,764	-
Compensated absences	4,629,842	2,106,323	-	-	6,736,165	-
Aggregate net OPEB liability	203,378,811	8,656,665	-	-	212,035,476	-
Aggregate net pension obligation	149,028,086	11,093,549	-	-	160,121,635	-
Total Long-Term Obligations	<u>\$ 1,027,858,999</u>	<u>\$ 23,250,697</u>	<u>\$ 8,382,080</u>	<u>\$ 24,449,775</u>	<u>\$ 1,035,042,001</u>	<u>\$ 21,386,513</u>

**Description of Obligations**

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax collections. Debt service payments on the Other Postemployment Benefits (OPEB) Bonds will be made from the Unrestricted General Fund and the Deferred Compensation Trust Fund. Workers' compensation claims liability is an estimate based on an actuarial study completed by a third party specialist. Actual claims paid will be made from the Self-Insurance Fund. Management is responsible to evaluate the adequacy of the change in value. The aggregate net OPEB liability is funded through payments for benefits and is reported within the fund the employees' salaries are charged. The compensated absences will be paid by the fund for which the employee worked. Load banking obligations are the responsibility of the General Fund in the year the employee utilizes the banked leave time. The aggregate net pension obligation will be paid by the fund for which the employee is currently working.

**Bonded Debt**

**2006 General Obligation Bonds, Series C**

In August 2009, the District issued \$100,000,000 of General Obligation Bonds, Election of 2006, Series C. The bonds are being issued to finance the acquisition, construction, and rehabilitation of District facilities. The bonds mature beginning August 1, 2012 through August 1, 2039, with interest rates ranging from 2.00 to 5.50 percent.

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2019**

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### **2016 General Obligation Bonds, Series D**

In June 2016, the District issued \$50,000,000 of General Obligation Bonds, Election of 2006, Series D. The bonds are being issued to finance the acquisition, construction, and rehabilitation of District facilities. The bonds mature beginning August 1, 2032 through August 1, 2039, with interest rates ranging from 3.50 to 4.00 percent.

### **2009 General Obligation Refunding Bonds**

In December 2009, the District issued, in the amount of \$39,080,000, the General Obligation Refunding Bonds to refund portions of the District's prior outstanding bonds. The bonds mature beginning August 1, 2010 through August 1, 2031, with interest rates ranging from 2.00 to 5.50 percent.

### **2012 General Obligation Refunding Bonds**

In March 2012, the District issued, in the amount of \$59,005,000, the General Obligation Refunding Bonds to refund portions of the District's prior outstanding bonds. The bonds mature beginning August 1, 2012 through August 1, 2034, with interest rates ranging from 2.00 to 5.00 percent.

### **2014 General Obligation Refunding Bonds Series A**

In August 2014, the District issued, in the amount of \$127,505,000, the General Obligation Refunding Bonds to refund portions of the District's prior outstanding bonds. The bonds mature beginning August 1, 2015 through August 1, 2035, with interest rates ranging from 2.00 to 5.00 percent.

### **2014 General Obligation Refunding Bonds Series B**

In August 2014, the District issued, in the amount of \$30,220,000, the General Obligation Refunding Bonds to refund portions of the District's prior outstanding bonds. The bonds mature beginning August 1, 2015 through August 1, 2032, with interest rates ranging from 2.00 to 5.00 percent.

### **2016 General Obligation Refunding Bonds**

In June 2016, the District issued, in the amount of \$107,825,000, the General Obligation Refunding Bonds to refund portions of the District's prior outstanding bonds. The bonds mature beginning August 1, 2016 through August 1, 2039, with interest rates ranging from 3.00 to 5.00 percent.

**PERALTA COMMUNITY COLLEGE DISTRICT**

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

The outstanding general obligation debt is as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2018	Issued/Amortized	Redeemed	Bonds Outstanding June 30, 2019
2006 C	8/26/2009	8/01/2039	2.00%-5.50%	\$ 100,000,000	\$ 4,640,000	\$ -	\$ 2,265,000	\$ 2,375,000
2006 D	06/16/2016	8/01/2039	3.50%-4.00%	50,000,000	50,000,000	-	-	50,000,000
Subtotal Election of 2006								52,375,000
2009	12/17/2009	8/01/2031	2.00%-5.50%	39,080,000	26,340,000	-	1,555,000	24,785,000
2012	3/28/2012	8/01/2034	2.00%-5.00%	59,005,000	47,715,000	-	2,600,000	45,115,000
2014 A	8/21/2014	8/01/2035	2.00%-5.00%	127,505,000	122,515,000	-	5,440,000	117,075,000
2014 B	8/21/2014	8/01/2032	2.00%-5.00%	30,220,000	23,435,000	-	2,325,000	21,110,000
2016	06/16/2016	8/01/2039	3.00%-5.00%	107,825,000	105,525,000	-	-	105,525,000
Subtotal Refundings								313,610,000
Subtotal General Obligation Bonds								365,985,000
Bond Premiums					47,773,348	-	2,617,382	45,155,966
Total General Obligation Bonds					\$ 427,943,348	\$ -	\$ 16,802,382	\$ 411,140,966

**General Obligation Bond - 2006 Series C and D**

The general obligation bonds mature through 2040 as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 2,375,000	\$ 2,023,569	\$ 4,398,569
2021	-	1,961,225	1,961,225
2022	-	1,961,225	1,961,225
2023	-	1,961,225	1,961,225
2024	-	1,961,225	1,961,225
2025-2029	-	9,806,125	9,806,125
2030-2034	4,390,000	9,667,525	14,057,525
2035-2039	31,445,000	6,800,888	38,245,888
2040	14,165,000	283,300	14,448,300
Total	\$ 52,375,000	\$ 36,426,307	\$ 88,801,307

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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### General Obligation Bond - 2009 Refunding

The 2009 general obligation bonds mature through 2032 as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 930,000	\$ 1,260,450	\$ 2,190,450
2021	975,000	1,213,950	2,188,950
2022	2,060,000	1,174,950	3,234,950
2023	2,170,000	1,070,863	3,240,863
2024	2,270,000	966,863	3,236,863
2025-2029	11,750,000	2,900,813	14,650,813
2030-2032	4,630,000	484,838	5,114,838
Total	<u>\$ 24,785,000</u>	<u>\$ 9,072,727</u>	<u>\$ 33,857,727</u>

### General Obligation Bond - 2012 Refunding

The 2012 general obligation bonds mature through 2035 as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,730,000	\$ 2,113,056	\$ 4,843,056
2021	2,860,000	1,976,556	4,836,556
2022	3,000,000	1,833,556	4,833,556
2023	3,145,000	1,683,556	4,828,556
2024	3,295,000	1,526,306	4,821,306
2025-2029	11,475,000	5,649,031	17,124,031
2030-2034	16,485,000	2,525,331	19,010,331
2035	2,125,000	92,969	2,217,969
Total	<u>\$ 45,115,000</u>	<u>\$ 17,400,361</u>	<u>\$ 62,515,361</u>

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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### General Obligation Bond - 2014 Refunding Series A and B

The 2014 general obligation bonds mature through 2036 as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 8,170,000	\$ 6,269,975	\$ 14,439,975
2021	8,570,000	5,851,475	14,421,475
2022	8,060,000	5,435,725	13,495,725
2023	7,865,000	5,037,600	12,902,600
2024	8,260,000	4,658,500	12,918,500
2025-2029	44,090,000	17,079,125	61,169,125
2030-2034	47,325,000	5,258,925	52,583,925
2035-2036	5,845,000	219,338	6,064,338
Total	<u>\$ 138,185,000</u>	<u>\$ 49,810,663</u>	<u>\$ 187,995,663</u>

### General Obligation Bond - 2016 Refunding

The 2016 general obligation bonds mature through 2040 as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ -	\$ 4,784,350	\$ 4,784,350
2021	2,465,000	4,735,050	7,200,050
2022	2,560,000	4,621,750	7,181,750
2023	2,690,000	4,490,500	7,180,500
2024	2,830,000	4,352,500	7,182,500
2025-2029	16,345,000	19,522,250	35,867,250
2030-2034	25,445,000	14,877,125	40,322,125
2035-2039	47,305,000	5,663,200	52,968,200
2040	5,885,000	117,700	6,002,700
Total	<u>\$ 105,525,000</u>	<u>\$ 63,164,425</u>	<u>\$ 168,689,425</u>

### 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 percent to 5.52 percent.

**PERALTA COMMUNITY COLLEGE DISTRICT**

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

The bonds mature through 2050 as follows:

Year Ending June 30,	Principal (Including Accreted Interest to Date)	Accreted Interest	Current Interest	Total
2020	\$ 5,378,188	\$ 3,371,812	\$ 836,888	\$ 9,586,888
2021	4,533,044	2,841,956	382,763	7,757,763
2022	3,589,014	4,210,986	2,240,783	10,040,783
2023	3,830,582	4,494,418	1,835,963	10,160,963
2024	4,233,196	4,966,804	1,403,895	10,603,895
2025-2029	17,629,966	27,270,034	8,970,915	53,870,915
2030-2034	14,960,240	33,039,760	11,590,568	59,590,568
2035-2039	15,009,131	45,440,869	12,195,203	72,645,203
2040-2044	8,536,134	39,863,866	-	48,400,000
2045-2049	12,121,796	63,328,204	-	75,450,000
2050	3,100,738	16,199,262	-	19,300,000
Subtotal	<u>92,922,029</u>	<u>245,027,971</u>	<u>39,456,978</u>	<u>377,406,978</u>
Accumulated accretion	<u>91,331,089</u>	<u>(91,331,089)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 184,253,118</u>	<u>\$ 153,696,882</u>	<u>\$ 39,456,978</u>	<u>\$ 377,406,978</u>

**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 percent.

**PERALTA COMMUNITY COLLEGE DISTRICT**

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

The bonds mature through 2050 as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 108,325	\$ 619,482	\$ 727,807
2021	114,343	612,524	726,867
2022	120,361	605,189	725,550
2023	132,397	597,291	729,688
2024	138,415	588,828	727,243
2025-2029	842,526	2,796,885	3,639,411
2030-2034	1,149,449	2,487,896	3,637,345
2035-2039	1,570,709	2,066,633	3,637,342
2040-2044	2,154,459	1,489,466	3,643,925
2045-2049	2,930,787	700,538	3,631,325
2050	704,106	22,003	726,109
Total	<u>\$ 9,965,877</u>	<u>\$ 12,586,735</u>	<u>\$ 22,552,612</u>

**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 percent to 6.91 percent 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 bonds mature through 2032 as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 1,695,000	\$ 3,127,370	\$ 4,822,370
2021	2,465,000	3,026,365	5,491,365
2022	1,570,000	2,874,545	4,444,545
2023	2,120,000	2,775,494	4,895,494
2024	2,400,000	2,637,503	5,037,503
2025-2029	17,335,000	10,089,195	27,424,195
2030-2032	17,105,000	2,667,420	19,772,420
Total	<u>\$ 44,690,000</u>	<u>\$ 27,197,892</u>	<u>\$ 71,887,892</u>

**Other Postemployment Benefits Letter of Credit**

In August 2015, the District converted \$38,450,000 of Convertible Auction Rate Securities (CARS) to variable rate bonds with an LOC from Barclays Bank. As of June 30, 2019, the bonds carry Barclays Bank's short-term rating of VMIG-1 (Moody's Investors Service) and A-1 (Standard & Poor's).

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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### Claims Liability

At June 30, 2019, the liability for claims liability was \$3,951,000. See Note 13 for additional information.

### Load Banking

At June 30, 2019, the liability for load banking agreements was \$2,147,764.

### Compensated Absences

At June 30, 2019, the liability for compensated absences was \$6,736,165.

### Aggregate Net OPEB liability

At June 30, 2019, the liability for the aggregate net OPEB liability was \$212,035,476. See Note 11 for additional information on the aggregate net OPEB liability.

### Aggregate Net Pension Obligation

At June 30, 2019, the liability for the aggregate net pension obligation was \$160,121,635. See Note 14 for additional information on the aggregate net pension obligation.

### **NOTE 11 - AGGREGATE NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY**

For the fiscal year ended June 30, 2019, the District reported an aggregate net OPEB liability, deferred outflows, and inflows of resources, and OPEB expense for the following plans:

<u>OPEB Plan</u>	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
District Plan - Pre-2004	\$ 196,543,327	\$ -	\$ -	\$ 6,721,540
District Plan - Post-2004 Medicare Premium	14,904,068	594,447	15,281	1,410,110
Payment (MPP) Program	588,081	-	-	(54,151)
Total	<u>\$ 212,035,476</u>	<u>\$ 594,447</u>	<u>\$ 15,281</u>	<u>\$ 8,077,499</u>

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2019**

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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, 2019, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	674
Active employees	233
	<hr/>
	907
	<hr/> <hr/>

#### *Benefits Provided*

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

#### *Contributions*

The contribution requirements of the Plan members and the District are established and may be amended by the District, the bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District Board of Trustees. The District contributed \$10,172,935 to the Plan, all of which was used for current premiums.

#### **Total OPEB Liability of the District**

The District's total OPEB liability of \$196,543,327 as measured as of June 30, 2019, and the total OPEB liability was determined by an actuarial valuation as June 30, 2018.

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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### *Actuarial Assumptions*

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent, average, including inflation
Investment rate of return	3.50 percent
Health care cost trend rates	4.00 percent

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

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) 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 actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actual experience study for the period July 1, 2017 to June 30, 2018.

### **Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance at June 30, 2018	\$ 189,821,787
Service cost	3,659,580
Interest	6,529,779
Changes of assumptions	6,705,116
Benefit payments	(10,172,935)
Net change in total OPEB liability	<u>6,721,540</u>
Balance at June 30, 2019	<u><u>\$ 196,543,327</u></u>

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

Changes of assumptions and other inputs reflect a change in the discount rate from 3.80 percent to 3.50 percent since the previous valuation.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rates:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.50%)	\$ 220,827,984
Current discount rate (3.50%)	196,543,327
1% increase (4.50%)	176,811,049

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

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

<u>Health Care Cost Trend Rates</u>	<u>Net OPEB Liability</u>
1% decrease (3.00%)	\$ 175,116,356
Current health care cost trend rate (4.00%)	196,543,327
1% increase (5.00%)	222,056,470

**District Plan - Post-2004 Employees**

**Plan Administration**

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

*Plan Membership*

At June 30, 2019, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	7
Active employees	581
	<u>588</u>

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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### **Peralta Community College District OPEB Trust**

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

#### *Benefits Provided*

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

#### *Contributions*

The contribution requirements of Plan members and the District are established and may be amended by the District, the Peralta Federation of Teachers, the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District Board of Trustees. The District contributed \$1,311,092 to the Plan, of which \$311,092 was used for current premiums and \$1,000,000 was contributed to the District's irrevocable OPEB trust.

### **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 following was the governing board's adopted asset allocation policy as of June 30, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash and fixed income	40%
Equities	57%
Real and alternative assets	3%

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2019**

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### *Rate of Return*

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 9.76 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### **Net OPEB Liability of the District**

The District's net OPEB liability of \$14,904,068 was measured as of June 30, 2019, and the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

Total OPEB liability	\$ 15,954,670
Plan fiduciary net position	(1,050,602)
District's net OPEB liability	<u>\$ 14,904,068</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>6.58%</u>

### *Actuarial Assumptions*

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent, average, including inflation
Discount rate	6.30 percent
Health care cost trend rates	4.00 percent

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

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) 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 actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actual experience study for the period July 1, 2017 to June 30, 2018.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018, (see the discussion of the Plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Stock	7.50%
Non-U.S. Stock	7.50%
Bonds	4.50%

*Discount Rate*

The discount rate used to measure the total OPEB liability was 6.30 percent. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability of the District**

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balance at June 30, 2018	\$ 12,914,792	\$ -	\$ 12,914,792
Service cost	1,850,993	-	1,850,993
Interest	862,139	-	862,139
Contributions - employer	-	1,311,092	(1,311,092)
Net investment income	-	51,420	(51,420)
Changes of assumptions	637,838	-	637,838
Benefit payments	(311,092)	(311,092)	-
Administrative expense	-	(818)	818
Net change in total OPEB liability	<u>3,039,878</u>	<u>1,050,602</u>	<u>1,989,276</u>
Balance at June 30, 2019	<u>\$ 15,954,670</u>	<u>\$ 1,050,602</u>	<u>\$ 14,904,068</u>

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

**PERALTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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Changes of assumptions and other inputs reflect a change in the discount rate from 6.75 percent to 6.30 percent since the previous valuation.

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

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

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (5.30%)	\$ 16,276,874
Current discount rate (6.30%)	14,904,068
1% increase (7.30%)	13,765,284

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

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

<u>Health Care Cost Trend Rates</u>	<u>Net OPEB Liability</u>
1% decrease (3.00%)	\$ 13,593,090
Current health care cost trend rate (4.00%)	14,904,068
1% increase (5.00%)	16,450,078

**Deferred Outflows and Inflows of Resources related to OPEB**

The deferred outflows of resources related to the changes in assumptions will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>
2020	\$ 43,391
2021	43,391
2022	43,391
2023	43,391
2024	43,391
Thereafter	377,492
Total	<u>\$ 594,447</u>

**PERALTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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The deferred inflows of resources related to the difference between projected and actual earnings on OPEB plan investments will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2020	\$ (3,821)
2021	(3,821)
2022	(3,821)
2023	(3,818)
Total	<u>\$ (15,281)</u>

**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, 2016 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 contributions. 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.

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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### Net OPEB Liability and OPEB Expense

At June 30, 2019, the District reported a liability of \$588,081 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net OPEB liability 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 entities, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, was 0.1536 percent and 0.1527, respectively, resulting in a net increase, in the proportionate share of 0.0009 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of (\$54,151).

### Actuarial Methods and Assumptions

The June 30, 2018 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018, using the assumptions listed in the following table:

Measurement Date	June 30, 2018	June 30, 2017
Valuation Date	June 30, 2017	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.87%	3.58%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2017, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 459 or an average of 0.27 percent of the potentially eligible population (171,593).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2018, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2019**

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### Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2018, is 3.87 percent. The MPP Program is funded on a pay-as-you-go basis as described in Note 2, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2018, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

### *Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*

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

Discount Rate	Net OPEB Liability
1% decrease (2.87%)	\$ 650,447
Current discount rate (3.87%)	588,081
1% increase (4.87%)	531,769

### *Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates*

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	\$ 536,270
Current Medicare costs trend rates (3.7% Part A and 4.1% Part B)	588,081
1% increase (4.7% Part A and 5.1% Part B)	643,802

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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### NOTE 12 - 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, 2019, the 2005 Series B-2 through B-6 has a fair market value of (\$27,678,616). The intention of the swap was to effectively change the variable interest rate on the bonds to a synthetic fixed-rate of 5.158 percent, 5.279 percent, 5.207 percent, 5.055 percent, and 4.935 percent, respectively.

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

*Credit Risk.* As of June 30, 2019, the District was not exposed to credit risk because the swap had a negative fair value. Ongoing swap risks lay 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, 2019, derivative instrument B-2 under governmental activities no longer meets the criteria for effectiveness and, thus, is considered to be an investment derivative instrument. Accordingly, the accumulated changes in its fair value in fiscal year 2019 of \$368,295 are reported within the investment revenue classification for the year ended June 30, 2019. The other 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.

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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### 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 ID	Trade Date	Effective Date	Maturity Date	Currency	Original Notional	Market Value	Fixed Rate
AUF3X	November 28, 2006	August 5, 2039	August 5, 2049	USD	\$ 134,475,000	\$ (10,393,962)	4.935%
AUF3W	November 28, 2006	August 5, 2031	August 5, 2039	USD	86,650,000	(7,171,336)	5.055%
AUF3V	November 28, 2006	August 5, 2025	August 5, 2031	USD	57,525,000	(5,197,485)	5.207%
AUF3U	November 28, 2006	August 5, 2020	August 5, 2025	USD	43,175,000	(4,608,231)	5.279%
AUF3T	November 28, 2006	August 5, 2015	August 5, 2020	USD	38,450,000	(307,602)	5.158%

### NOTE 13 - 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, 2019, the District contracted with the Alliance of Schools for Cooperative Insurance Program (ASCIP) Joint Powers Authority (JPA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2019**

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### 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, 2017 to June 30, 2019:

	<u>Workers'</u> <u>Compensation</u>
Liability Balance, July 1, 2017	\$ 2,733,000
Net claims and changes in estimates	2,431,685
Claims payments	<u>(1,213,685)</u>
Liability Balance, June 30, 2018	<u>3,951,000</u>
Net claims and changes in estimates	1,281,055
Claims payments	<u>(1,281,055)</u>
Liability Balance, June 30, 2019	<u><u>\$ 3,951,000</u></u>

At June 30, 2019, the Internal Service Fund had a retained deficit in the amount of (\$1,147,822).

### Employee Medical Benefits

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

### ***NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS***

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

**PERALTA COMMUNITY COLLEGE DISTRICT**

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

For the fiscal year ended June 30, 2019, the District reported the net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Collective Net Pension Liability</u>	<u>Collective Deferred Outflows of Resources</u>	<u>Collective Deferred Inflows of Resources</u>	<u>Collective Pension Expense</u>
CalSTRS	\$ 84,224,453	\$ 22,148,370	\$ 8,309,061	\$ 9,492,582
CalPERS	75,897,182	21,746,888	-	15,948,598
Total	<u>\$ 160,121,635</u>	<u>\$ 43,895,258</u>	<u>\$ 8,309,061</u>	<u>\$ 25,441,180</u>

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 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, 2017, 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 nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

**PERALTA COMMUNITY COLLEGE DISTRICT**

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

The STRP provisions and benefits in effect at June 30, 2019, are summarized as follows:

	<u>STRP Defined Benefit Program</u>	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.28%	16.28%
Required State contribution rate	9.828%	9.828%

**Contributions**

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above, and the District's total contributions were \$8,121,728.

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

At June 30, 2019, 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:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	\$ 84,224,453
State's proportionate share of net pension liability associated with the District	48,222,438
Total	<u><u>\$ 132,446,891</u></u>

The net pension liability was measured as of June 30, 2018. 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, 2018 and June 30, 2017, was 0.0916 percent and 0.0906 percent, respectively, resulting in a net increase in the District's proportionate share by 0.0010 percent.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

For the year ended June 30, 2019, the District recognized pension expense of \$9,492,582. In addition, the District recognized pension expense and revenue of \$5,665,049 for support provided by the State. At June 30, 2019, 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
Pension contributions subsequent to measurement date	\$ 8,121,728	\$ -
Net change in proportionate share of net pension liability	680,969	3,842,480
Differences between projected and actual earnings on the pension plan investments	-	3,243,174
Differences between expected and actual experience in the measurement of the total pension liability	261,177	1,223,407
Changes of assumptions	13,084,496	-
Total	<u>\$ 22,148,370</u>	<u>\$ 8,309,061</u>

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

The deferred outflows/(inflows) of resources related to the difference between projected and actual earning on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 704,184
2021	(510,976)
2022	(2,720,896)
2023	(715,486)
Total	<u>\$ (3,243,174)</u>

**PERALTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 1,672,009
2021	1,672,009
2022	1,672,009
2023	1,844,297
2024	2,000,536
Thereafter	99,895
Total	<u>\$ 8,960,755</u>

**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, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10 percent. 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 percent) 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 one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 123,378,968
Current discount rate (7.10%)	84,224,453
1% increase (8.10%)	51,761,561

**PERALTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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**California Public Employees' Retirement System (CalPERS)**

**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under 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, 2017, 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 member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for 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 age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2019, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	18.062%	18.062%

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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### 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, 2019, are presented above, and the total District contributions were \$6,333,207.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$75,897,182. The net pension liability was measured as of June 30, 2018. 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, 2018 and June 30, 2017, was 0.2847 percent and 0.2731 percent, respectively, resulting in a net increase in the proportionate share of 0.0116 percent.

For the year ended June 30, 2019, the District recognized pension expense of \$15,948,598. At June 30, 2019, 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
Pension contributions subsequent to measurement date	\$ 6,333,207	\$ -
Net change in proportionate share of net pension liability	2,237,614	-
Differences between projected and actual earnings on the pension plan investments	622,527	-
Differences between expected and actual experience in the measurement of the total pension liability	4,975,542	-
Changes of assumptions	7,577,998	-
Total	<u>\$ 21,746,888</u>	<u>\$ -</u>

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

**PERALTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 2,264,268
2021	541,479
2022	(1,735,243)
2023	(447,977)
Total	<u>\$ 622,527</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 6,604,462
2021	5,999,800
2022	2,186,892
Total	<u>\$ 14,791,154</u>

**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, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age services

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of Scale MP-2016.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15 percent. 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 one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 110,502,667
Current discount rate (7.15%)	75,897,182
1% increase (8.15%)	47,186,978

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2019**

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### **On Behalf Payments**

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2019, amounted to \$7,688,051 (9.828 percent) of salaries subject to CalSTRS. 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. No contributions were made for CalPERS for the year ended June 30, 2019. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of operating revenue and employee benefit expense.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2018–19 contribution on behalf of school employers of \$2.246 billion for CalSTRS and \$904 million for CalPERS. A proportionate share of these contributions has been recorded in these financial statements.

### ***NOTE 15 - 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 16 - COMMITMENT 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, 2019.

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2019**

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### **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.

### **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. At June 30, 2019, the total amount that has been deposited in a separate account owned by the District is \$4,183,778. 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.



**REQUIRED SUPPLEMENTARY INFORMATION**

**PERALTA COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITIES  
AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Pre-2004 Employees</u> <u>2019</u>	<u>Pre-2004 Employees</u> <u>2018</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 3,659,580	\$ 3,561,635
Interest	6,529,779	7,061,221
Changes of assumptions	6,705,116	-
Benefit payments	(10,172,935)	(9,781,668)
<b>Net change in total OPEB liability</b>	<u>6,721,540</u>	<u>841,188</u>
<b>Total OPEB liability - beginning</b>	<u>189,821,787</u>	<u>188,980,599</u>
<b>Total OPEB liability - ending</b>	<u>\$ 196,543,327</u>	<u>\$ 189,821,787</u>
<b>Covered payroll</b>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
<b>District's total OPEB liability as a percentage of covered payroll</b>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
	<u>Post-2004 Employees</u> <u>2019</u>	<u>Post-2004 Employees</u> <u>2018</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 1,850,993	\$ 1,801,453
Interest	862,139	767,563
Changes of assumptions	637,838	-
Benefit payments	(311,092)	(299,127)
<b>Net change in total OPEB liability</b>	<u>3,039,878</u>	<u>2,269,889</u>
<b>Total OPEB liability - beginning</b>	<u>12,914,792</u>	<u>10,644,903</u>
<b>Total OPEB liability - ending</b>	<u>\$ 15,954,670</u>	<u>\$ 12,914,792</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 1,311,092	\$ -
Net investment income	51,420	-
Benefit payments	(311,092)	-
Administrative expense	(818)	-
<b>Net change in plan fiduciary net position</b>	<u>1,050,602</u>	<u>-</u>
<b>Plan fiduciary net position - beginning</b>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 1,050,602</u>	<u>\$ -</u>
<b>District's net OPEB liability - ending (a) - (b)</b>	<u>\$ 14,904,068</u>	<u>\$ 12,914,792</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<u>6.58%</u>	<u>0.00%</u>
<b>Covered payroll</b>	<u>35,360,298</u>	<u>N/A<sup>1</sup></u>
<b>District's net OPEB liability as a percentage of covered payroll</b>	<u>42%</u>	<u>N/A<sup>1</sup></u>

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

See accompanying note to required supplementary information.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF OPEB INVESTMENT RETURNS  
FOR THE YEAR ENDED JUNE 30, 2019**

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	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	<u>9.76%</u>

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

See accompanying note to required supplementary information.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET  
OPEB LIABILITY - MPP PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2019**

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Year ended June 30,	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	<u>0.1536%</u>	<u>0.1527%</u>
District's proportionate share of the net OPEB liability	<u>\$ 588,081</u>	<u>\$ 642,232</u>
District's covered-employee payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>-0.40%</u>	<u>0.01%</u>

<sup>1</sup> 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.

See accompanying note to required supplementary information.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>CalSTRS</b>			
District's proportion of the net pension liability	<u>0.0916%</u>	<u>0.0906%</u>	<u>0.0977%</u>
District's proportionate share of the net pension liability	\$ 84,224,453	\$ 83,830,537	\$ 79,009,663
State's proportionate share of the net pension liability associated with the District	<u>48,222,438</u>	<u>49,593,437</u>	<u>44,978,792</u>
Total	<u><u>\$ 132,446,891</u></u>	<u><u>\$ 133,423,974</u></u>	<u><u>\$ 123,988,455</u></u>
District's covered-employee payroll	<u>\$ 50,396,341</u>	<u>\$ 49,997,536</u>	<u>\$ 49,324,706</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>167.12%</u>	<u>167.67%</u>	<u>160.18%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>69%</u>	<u>70%</u>
<b>CalPERS</b>			
District's proportion of the net pension liability	<u>0.2847%</u>	<u>0.2731%</u>	<u>0.2700%</u>
District's proportionate share of the net pension liability	<u>\$ 75,897,182</u>	<u>\$ 65,197,549</u>	<u>\$ 53,328,235</u>
District's covered-employee payroll	<u>\$ 37,694,952</u>	<u>\$ 34,847,408</u>	<u>\$ 32,908,677</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>201.35%</u>	<u>187.09%</u>	<u>162.05%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>72%</u>	<u>74%</u>

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

See accompanying note to required supplementary information.

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<u>2016</u>	<u>2015</u>
<u>0.0977%</u>	<u>0.0940%</u>
\$ 65,754,587	\$ 54,918,256
34,776,928	33,162,014
<u>\$ 100,531,515</u>	<u>\$ 88,080,270</u>
<u>\$ 45,180,068</u>	<u>\$ 39,942,761</u>
<u>145.54%</u>	<u>137.49%</u>
<u>74%</u>	<u>77%</u>
<u>0.2636%</u>	<u>0.2533%</u>
<u>\$ 38,855,675</u>	<u>\$ 28,756,787</u>
<u>\$ 28,389,491</u>	<u>\$ 26,688,411</u>
<u>136.87%</u>	<u>107.75%</u>
<u>79%</u>	<u>83%</u>

**PERALTA COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF THE DISTRICT CONTRIBUTIONS FOR PENSIONS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>CalSTRS</b>			
Contractually required contribution	\$ 8,121,728	\$ 7,272,192	\$ 6,289,690
Contributions in relation to the contractually required contribution	<u>(8,121,728)</u>	<u>(7,272,192)</u>	<u>(6,289,690)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 49,887,764</u>	<u>\$ 50,396,341</u>	<u>\$ 49,997,536</u>
Contributions as a percentage of covered-employee payroll	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>
<b>CalPERS</b>			
Contractually required contribution	\$ 6,333,207	\$ 5,854,403	\$ 4,839,608
Contributions in relation to the contractually required contribution	<u>(6,333,207)</u>	<u>(5,854,403)</u>	<u>(4,839,608)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 35,063,708</u>	<u>\$ 37,694,952</u>	<u>\$ 34,847,408</u>
Contributions as a percentage of covered-employee payroll	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>

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

See accompanying note to required supplementary information.

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<u>2016</u>	<u>2015</u>
\$ 5,292,541	\$ 4,011,990
<u>(5,292,541)</u>	<u>(4,011,990)</u>
<u>\$ -</u>	<u>\$ -</u>
<u>\$ 49,324,706</u>	<u>\$ 45,180,068</u>
<u>10.73%</u>	<u>8.88%</u>
\$ 3,898,691	\$ 3,341,727
<u>(3,898,691)</u>	<u>(3,341,727)</u>
<u>\$ -</u>	<u>\$ -</u>
<u>\$ 32,908,677</u>	<u>\$ 28,389,491</u>
<u>11.847%</u>	<u>11.771%</u>

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

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### *NOTE 1 - PURPOSE OF SCHEDULES*

#### **Schedule of Changes in the District's Net OPEB Liabilities and Related Ratios**

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

##### *District Plan - Pre-2004*

*Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuation.

*Changes of Assumptions* - Changes of assumptions and other inputs reflect a change in the discount rate from 3.80 percent to 3.50 percent since the previous valuation.

##### *District Plan - Post-2004*

*Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuation.

*Changes of Assumptions* - Changes of assumptions and other inputs reflect a change in the discount rate from 6.75 percent to 6.30 percent since the previous valuation.

#### **Schedule of OPEB Investment Returns**

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

#### **Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program**

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

*Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.

*Changes of Assumptions* - The plan rate of investment return assumption was changed from 3.58 percent to 3.87 percent since the previous valuation.

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net positions and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

*Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

*Changes of Assumptions* - There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

### **Schedule of District Contributions for Pensions**

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



**SUPPLEMENTARY INFORMATION**

# PERALTA COMMUNITY COLLEGE DISTRICT

## DISTRICT ORGANIZATION

**JUNE 30, 2019**

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Peralta Community College District was established in 1964 by the electorates of six Alameda County school districts: Alameda, Albany, Berkeley, Emeryville, Oakland, and Piedmont. The District consists of the following two-year community colleges: College of Alameda, Laney College, Merritt College, and Berkeley City College. The District's colleges are accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

### BOARD OF TRUSTEES

<u>MEMBER</u>		<u>TERM EXPIRES</u>
Ms. Julina Bonilla	President	2022
Ms. Karen Weinstein	Vice President	2020
Ms. Meredith Brown	Member	2020
Ms. Cindi Reiss	Member	2022
Dr. Nicky González Yuen	Member	2020
Ms. Linda Handy	Member	2022
Mr. Bill Withrow	Member	2020
Ms. Rowena Contreras	Student Trustee	2019
Mr. Dowell Standley	Student Trustee	2019

### ADMINISTRATION

Dr. Jowel C. Laguerre	Chancellor
Dr. Tammeil Gilkerson	President, Laney College
Dr. Rowena Tomaneng	President, Berkeley City College
Dr. Marie-Elaine Burns	President, Merritt College
Dr. Timothy Karas	President, College of Alameda
Dr. Albert Harrison	Vice Chancellor, Finance and Administration
Mr. Leigh Sata	Vice Chancellor, General Services
Ms. Chanelle Whitaker	Interim Vice Chancellor, Human Resources
Dr. Siri Brown	Vice Chancellor, Academic Affairs
Mr. Jason Cifra	Vice Chancellor, Student Affairs
Mr. Minh Lam	Interim Vice Chancellor, Information Technology

See accompanying note to supplementary information.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		\$ 26,199,867
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		1,140,336
Federal Work Study Program	84.033		930,101
Federal Work Study Program Administration Allowance	84.033		198,494
Federal Direct Student Loans	84.268		<u>2,511,652</u>
Total Student Financial Assistance Cluster			<u>30,980,450</u>
Asian Pacific Academic Student Success	84.382B		652,518
Passed through the California Community College Chancellor's Office			
Career and Technical Education, Perkins IV, Title I-C	84.048A	18-C01-041	691,690
Career and Technical Education Transitions	84.048A	18-C01-041	163,647
Passed through the California Department of Rehabilitation			
State Vocational Rehabilitation Services - Workability	84.126A	30715	271,507
State Vocational Rehabilitation Services - College 2 Career Program	84.126A	30370	<u>217,192</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>32,977,004</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through the California Department of Education			
Child and Adult Care Food Program	10.558	04348-CACFP-01-CC-CS	<u>75,741</u>
<b>U.S. DEPARTMENT OF LABOR</b>			
Workforce Innovation and Opportunity Act (WIOA) Cluster			
Passed through the Alameda County Workforce Development Board			
WIA Adult - One Stop Career Center	17.258	17372	144,491
WIA Dislocated Workers - One Stop Career Center	17.278	17372	<u>212,223</u>
Total WIOA Cluster			<u>356,714</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>356,714</u>
<b>U.S. DEPARTMENT OF STATE</b>			
Passed through the Institute of International Education			
Academic Exchange Programs - Fullbright Gateway Orientation Program	19.400	[1]	<u>54,490</u>

[1] Pass-Through Entity Identifying Number not available.

See accompanying note to supplementary information.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
Research and Development Cluster			
<b>NATIONAL SCIENCE FOUNDATION</b>			
Environmental Control Technology Education	47.076		\$ 759,428
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through the Regents of the University of California			
Berkeley Bridges to the Baccalaureate	93.859	9231	13,199
Total Research and Development Cluster			<u>772,627</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Temporary Assistance for Needy Families (TANF) Cluster			
Passed through the California Community College Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	165,468
Total TANF Cluster			<u>165,468</u>
Child Care and Development Fund (CCDF) Cluster			
Passed through the Yosemite Community College District, Child Development Training Consortium			
Child Care and Development Block Grant - CDTC	93.575	18-19-2498	15,850
Total CCDF Cluster			<u>15,850</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>181,318</u>
<b>U.S. DEPARTMENT OF VETERAN AFFAIRS</b>			
Veterans Administration Fees	64.032		<u>2,401</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			
AmeriCorps - National Service Awards	94.006		91,262
TOTAL FEDERAL EXPENDITURES			<u>\$ 34,511,557</u>

[1] Pass-Through Entity Identifying Number not available.

See accompanying note to supplementary information.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>Program</b>	<b>Program Revenues</b>			<b>Total Revenue</b>
	<b>Cash Received</b>	<b>Accounts Receivable (Payables)</b>	<b>Unearned Revenue</b>	
Strong Workforce Regional	\$ 760,259	\$ 247,697	\$ -	\$ 1,007,956
Alameda County Department	3,643	-	3,199	444
Instructional Equipment	946,197	-	652,448	293,749
Staff Diversity	169,712	(150,210)	-	19,502
CARE	666,873	(80,131)	-	586,742
EOPS	3,190,511	(223,090)	-	2,967,421
SFAA/BFAP	1,099,055	167,569	-	1,266,624
DSPS	2,614,746	-	-	2,614,746
Advanced Welding Course Training	4,630	3,881	-	8,511
Deputy Sector Navigator Grant	631,032	-	344,021	287,011
BayClean Prop 39 Clean Energy	197,657	-	39,220	158,437
Student Success and Support Services	5,799,539	-	764,209	5,035,330
CTE Enhancement Funds	97,950	-	97,950	-
Student Equity Plans	3,397,561	-	1,349,284	2,048,277
CalWORKs	823,566	(128,209)	-	695,357
Foster Youth Success	1,090,197	(59,937)	-	1,030,260
Nursing Enrollment Growth	101,862	(48,666)	-	53,196
Lottery	1,059,760	488,624	-	1,548,384
Career Ladders Project	26,552	-	1,737	24,815
CTE Community Collaborative	53,266	-	53,266	-
Adult Education Block Grant	10,197,489	-	1,032,284	9,165,205
Cal Grant B/C	2,238,308	(169,304)	-	2,069,004
Basic Skills	1,263,283	-	570,159	693,124
FTSS Grant	64,801	-	58,551	6,250
Basic Skills New Tran	2,442,585	-	279,239	2,163,346
Apprenticeship Program	52,146	-	28,438	23,708
Strong Workforce Program	5,860,172	-	3,806,468	2,053,704
CTE Unlocked	148,966	-	98,401	50,565
AB 798 Textbook Affordability	18,178	-	16,517	1,661
Institutional Effectiveness	19,393	-	19,393	-
Basic Skills Partnership Pilot	2,557	133,934	-	136,491
Guided Pathways	1,507,372	-	1,303,681	203,691
Veterans Resource Center	88,739	4,117	-	92,856
Emergency Aid Dreamer Students	-	4,484	-	4,484
Zero Textbook Cost Degree	19,688	-	14,849	4,839
Child Development- California State	1,003,272	-	-	1,003,272
Childcare - Tax Bailout	406,587	-	-	406,587
Child and Adult Care Food Program	3,794	-	-	3,794
	<u>\$ 48,071,898</u>	<u>\$ 190,759</u>	<u>\$ 10,533,314</u>	<u>\$ 37,729,343</u>

See accompanying note to supplementary information.

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<b>Program</b>
<b><u>Expenditures</u></b>
\$ 1,007,956
444
293,749
19,502
586,742
2,967,421
1,266,624
2,614,746
8,511
287,011
158,437
5,035,330
-
2,048,277
695,357
1,030,260
53,196
727,055
24,815
-
9,165,205
2,069,004
693,124
6,250
2,163,346
23,708
2,053,704
50,565
1,661
-
136,491
203,691
92,856
4,484
4,839
1,003,272
406,587
3,794
<b><u><u>\$ 36,908,014</u></u></b>

**PERALTA COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL  
 APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE  
 FOR THE YEAR ENDED JUNE 30, 2019**

<b>CATEGORIES</b>	<u>Reported Data*</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
<b>A. Summer Intersession (Summer 2018 only)</b>			
1. Noncredit*	78.23	-	78.23
2. Credit	-	-	-
<b>B. Summer Intersession (Summer 2019 - Prior to July 1, 2019)</b>			
1. Noncredit*	14.95	-	14.95
2. Credit	1,564.88	-	1,564.88
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	11,005.15	-	11,005.15
(b) Daily Census Contact Hours	826.81	-	826.81
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	126.75	-	126.75
(b) Credit	58.07	-	58.07
3. Alternative Attendance Accounting Procedures Courses			
(a) Weekly Census Procedure Courses	1,848.90	-	1,848.90
(b) Daily Census Procedure Courses	1,027.18	-	1,027.18
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>D. Total FTES</b>	<u>16,550.92</u>	<u>-</u>	<u>16,550.92</u>
<b>SUPPLEMENTAL INFORMATION (Subset of Above Information)</b>			
<b>H. Basic Skills Courses and Immigrant Education</b>			
1. Noncredit	162.43	-	162.43
2. Credit	1,669.03	-	1,669.03
<b><u>CCFS-320 Addendum</u></b>			
CDCP Noncredit FTES	72.23	-	-

\* Annual report revised as of November 1, 2019.

See accompanying note to supplementary information.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2019**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
<b><u>Academic Salaries</u></b>							
<b>Instructional Salaries</b>							
Contract or Regular	1100	\$ 22,008,148	\$ -	\$ 22,008,148	\$ 22,008,148	\$ -	\$ 22,008,148
Other	1300	18,238,275	-	18,238,275	18,238,275	-	18,238,275
<b>Total Instructional Salaries</b>		<b>40,246,423</b>	<b>-</b>	<b>40,246,423</b>	<b>40,246,423</b>	<b>-</b>	<b>40,246,423</b>
<b>Noninstructional Salaries</b>							
Contract or Regular	1200	-	-	-	9,158,028	-	9,158,028
Other	1400	-	-	-	789,573	-	789,573
<b>Total Noninstructional Salaries</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>9,947,601</b>	<b>-</b>	<b>9,947,601</b>
<b>Total Academic Salaries</b>		<b>40,246,423</b>	<b>-</b>	<b>40,246,423</b>	<b>50,194,024</b>	<b>-</b>	<b>50,194,024</b>
<b><u>Classified Salaries</u></b>							
<b>Noninstructional Salaries</b>							
Regular Status	2100	-	-	-	21,479,761	-	21,479,761
Other	2300	-	-	-	1,779,894	-	1,779,894
<b>Total Noninstructional Salaries</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>23,259,655</b>	<b>-</b>	<b>23,259,655</b>
<b>Instructional Aides</b>							
Regular Status	2200	1,408,551	-	1,408,551	1,408,551	-	1,408,551
Other	2400	347,723	-	347,723	347,723	-	347,723
<b>Total Instructional Aides</b>		<b>1,756,274</b>	<b>-</b>	<b>1,756,274</b>	<b>1,756,274</b>	<b>-</b>	<b>1,756,274</b>
<b>Total Classified Salaries</b>		<b>1,756,274</b>	<b>-</b>	<b>1,756,274</b>	<b>25,015,929</b>	<b>-</b>	<b>25,015,929</b>
Employee Benefits	3000	20,846,891	-	20,846,891	45,245,212	-	45,245,212
Supplies and Material	4000	-	-	-	870,728	-	870,728
Other Operating Expenses	5000	-	-	-	10,136,162	-	10,136,162
Equipment Replacement	6420	-	-	-	-	-	-
<b>Total Expenditures Prior to Exclusions</b>		<b>62,849,588</b>	<b>-</b>	<b>62,849,588</b>	<b>131,462,055</b>	<b>-</b>	<b>131,462,055</b>

See accompanying note to supplementary information.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued  
FOR THE YEAR ENDED JUNE 30, 2019**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
<b><u>Exclusions</u></b>							
<b>Activities to Exclude</b>							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ 3,806,464	\$ -	\$ 3,806,464	\$ 3,806,464	\$ -	\$ 3,806,464
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	5,690,159	-	5,690,159
<b>Objects to Exclude</b>							
Rents and Leases	5060	-	-	-	1,017,896	-	1,017,896
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	2,411,086	-	2,411,086
Classified Salaries	2000	-	-	-	143,061	-	143,061
Employee Benefits	3000	-	-	-	1,192,130	-	1,192,130
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	58,237	-	58,237
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
<b>Total Supplies and Materials</b>		-	-	-	58,237	-	58,237

See accompanying note to supplementary information.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued  
FOR THE YEAR ENDED JUNE 30, 2019**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 58,299	\$ -	\$ 58,299
Capital Outlay							
Library Books	6000	-	-	-	-	-	-
Equipment	6300	-	-	-	-	-	-
Equipment - Additional	6400	-	-	-	-	-	-
Equipment - Replacement	6410	-	-	-	-	-	-
<b>Total Equipment</b>		-	-	-			
<b>Total Capital Outlay</b>							
Other Outgo	7000	-	-	-	-	-	-
<b>Total Exclusions</b>		3,806,464	-	3,806,464	14,377,332	-	14,377,332
<b>Total for ECS 84362, 50 Percent Law</b>		\$ 59,043,124	\$ -	\$ 59,043,124	\$ 117,084,723	\$ -	\$ 117,084,723
<b>Percent of CEE (Instructional Salary Cost/Total CEE)</b>		50.43%		50.43%	100.00%		100.00%
<b>50% of Current Expense of Education</b>					\$ 58,542,362		\$ 58,542,362

See accompanying note to supplementary information.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET  
REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

Summarized below are the fund balance reconciliations between the Annual Financial and Budget Report (CCFS-311) and the audited financial statements at June 30, 2019.

	General Fund	Parcel Tax Fund	Child Development Fund	Special Reserve Fund
June 30, 2019, Annual Financial and Budget Report (CCFS-311)				
Reported Fund Balance	\$ 25,408,837	\$ 1,032,022	\$ 1,877,298	\$ 18,429,609
Adjustments to Increase (Decrease) Fund Balance				
Beginning balance	-	-	-	-
Cash and cash equivalents	-	-	-	-
Accounts receivable	(30,608)	-	(299,452)	(4,377,046)
Deferred Revenue	1,809,130	-	-	-
Accounts payable	546,233	8,364	-	-
Accrued interest	-	-	-	-
Claims liability	-	-	-	-
OPEB bonds	-	-	-	-
Audited Fund Balance	<u>\$ 27,733,592</u>	<u>\$ 1,040,386</u>	<u>\$ 1,577,846</u>	<u>\$ 14,052,563</u>

See accompanying note to supplementary information.

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Revenue Bond Project Fund	Internal Service Fund	Deferred Compensation Fund	Student Financial Aid	Student Representation Fees Fund	Associated Students Fund
\$ 24,448,852	\$ 2,803,178	\$ (43,255,728)	\$ 1,185,767	\$ 142,355	\$ 301,633
-	-	538,496	-	-	-
-	-	-	-	-	5,474
-	-	-	(985,387)	-	58,472
-	-	-	-	6,358	-
(217,344)	-	100,000	-	-	-
-	-	22,841	-	-	-
-	(3,951,000)	-	-	-	-
-	-	(2,015,742)	-	-	-
<u>\$ 24,231,508</u>	<u>\$ (1,147,822)</u>	<u>\$ (44,610,133)</u>	<u>\$ 200,380</u>	<u>\$ 148,713</u>	<u>\$ 365,579</u>

**PERALTA COMMUNITY COLLEGE DISTRICT**

**PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA)  
EXPENDITURE REPORT  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>Activity Classification</b>	<b>Object Code</b>				<b>Unrestricted</b>
EPA Revenue:	8630				\$ 15,922,131
<b>Activity Classification</b>	<b>Activity Code</b>	<b>Salaries and Benefits (Obj 1000-3000)</b>	<b>Operating Expenses (Obj 4000-5000)</b>	<b>Capital Outlay (Obj 6000)</b>	<b>Total</b>
Instructional Activities	1000-5900	\$ 15,922,131	\$ -	\$ -	\$ 15,922,131
<b>Revenues Less Expenditures</b>					\$ -

See accompanying note to supplementary information.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019**

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**Amounts Reported for Governmental Activities in the Statement of  
Net Position are Different Because:**

**Total Fund Balance and Retained Earnings**

General Funds	\$ 27,733,592
Special Revenue Funds	16,670,795
Debt Service Fund	23,864,671
Capital Projects Funds	30,036,459
Internal Service Fund	(1,147,822)
Fiduciary Funds	<u>(44,409,753)</u>

**Total Fund Balance and Retained Earnings -**

**All District Funds** \$ 52,747,942

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is	731,663,739	
Accumulated depreciation is	<u>(284,502,392)</u>	
Subtotal		447,161,347

Deferred charges on refunding (the difference between the reacquisition price and net carrying amount of refunded debt) are capitalized and amortized over the remaining life of the new or old debt (whichever is shorter) and are included with governmental activities. 15,376,720

In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On government-wide financial statements, unmatured interest (less the amount already recorded in the Deferred Comp Trust Fund) on long-term obligations is recognized when it is incurred. (6,973,831)

Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year end consist of:

Pension contributions subsequent to measurement date	14,454,935
Net change in proportionate share of net pension liability	2,918,583
Differences between projected and actual earnings on the pension plan investments	622,527
Differences between expected and actual experience in the measurement of the total pension liability	5,236,719
Changes of assumptions	<u>20,662,494</u>

**Total Deferred Outflows of Resources Related to Pensions** 43,895,258

See accompanying note to supplementary information.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION, Continued  
JUNE 30, 2019**

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In governmental funds, expenses related to Interest Rate SWAPs are recognized in the period in which they are due. On the government-wide financial statements, the SWAP liability is recognized when it is incurred.	\$	(307,602)
Deferred outflows of resources related to OPEB represent an consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB consists of a change in assumptions.		594,447
Deferred inflows of resources related to OPEB represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to OPEB consist of the difference between projected and actual earnings on plan investments.		(15,281)
Net change in proportionate share of net pension liability	\$ 3,842,480	
Differences between projected and actual earnings on the pension plan investments	3,243,174	
Differences between expected and actual experience in the measurement of the total pension liability	<u>1,223,407</u>	
Total Deferred Outflows of Resources Related to Pensions		(8,309,061)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year end consist of:		
Bonds payable	411,140,966	
Compensated absences	6,736,165	
Load banking	2,147,764	
Aggregate net OPEB liability	212,035,476	
Aggregate net pension obligation	<u>160,121,635</u>	(792,182,006)
<b>Total Net Position</b>		<b><u>\$ (248,012,067)</u></b>

See accompanying note to supplementary information.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

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**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, 2019.

**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 modified 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.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position – Primary Government and the related expenditures reported on the Schedule of Federal Awards.

	<u>CFDA Number</u>	<u>Amount</u>
Total Federal Revenues From the Statement of Revenues, Expenses, and Changes in Net Position:		\$ 34,579,769
Berkeley Bridges to the Baccalaureate	93.859	(32,348)
Temporary Assistance for Needy Families (TANF)	93.558	(3,000)
WIA Adult Program-Green Job	17.258	(32,510)
WIA Adult Program-Marin Employment Connection	17.258	(354)
Total Schedule of Expenditures of Federal Awards		<u><u>\$ 34,511,557</u></u>

**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.

# PERALTA COMMUNITY COLLEGE DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2019

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### **Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation**

ECS 84362 requires the District to expend a minimum of 50 percent 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.

### **Reconciliation of Annual Financial and Budget Report (CCFS-311) With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's audited financial statements.

### **Proposition 30 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 government-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.



## **INDEPENDENT AUDITOR'S REPORTS**



**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  
Peralta Community College District  
Oakland, California

We have audited, 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, the financial statements of the business-type activities, and the aggregate remaining fund information of Peralta Community College District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2019.

**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 material weaknesses or significant deficiencies 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 material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001, 2019-002, and 2019-003 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2019-004 to be a significant deficiency.

### **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*.

We noted certain matters that we reported to management of the District in a separate letter dated December 20, 2019.

### **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 responses.

### **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.

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

Rancho Cucamonga, California  
December 20, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees  
Peralta Community College District  
Oakland, California

**Report on Compliance for 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, 2019. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

## **Opinion on Each Major Federal Program**

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, 2019.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2019-005, 2019-006, and 2019-007. Our opinion on each major Federal program is not modified with respect to these matters.

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

## **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2019-005, 2019-006, and 2019-007, that we consider to be significant deficiencies.

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

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.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
December 20, 2019



## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees  
Peralta Community College District  
Oakland, California

### Report on State Compliance

We have audited Peralta Community College District's (the District) compliance with the types of compliance requirements as identified in the 2018-2019 California Community Colleges Chancellor's Office *District Audit Manual* that could have a direct and material effect on each of the District's State programs as noted below for the year ended June 30, 2019.

### Management's Responsibility

Management is responsible for compliance with State laws and regulations, and the terms and conditions of its State awards applicable to its State programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the 2018-2019 California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of the District's compliance with those requirements.

### Basis for Qualified Opinion on Section 425: Residency Determination for Credit Courses, Section 444: Apprenticeship Related and Supplemental Instruction (RSI) Funds, and Section 491: Education Protection Account Funds

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding Section 425: Residency Determination for Credit Courses Section 444: Apprenticeship Related and Supplemental Instruction (RSI) Funds, and Section 491: Education Protection Account Funds, as identified in findings 2019-008, 2019-009, and 2019-010, respectively. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to those programs.

**Qualified Opinion on Section 425: Residency Determination for Credit Courses, Section 444: Apprenticeship Related and Supplemental Instruction (RSI) Funds, and Section 491: Education Protection Account Funds**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2019.

**Unmodified Opinion for Each of the Other Programs**

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the State programs noted below that were audited for the year ended June 30, 2019, except as described in the State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

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 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP and Non-CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 439	Proposition 39 Clean Energy Fund
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds

The District reports no attendance within classes subject to TBA Hours; therefore, the compliance tests within this section were not applicable.

The District did not receive funding for Proposition 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.



Rancho Cucamonga, California  
December 20, 2019



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**PERALTA COMMUNITY COLLEGE DISTRICT**

**SUMMARY OF AUDITOR'S RESULTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>Yes</u>
Significant deficiencies identified?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major Federal programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>Yes</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	<u>Yes</u>
Identification of major Federal programs:	
<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.063, 84.007, 84.033,	
<u>84.0268</u>	<u>Student Financial Assistance Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,035,346</u>
Auditee qualified as low-risk auditee?	<u>No</u>

**STATE AWARDS**

Type of auditor's report issued on compliance for State programs:	<u>Qualified</u>
Unmodified for all State programs except for the following State program which was qualified:	
	<u>Name of State Program</u>
	423 - Apportionment for Activities Funded From Other Sources
	<u>425 - Residency Determination for Credit Courses</u>
	444 - Apprenticeship Related and Supplemental Instruction (RSI) Funds
	<u>491 - Education Protection Account Funds</u>

# PERALTA COMMUNITY COLLEGE DISTRICT

## FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2019

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The following findings represent significant deficiencies and material weaknesses related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

### 2019-001 Closing Process and Control Environment

#### 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 Accounting Manual* (BAM). Colleges are also required to present their financial statements in accordance with generally accepted accounting principles (GAAP).

#### Condition

*Material Weakness* - District appears to have an ineffective control environment over. As noted in the prior year, errors were made within the reconciliation processes of the District's financial records. As of year end, material adjustments and reclassifications were required to conform to the BAM and GAAP. Differences were found in various accounts including, but not limited to:

- Receivable balances were not being properly reviewed and reconciled.
- The journal entry review process is not being completed effectively. Several errors, reversals and corrections were observed throughout the general ledger activity involving journal entries that appear to have gone through the proper approval process which were later reversed.
- Bank 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 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.

# PERALTA COMMUNITY COLLEGE DISTRICT

## FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2019

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### **Cause**

Ineffective control environment. There are multiple key management roles vacant including: Vice Chancellor of 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 receivable. In addition, the District should maintain an aging report for receivables to help identify old receivables to determine if the transaction still represents a valid receivable or deemed uncollectible. The District should perform a reconciliation of all accounts to ensure they are being properly accounted for.

### **Corrective Action Plan**

The District has a closing calendar and procedure for year end. The District has recorded all prior year audit adjustments. The audit adjustment for Fund 01 (General Fund) were recorded to the prior year revenues and expenses and, therefore, the Audit adjustments are part of the fund balance.

The District will implement regular reconciliation of accounts and will 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.

The District is currently working on reconciling all the receivable accounts on a monthly basis and will maintain an aging report on the receivables and determine if a write-off is required.

District Finance is in the process of hiring:

- Vice Chancellor of Finance and Administration
- Internal Auditor
- District Accounting Technician
- Staff Assistant

Once Finance is fully staffed, we will be able to maintain everything in a timely manner.

# PERALTA COMMUNITY COLLEGE DISTRICT

## FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2019

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### 2019-002 Capital Assets

#### Criteria or Specific Requirement

Industry standards and best business practices require a system of internal control over capital asset accounting that will allow the District personnel to properly record the purchases and depreciation of capital assets, as well as safeguarding equipment purchased for use throughout the District.

#### Condition

Material Weakness – As noted in the prior year, the District's capital asset detail includes several items that cannot be clearly identified or separated by project. A reconciliation of construction in progress is not performed accurately and does not have proper review to ensure uncapitalizable expenditures are properly removed. Completed projects are not being correctly identified or removed from the construction in progress detail to the appropriate capital asset account to begin depreciating. In addition, an inventory has not been performed in accordance with District policy, every two years. Deletions from the capital asset schedule are not being properly monitored or adjusted to accurately reflect items currently in use.

#### Questioned Costs

No questioned costs. Adjustments were made to the District's provided Capital Asset schedule.

#### Context

Total capital assets, including construction in process, is recorded with an initial cost of over \$730 million with annual depreciation expense of approximately \$22 million.

#### Effect

The District's Capital Asset schedule was not prepared properly.

#### Cause

As noted in prior years, the District does not perform a periodical review of the Capital Asset accounts during the year. Prior year audit adjustments that were not posted to the District's capital asset schedule caused reconciling differences which required research by District management. Management in the current fiscal year, was unable to reconcile and close the Capital Asset balance completely.

# PERALTA COMMUNITY COLLEGE DISTRICT

## FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2019

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### **Recommendation**

Coordination of the responsibilities over the accounting for Capital Assets should be shared jointly by the Purchasing Department, Bond oversight personnel, and the Accounting Department. Procedures should be implemented to ensure all transactions meeting the capitalization threshold have been properly identified, capitalized, and depreciated. Reconciliations of construction in progress should be performed in a manner where projects can uniquely be identified and updated as projects are completed and capitalized. Capital Assets should be inventoried once every two years to ensure deletions are properly monitored and removed from the capital asset schedule. Reconciliations need to be reviewed timely for completeness and accuracy.

### **Corrective Action Plan**

District Finance will work with the District Department of General Services and consultants to conduct a comprehensive review of all Capital Assets and Constructions-In-Progress (CIP) in order to make sure that capital assets are capitalized and depreciated properly. District Finance will also conduct training for staff on reconciliation of Capital Assets. In addition, the Director of Fiscal Services will review the completeness and accuracy of Capital Assets.

We have hired a Director of Purchasing who will assist in the reconciliation of the Fixed Assets; this will help the District to reconcile the Construction in Progress (CIP) to ensure that we are current in moving the CIP to Fixed Assets when projects are completed.

### **2019-003 Internal Service Fund Deficit Fund Balance**

#### **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 Accounting Manual (BAM). Colleges are also required to use fund accounting. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

#### **Condition**

*Material Weakness* –The Internal Service Fund had a deficit balance of \$1,147,822 as of June 30, 2019.

#### **Questioned Costs**

No questioned costs.

# PERALTA COMMUNITY COLLEGE DISTRICT

## FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2019

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### **Context**

In the future the deficit fund balance of \$1,147,822 may require the District to encroach on the General Fund.

### **Effect**

The Internal Service Fund has liabilities in excess of its total asset resulting in a deficit fund balance which encroaches on the General Fund ending fund balance.

### **Cause**

Ineffective monitoring and reconciliation of District ending fund balances.

### **Recommendation**

The District should review the activities with the Internal Service Fund and determine a funding plan to ensure the fund does not remain in a Deficit. The District's year-end closing process should include a reconciliation and review process over fund balances to ensure ending balances are not in deficit. Deficit ending fund balances should be researched and reviewed prior to year-end closing.

### **Corrective Action Plan**

The District has covered all deficit funds at year-end closing and will ensure the actualization for the self-insurance is submitted to the Fiscal Director by the Employment benefits department to record the actualizations claims liabilities and cover any deficit that may occur due to the claims. Finance will work closely with Human Resources to ensure we reconcile the Self-Insurance Fund.

## **2019-004 Vacation Accrual**

### **Criteria or Specific Requirement**

District's policy limits the maximum vacation hours accrued for academic administrators and classified management employees to not exceed 44 days.

### **Condition**

*Significant Deficiency* – Several employees were noted as having accrued vacation hours in excess of their maximum amount allowed.

### **Questioned Costs**

No questioned costs were associated with this finding as the value of the vacation hours accrued remains the liability of the District.

# PERALTA COMMUNITY COLLEGE DISTRICT

## FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2019

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### **Context**

280 individuals showed balances that exceeded the maximum number of allowed hours of vacation.

### **Effect**

The District's vacation accrual increased by an estimated \$2.67 million in part due to employees accruing vacation above their maximum hours.

### **Cause**

Ineffective monitoring of employee's accrued vacation hours and non-implementation of District policy.

### **Recommendation**

The District should develop and implement appropriate policies and procedures to monitor employee vacation hour accruals and cease the accrual when the maximum hour limit is reached. Until the employee uses vacation hours, vacation hours should not continue to accrue. The District should encourage employees to utilize the vacation hours they have accrued to help reduce the liability.

### **Corrective Action Plan**

The District will develop and implement the District's policy over vacation hours and accruals and cease accruing once the maximum accruals are reached and is implementing an upgrade to the HR Module in PeopleSoft to bring our technology up to date.

# PERALTA COMMUNITY COLLEGE DISTRICT

## FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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The following findings represent significant deficiencies and instances of noncompliance including questioned costs that are required to be reported by the Uniform Guidance.

### **2019-005 SPECIAL TESTS AND PROVISIONS - RETURN TO TITLE IV**

**Program Name:** Student Financial Assistance Cluster  
**CFDA Numbers:** 84.007, 84.033, 84.063, 84.268  
**Federal Agency:** U.S. Department of Education  
**Pass-Through Entity:** Direct Funded

#### **Criteria or Specific Requirement**

34 CFR Section 668.173(b):

Return to Title IV funds are required to be deposited or transferred into the Student Financial Assistance (SFA) account or electronic funds transfer initiated to ED as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew, or the date on the cancelled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew.

#### **Condition**

*Significant Deficiency* - The District's controls are not operating effectively to prevent non-compliance and ensure that Return to Title IV funds are returned within 45 days after the date the institution determines that the student withdrew.

The District did not determine the withdrawal date for 12 out of 100 Return to Title IV calculations tested in a timely manner. All twelve of the exceptions noted were from Merritt College for which 40 Return to Title IV calculations were tested. All twelve of these instances occurred for the Fall 2018 term. Additionally, for 2 out of 100 Return to Title IV calculations tested, the required funds were not returned within 45 days of the student's withdrawal date. The funds were returned 236 and 287 days after the student's withdrawal date.

#### **Questioned Costs**

There are no questioned costs associated with this finding. The District did perform the calculations and returned the required funds.

#### **Context**

The District performed approximately 868 Return to Title IV calculations during the 2018-2019 year over all four campuses. Of these 868 calculations, 504 were performed for Laney College, 249 were performed for Merritt College, 62 were performed for Berkley City College, and 53 were performed for the College of Alameda.

# PERALTA COMMUNITY COLLEGE DISTRICT

## FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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### **Effect**

The District is not in compliance with 34 CFR Section 668.173(b).

### **Cause**

The District's internal controls associated with the Return to Title IV procedures failed to ensure that withdrawal calculations are performed in a timely manner to ensure that funds are returned within the 45 day requirement.

### **Repeat Finding: Yes**

### **Recommendation**

The District should develop and implement procedures to ensure that the student withdrawal calculations are performed in a timely manner to ensure that Return to Title IV funds are returned no later than 45 days after the date the institution determined the student withdrew.

### **Corrective Action Plan**

The District is hiring a Director of Financial Aid and a consultant to develop and implement procedures regarding Title IV to ensure reconciliations are performed in a timely manner to ensure the returns are made no later than 45 days to be in compliance. The District will train the staff to effectively and efficiently understand and reconcile Title IV.

## **2019-006 SPECIAL TESTS AND PROVISIONS - DIRECT LOAN RECONCILIATIONS**

**Program Name:** Student Financial Assistance Cluster

**CFDA Numbers:** 84.007, 84.033, 84.063, 84.268

**Federal Agency:** U.S. Department of Education

**Pass-Through Entity:** Direct Funded

### **Criteria or Specific Requirement**

According to 34 CFR 685.300(b)(5), the school must promise to comply with applicable regulations and must agree to reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary, on a monthly basis as required by 34 CFR 685.300 (b)(5).

### **Condition**

Significant Deficiency - During our review of the Direct Loans, it was noted that Laney College and Merritt College were unable to provide adequate documentation to show that they were reconciling the institutional Direct Loan records with the School Account Statement (SAS) data file received by COD on a monthly basis.

# PERALTA COMMUNITY COLLEGE DISTRICT

## FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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### **Questioned Costs**

There were no questioned costs associated to the noncompliance.

### **Context**

The District disbursed approximately \$2,418,994 in direct loan funds during the 2019 fiscal year.

### **Effect**

The District is out of compliance with 34 CFR 685.300(b)(5).

### **Cause**

The District is not implementing policies and procedures to verify that the institutional Direct Loan records are being reconciled to the SAS data files on a monthly basis.

### **Repeat Finding: No**

### **Recommendation**

It is recommended that the District develop and implement policies and procedures to ensure that the institutional Direct Loan records are being reconciled with the School Account Statement (SAS) data file received by COD on a monthly basis

### **Corrective Action Plan**

The District is hiring a Director of Financial Aid and a consultant that will help develop policy and procedures to ensure direct loans are being reconciled in a timely manner. Finance will be proactive in reviewing the reconciliations to ensure the accuracy of the data for the Direct Loan. The District will train the staff to effectively and efficiently understand and reconcile the Direct Loan records.

# PERALTA COMMUNITY COLLEGE DISTRICT

## FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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### 2019-007 COMMON ORIGINATION AND DISBURSEMENT (COD) REPORTING

**Program Name:** Student Financial Assistance Cluster

**CFDA Numbers:** 84.007, 84.033, 84.063

**Federal Agency:** U.S. Department of Education

**Pass-Through Entity:** Direct Funded

#### Criteria

Common Origination and Disbursement (COD) System (OMB No. 1845-0039) – All schools receiving Pell grants submit Pell payment data to the Department of Education through the COD System.

Schools submit Pell origination records and disbursement records to the COD. Origination records can be sent well in advance of any disbursements, as early as the school chooses to submit them for any student the school reasonably believes will be eligible for a payment. The disbursement record reports the actual disbursement date and the amount of the disbursement. ED processes origination and/or disbursement records and returns acknowledgments to the school. Institutions must report student payment data within 15 calendar days after the school makes a payment, or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Schools may do this by reporting once every 15 calendar days, bi-weekly or weekly, or may set up their own system to ensure that changes are reported in a timely manner.

#### Condition

*Significant Deficiency* - The process dates reported in the COD files were more than 15 calendar days after the disbursement dates reported in the COD files in the District's financial records for the Fall and Spring semesters. Nine students of the 15 students tested at Merritt College had transactions processed in excess of 15 days. Reporting days ranged from 18 to 186 days after disbursement.

#### Questioned Costs

There were no questioned costs associated to the noncompliance.

#### Context

The District processed and reported approximately \$24,526,937 in Pell grants during the year.

#### Effect

The District is not in compliance with the Federal requirements described in the OMB Compliance Supplement.

#### Cause

The District did not report student files to COD on a timely basis.

# PERALTA COMMUNITY COLLEGE DISTRICT

## FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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### **Repeat Finding: Yes**

### **Recommendation**

The District processed and reported approximately \$24,526,937 in Pell grants during the year.

### **Corrective Action Plan**

The District hired a consultant that will help develop policy and procedures to ensure to report the student file to COD on a timely basis.

The District has started to report the COD and drawdown on a weekly basis for fiscal year 2019-2020.

The District will train the staff to effectively and efficiently understand and reconcile COD on a weekly basis.

# PERALTA COMMUNITY COLLEGE DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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The following findings represent instances of noncompliance and/or questioned costs relating to State program laws and regulations.

### **2019-008 444 - APPRENTICESHIP RELATED AND SUPPLEMENTAL INSTRUCTION (RSI) FUNDS**

#### **Criteria or Specific Requirement**

California Code of Regulations, Title 5, Section 58030 requires that each district shall adopt procedures that will document all course enrollment, attendance and disenrollment information. These procedures shall include rules for retention of support documentation which will enable an independent determination regarding the accuracy of tabulations submitted by the district to the Chancellor's Office. California Code of Regulations, Title 5, Section 58024(a) requires that a separate tabulation is required for all indentured apprentices actively enrolled in each apprenticeship course of related and supplemental instruction. Each tabulation shall provide a detailed listing for each course.

#### **Condition**

*Significant Deficiency* - Apprenticeship courses provided to students in the 2018-2019 fiscal year reported to the California Community Colleges Chancellor's Office (CCCCO) were not supported by appropriate detailed documentation.

#### **Questioned Costs**

Of the four courses selected for testing from the CCFS 321 Apprenticeship Attendance Report, three courses lacked detailed documentation to support the accuracy of hours being reported. The hours claimed for the courses in question were 1,000 hours. The four courses tested consisted of a total 1,805 hours resulting in a 55.39 percent error rate.

Questioned costs consist of 55.39 percent of all hours claimed on the CCFS 321, or \$8,786.

#### **Context**

The District claimed a total of 2,534 apprentice hours on the CCFS-321 Annual Report that are not corroborated with supporting documentation.

#### **Effect**

The hours reported on the CCFS-321 Annual Report are potentially overstated. Based on the District's funding, the potential overstatement is equivalent to \$8,786.

#### **Cause**

The District does not require instructors to submit detailed supporting documentation to corroborate the total hours being claimed.

# PERALTA COMMUNITY COLLEGE DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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### **Recommendation**

The District should implement attendance taking procedures that require instructors to record and submit detailed attendance documentation for each student and each course meeting. The District should create a review and monitoring process to ensure the hours for each course are being reflected accurately in the CCFS 321 submitted to the State Chancellor's Office.

### **Corrective Action Plan**

The District will implement attendance taking procedures that require instructors to record and submit attendance for each student and course. Administration has verbally and in writing explained the seriousness of the matter and reiterated the legal imperative and faculty responsibility in keeping and submitting accurate records. In addition, the Dean over the APPR program will hold a training for all APPR faculty on the best practices to use for keeping accurate hours. The District also intends to purchase the software needed to allow faculty to input weekly attendance hours through Canvas our LMS so that any errors can be caught and corrected early in the semester and the District can more accurately claim apportionment in this area.

### **2019-009 425-RESIDENCY DETERMINATION FOR CREDIT COURSES**

#### **Criteria or Specific Requirement**

California Code of Regulations, Title 5, Section 54010(b) and 54010(d) requires for residency classification procedures students to present evidence of physical presence in California and intent to make California the home for other than a temporary purpose and that the district weigh the information provided by the student and determine whether the student has clearly established they have been a resident of California for one year prior to the residence determination date.

#### **Condition**

Two conditions were identified relating to student residency classification. Two of the 34 students tested for residency compliance were classified as a resident however, the district was unable to provide documentation that supported this classification. In addition, one of the 34 students tested was classified as a resident but failed to meet the one-year residency requirement prior to the residence determination date.

#### **Questioned Costs**

After extrapolation of the error rate of 8.82 percent, 25.76 FTES is in question.

#### **Context**

Three out of 34 students tested were classified as residents without meeting the applicable requirements; this resulted in an 8.82 percent error rate. Extrapolating this error rate over the FTES claimed for students who applied during the year who were also flagged as having a residency in question, or 292.05 FTES, resulted in 25.76 FTES in question. These students would have been claimed as residents in the CCFS-320 report and apportionment received. The District claimed a total of 16,550.92 resident FTES on the CCFS-320 Recalc Report.

# PERALTA COMMUNITY COLLEGE DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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### **Effect**

The residency FTES claimed for apportionment are overstated.

### **Cause**

The District failed to ensure the student met the one-year resident requirement as well as retain supporting documentation for student residency classification.

### **Recommendation**

The District should implement a monitoring and review process over the residency classifications of students. Additional training of the residency requirements should be provided to all District personnel involved in the resident classification of students. In addition, the district should implement a retention policy for documents used to classify a student's residency.

### **Corrective Action Plan**

The District will implement monitoring and review processes over the residency classification students.

The District will provide training of the residency to all District personnel.

The District will create a retention policy.

## **2019-010 491 – EDUCATION PROTECTION ACCOUNT FUNDS**

### **Criteria or Specific Requirement**

California Constitution Article XIII section 36(e)(6) states that a community college district shall have sole authority to determine how the moneys received from the Education Protection Account are spent in the school or schools within its jurisdiction, provided, however, that the appropriate governing board or body shall make these spending determinations in open session of a public meeting of the governing board or body and shall not use any of the funds from the Education Protection Account for salaries or benefits of administrators or any other administrative costs. Each community college district shall annually publish on its Internet Web site an accounting of how much money was received from the Education Protection Account and how that money was spent.

### **Condition**

The governing board did not make a spending determination in an open session of a public meeting of the governing board or body. The governing board did not publish on its Internet website an accounting of how much money it received from the Education Protection Account and how the will be expensed.

# PERALTA COMMUNITY COLLEGE DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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### **Questioned Costs**

There were no questioned costs, based on testing EPA funds were spent on allowable expenses.

### **Context**

The District expensed the Education Protection Account revenues of \$15,922,131 without holding an open session to make the spending determination for the funds received.

### **Effect**

The District is out of compliance with state requirements.

### **Cause**

The District governing board did not hold an open session to make spending determination for the Education Protection Account funds received.

### **Recommendation**

The governing board should hold an open session public meeting where they take action to adopt a plan to expend Education Protection Account funds received.

### **Corrective Action Plan**

Due to Finance turnover, the EPA (Education Protection Account) for fiscal year 2018-2019 was not submitted to the Governing Board in timely manner.

The District will develop a calendar for documents submission to the Board of Trustees to ensure that the EPA or any other documents are submitted in a timely manner.

The EPA for fiscal year 2018-2019 was submitted and approved by the Board on December 10, 2019.

# PERALTA COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

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Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

### *FINANCIAL STATEMENT FINDINGS*

#### **2018-001 Reconciliation 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 Accounting 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 as of June 30, 2018. Material adjustments and reclassifications were required to conform to the BAM and GAAP. Differences were found in various accounts including, 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.
- Receivable balances were not being properly reviewed and reconciled.
- Due To/Due From account balances are not being reconciled consistently in a timely manner.
- Prior year audit adjustments for the Deferred Compensation Trust Fund were not posted to the District's general ledger.

##### **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 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.

# PERALTA COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

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### **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.

### **Current Status**

Not implemented. See current year finding 2019-001.

## **2018-002 Capital Assets**

### **Criteria or Specific Requirement**

Industry standards and best business practices require a system of internal control over capital asset accounting that will allow the District personnel to properly record the purchases and depreciation of capital assets, as well as safeguarding equipment purchased for use throughout the District.

### **Condition**

*Significant Deficiency* - The District's capital asset detail includes several items that cannot be clearly identified or separated by project. A reconciliation of construction in progress is not performed accurately. Completed projects are not being correctly removed from the Capital Asset schedule, as well as miscellaneous overhead and routine repairs and maintenance are being included. Construction in process schedule is being completed without proper review. Expenditures not appropriate for capitalization are being included in the Capital Asset accounts.

### **Questioned Costs**

No questioned costs. Adjustments were made to the District's provided Capital Asset schedule.

### **Context**

Total capital assets, including construction in process, is recorded with an initial cost of over \$720 million with annual depreciation expense of approximately \$20 million.

### **Effect**

The District's Capital Asset schedule was not prepared properly.

# PERALTA COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

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### **Cause**

As noted in prior years, the District has not performed a periodical review of the Capital Asset accounts during the year. Prior year audit adjustments that were not posted to the District's capital asset schedule 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 Capital Asset balance completely.

### **Recommendation**

Coordination of the responsibilities over the accounting for Capital Assets should be shared jointly by the Purchasing Department, Bond oversight personnel, and the Accounting Department. Procedures should be implemented to ensure all transactions meeting the capitalization threshold have been properly identified, capitalized, and depreciated. Reconciliations of construction in progress should be performed in a manner where projects can uniquely be identified. Reconciliations need to be reviewed timely for completeness and accuracy. Capital Assets should be inventoried once every two years.

### **Current Status**

Not implemented. See current year finding 2019-002.

## ***FEDERAL AWARDS FINDINGS***

### **2018-003 Finding**

**Program Name:** Student Financial Assistance Cluster

**CFDA Number:** 84.007, 84.033, 84.063, and 84.268

**Federal Agency:** U.S. Department of Education

**Pass-Through Entity:** Direct Funded

### **Criteria or Specific Requirement**

OMB Compliance Supplement, 34 CFR Section 668.173(b): Timing of Return of Title IV Funds

Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to the Department of Education (ED) or the appropriate Federal Family Education Loan (FFEL) lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew (34 CFR section 668.173(b)).

# PERALTA COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

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### **Condition**

*Significant Deficiency* - The District's portion of the Return to Title IV funds was not returned within the 45 day requirement.

### **Questioned Costs**

There were no questioned costs associated to the noncompliance. The District did return the funds; however, they were not returned within the 45 day requirement.

### **Context**

There were three students out of ten students tested at Merritt College where the District's portion of the Return to Title IV funds was not returned within the 45 day requirement.

### **Effect**

Without proper monitoring of Title IV returns, the District risks noncompliance with the above referenced criteria.

### **Cause**

The District has not implemented policies and procedures to monitor the Return to Title IV funds.

### **Repeat Finding: No**

### **Recommendation**

The District should implement procedures to ensure that the Return to Title IV funds occurs within 45 days from the date the District determines the student withdrew from all classes.

### **Current Status**

Not implemented. See current year finding 2019-005.

# PERALTA COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

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### 2018-004 Finding

**Program Name:** Student Financial Assistance Cluster

**CFDA Number:** 84.007, 84.033, 84.063, and 84.268

**Federal Agency:** U.S. Department of Education

**Pass-Through Entity:** Direct Funded

#### Criteria or Specific Requirement

*Common Origination and Disbursement (COD) System (OMB No. 1845-0039)* – All schools receiving Pell grants submit Pell payment data to the Department of Education through the COD System.

Schools submit Pell origination records and disbursement records to the COD. Origination records can be sent well in advance of any disbursements, as early as the school chooses to submit them for any student the school reasonably believes will be eligible for a payment. The disbursement record reports the actual disbursement date and the amount of the disbursement. ED processes origination and/or disbursement records and returns acknowledgments to the school. Institutions must report student payment data within 15 calendar days after the school makes a payment, or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Schools may do this by reporting once every 15 calendar days, bi-weekly or weekly, or may set up their own system to ensure that changes are reported in a timely manner

#### Condition

*Significant Deficiency* - The process dates reported in the COD files were more than 15 calendar days after the disbursement dates reported in the COD files in the District's financial records for the Fall and Spring semesters. Nine students of the 15 students tested at Merritt College had transactions processed in excess of 15 days.

#### Questioned Costs

There were no questioned costs associated to the noncompliance.

#### Context

The District processed and reported approximately \$29,461,639 in Pell grants during the year.

#### Effect

The District is not in compliance with the Federal requirements described in the OMB Compliance Supplement.

#### Cause

The District did not report student files to COD on a timely basis.

**Repeat Finding: No**

# PERALTA COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

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### **Recommendation**

The District should implement review procedures to verify that all information is properly reported and in compliance with Federal guidelines.

### **Current Status**

Not implemented. See current year finding 2019-007.

### ***STATE AWARDS FINDING***

#### **2018-005 Finding**

##### **Criteria or Specific Requirement**

California Code of Regulations, Title 5, Section 58020, requires district to provide a detailed listing for each course section. Specifically, (6) an alphabetical list of each student actively enrolled in each course indicating: (A) Name (B) Student Identification Code (C) Residency category (D) Scheduled contact hours per week or per day.

##### **Condition**

Apprenticeship courses provided to students in the 2018 fiscal year were reported by the District to the California Community Colleges Chancellor's Office (CCCCO). These courses were not supported by appropriate documentation.

##### **Questioned Costs**

Of the 2 out of 10 courses selected for testing from the CCFS 321 Apprenticeship Attendance Report, 1 course was not calculated correctly based on prescribed guidance from the Student Attendance Accounting Manual (SAAM). The miscalculation resulted in a net overstatement of apprentice hours reported for funding.

Of the 28 students from two courses tested, 1 of 28 student hours was incorrectly reported for funding for an error rate of 0.036.

Total hours reported on 321 of 5,228 \* Error rate = Extrapolated hours of 188.21.

##### **Context**

The District claimed a total of 5,228 apprentice hours on the CCFS-321 Annual Report. The net overstatement of 54 hours constitutes a 1.033 percent overstatement.

# PERALTA COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

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### **Effect**

The hours reported on the CCFS-321 Annual Report was overstated by 54 hours. Based on the District's funding of \$5.90 per hour, the actual overstatement is equivalent to \$318.60. The extrapolated error is \$1,110.44.

### **Cause**

The District's system did not calculate the hours reported effectively due to data entry error.

### **Recommendation**

The District should amend the CCS-321 Annual Report to reflect the variances noted in Questioned Costs and properly state the amount of hours claimed. The District should create a review process to determine hours are being reflected accurately to reflect guidance provided by the State Chancellor's Office and monitor the calculation to prevent future miscalculations in apprentice hours.

### **Current Status**

Not implemented. See current year finding 2019-008.

**APPENDIX C**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

[Closing Date]

Board of Trustees  
Peralta Community College District  
Oakland, California

Peralta Community College District  
(Alameda County, California)  
2020 General Obligation Bonds, 2006 Election,  
Series E-1 (Tax-Exempt)

Peralta Community College District  
(Alameda County, California)  
2020 General Obligation Bonds, 2006 Election,  
Series E-2 (Taxable)

Peralta Community College District  
(Alameda County, California)  
2020 General Obligation Bonds,  
2018 Election, Series A

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(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Peralta Community College District (the “District”), which is located in the County of Alameda, California (the “County”), in connection with the issuance of \$53,625,000 aggregate principal amount of “Peralta Community College District 2020 General Obligation Bonds, 2006 Election, Series E-1 (Tax-Exempt)” (the “Series 2020E Tax-Exempt Bonds”), \$11,375,000 aggregate principal amount of “Peralta Community College District 2020 General Obligation Bonds, 2006 Election, Series E-2 (Taxable)” (the “Taxable Bonds” and, together with the Series 2020E Tax-Exempt Bonds, the “Series 2020E Bonds”) and \$50,000,000 aggregate principal amount of “Peralta Community College District 2020 General Obligation Bonds, 2018 Election, Series A” (the “Series 2020A Bonds” and, together with the Series 2020E Bonds, the “Bonds”). The Series 2020E Tax-Exempt Bonds and Series 2020A Bonds are herein referred to as the “Tax-Exempt Bonds.” The Bonds are authorized by a resolution adopted by the Board of Trustees of the District on April 7, 2020 (the “Resolution”) and issued under and pursuant to a Paying Agent Agreement, dated as of May 1, 2020 (the “Paying Agent Agreement”), by and between the District and U.S. Bank National Association, as paying agent (the “Paying Agent”).

In such connection, we have reviewed the Resolution, the Paying Agent Agreement, the Tax Certificate of the District, dated the date hereof (the “Tax Certificate”), certificates of the District, the County and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the Paying Agent Agreement, and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Tax-Exempt Bonds to be included in gross

income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolution, the Paying Agent Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against community college districts and counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Resolution or the accuracy or sufficiency of the description contained therein, of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding obligations of the District.
2. The Paying Agent Agreement has been duly executed and delivered by, and constitutes the valid and binding obligation of, the District.
3. The Board of Supervisors of the County has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Bonds and the interest thereon.
4. Interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

**PERALTA COMMUNITY COLLEGE DISTRICT  
(Alameda County, California)**

**2020 GENERAL OBLIGATION BONDS,  
2006 ELECTION, SERIES E-1 (TAX-EXEMPT)**

**2020 GENERAL OBLIGATION BONDS,  
2006 ELECTION, SERIES E-2 (TAXABLE)**

**2020 GENERAL OBLIGATION BONDS,  
2018 ELECTION, SERIES A**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Peralta Community College District (the “District”) in connection with the issuance of \$53,625,000 aggregate principal amount of Peralta Community College District General Obligation Bonds, 2006 Election, Series E-1 (Tax-Exempt) and \$11,375,000 aggregate principal amount of Peralta Community College District General Obligation Bonds, 2006 Election, Series E-2 (Taxable) (collectively, the “Series 2020E Bonds”) and \$50,000,000 aggregate principal amount of Peralta Community College District General Obligation Bonds, 2018 Election, Series A (the “Series 2020A Bonds”) and, together with Series 2020E Bonds, the “Bonds”). The Bonds are being issued as authorized by a resolution adopted by the Board of Trustees of the District on April 7, 2020 (the “Resolution”), and in accordance with the terms of a Paying Agent Agreement, dated as of May 1, 2020 (the “Paying Agent Agreement”), by and between the District and U.S. Bank National Association, as paying agent (the “Paying Agent”). The District covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

**SECTION 2. Definitions.** In addition to the definitions set forth in the Paying Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean Backstrom McCarley Berry & Co., LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section 5(b)(8), a: (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the

MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the final official statement dated April 22, 2020 relating to the Bonds.

“Participating Underwriter” shall mean the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

### SECTION 3. Provision of Annual Reports.

The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (presently June 30), commencing with the Annual Report for the fiscal year of the District ending June 30, 2020 (which is due no later than April 1, 2021), provide to the Participating Underwriter and the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Paying Agent nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

Not later than fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent and the Paying Agent (if the Paying Agent is not the Dissemination Agent). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District and the Paying Agent to determine if the District is in compliance with the first sentence of this subsection (b).

If the Paying Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Paying Agent shall send a notice, in electronic format, to the MSRB, such notice to be in substantially the form attached as Exhibit A.

If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the District and (if the Dissemination Agent is not the Paying Agent) the Paying Agent certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided.

SECTION 4. Content of Annual Reports. The District’s Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District’s audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) Operating data, specifically the following information (to the extent not included in the audited financial statements described in paragraph (a) above):

(i) State funding received by the District for the last completed fiscal year;

- (ii) Full time equivalent student counts of the District for the last completed fiscal year;
  - (iii) Outstanding District indebtedness for the last completed fiscal year;
  - (iv) Assessed value of taxable property in the District as shown on the most recent equalized assessment roll;
  - (v) Top twenty property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value and their percentage of total secured assessed value;
  - (vi) Secured tax levy collections and delinquencies for the last completed fiscal year, unless the Teeter Plan, as adopted by Alameda County, applies to both the 1% general purpose property tax levy and to the tax levy for general obligation bonds of the District; and
  - (v) Summary financial information on revenues, expenditures and fund balances for the District's General Fund reflecting the last completed fiscal year and the adopted budget for the current year.
- (c) Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

**SECTION 5. Reporting of Significant Events.**

- (a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) business days after the occurrence of the event:
1. Principal and interest payment delinquencies;
  2. Unscheduled draws on debt service reserves reflecting financial difficulties;
  3. Unscheduled draws on credit enhancements reflecting financial difficulties;
  4. Substitution of credit or liquidity providers, or their failure to perform;
  5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
  6. Tender offers;
  7. Defeasances;
  8. Rating changes;
  9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or
  10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction

over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
7. Appointment of a successor or additional paying agent or the change of name of a paying agent; or
8. Incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Paying Agent Agreement.

(f) The District intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of “Financial Obligation” in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in its Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in Superior Court of the State of California in and for the County of Alameda or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: May 5, 2020.

PERALTA COMMUNITY COLLEGE DISTRICT

By: \_\_\_\_\_  
Vice Chancellor of Finance & Administration

BACKSTROM MCCARLEY BERRY & CO., LLC,  
as Dissemination Agent

By: \_\_\_\_\_  
Authorized Signatory

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT

Name of District: PERALTA COMMUNITY COLLEGE DISTRICT

Name of Bond Issues: PERALTA COMMUNITY COLLEGE DISTRICT  
2020 GENERAL OBLIGATION BONDS, 2006 ELECTION,  
SERIES E-1 (TAX-EXEMPT)

PERALTA COMMUNITY COLLEGE DISTRICT  
2020 GENERAL OBLIGATION BONDS, 2006 ELECTION,  
SERIES E-2 (TAXABLE)

PERALTA COMMUNITY COLLEGE DISTRICT  
2020 GENERAL OBLIGATION BONDS, 2018 ELECTION,  
SERIES A

Date of Issuance: May 5, 2020

**NOTICE IS HEREBY GIVEN** that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

PERALTA COMMUNITY COLLEGE DISTRICT

By: \_\_\_\_\_ [to be signed only if filed]

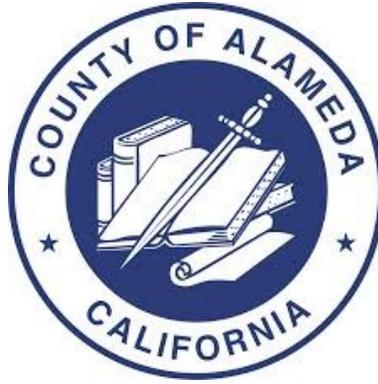
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## **APPENDIX E**

### **ALAMEDA COUNTY INVESTMENT POLICY AND INVESTMENT REPORT**

*The following information has been furnished by the Office of the Treasurer-Tax Collector, County of Alameda. It describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the County Treasurer-Tax Collector and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Treasurer-Tax Collector, 1221 Oak Street, Room 131, Oakland, CA 94612.*

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# **County of Alameda**

## **Investment Policy**

**Year 2020**

**Henry C. Levy**  
**Treasurer-Tax Collector**

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## **Introduction and Overview of the County of Alameda**

The County of Alameda is a political subdivision of the State of California in the San Francisco Bay Area formed in 1853. The County covers an area of approximately 821 square miles in the Bay Area of the State, and it is the 20<sup>th</sup> largest County (by population) in the United States. The City of Oakland, the County seat, is one of the most populous cities in the State.

## **Governing Authority**

The County of Alameda is governed by a five-member Board of Supervisors, each of whom is elected on a non-partisan basis from a separate district where he/she lives. Within the broad limits established by the State Constitution, State General Law, and the Alameda County Charter, the Board exercises both the legislative and the executive functions of government. The Board of Supervisors is also the governing body for a number of "special districts" within Alameda County.

## **Delegation of Authority and Investment Responsibility**

The Alameda County Board of Supervisors, by Ordinance # O-2019-57 adopted on November 26, 2019 has renewed the annual delegation of its investment authority and responsibility to invest and/or to reinvest the funds in the Alameda County treasury to the Alameda County Treasurer. Accordingly, to provide a framework for the oversight of the Treasurer's investment responsibilities and activities, the Government Code of the State of California through Section 27133 requires the Treasurer to prepare an annual investment policy that provides the specific guidelines, pursuant to which, the Treasurer should carry-out investment-related functions.

## **Policy Statement**

The purpose of this Investment Policy is to establish investment guidelines for the Treasurer, to whom the Board of Supervisors annually delegates the responsibility for the stewardship of the County's Investment Program. Each transaction and the entire portfolio must comply with applicable California Government Code, County Ordinances, and this Policy. All investment program activities will be judged by the standards of the Policy and ranking of Primary Investment Objectives. Those activities that violate its spirit and intent will be deemed to be contrary to the Policy. This Policy shall remain in effect until the Board of Supervisors approves a subsequent revision.

## **Scope**

This Investment Policy applies to all funds over which the Treasurer has been delegated the fiduciary responsibility and direct control for its management.



## **Primary Investment Objectives**

The Treasurer shall invest monies in the treasury in accordance with the following basic principles of investing, in the order of priority:

1. **Safety:** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
2. **Liquidity:** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This objective shall be achieved by matching investment maturities with forecasted cash outflows and maintaining an additional liquidity buffer for unexpected expenditures.
3. **Investment Income:** The investment portfolio shall be designed with the objective of attaining a market rate of investment income throughout budgetary and economic cycles, considering the investment risk constraints of safety, while bearing in mind the cash-flow characteristics and operating cash needs of County departments, the County's various subdivisions, school districts and special districts.

## **Primary Investment Philosophy**

Securities shall generally be held until maturity, with the following exceptions:

1. A security with declining credit may be sold early to minimize loss of principal.
2. Liquidity needs of the portfolio require that the security be sold.
3. A security swap would improve the quality, yield, or target duration in the portfolio.

## **Standard of Prudence**

The standard of prudence to be used by the Treasurer shall be the Prudent Investor Standard as set forth by California Government Code, Section 53600.3 and 27000.3. The Section reads as follows: The Prudent Investor Standard states that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Treasurer, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Treasurer.

This standard of prudence shall be applied in the context of managing those investments that fall under the Treasurer's direct control. Investment officers acting in accordance with written



procedures and this Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

### **Allowable Investments**

Section 53600 et seq. of the Government Code of the State of California prescribes the statutory requirements relating to investments by local treasurers, including types of allowable investments, proportional limits by investment type relative to the size of the investment pool, maximum maturity of investments, and credit rating criteria. The term to maturity of investments in the pool shall not exceed a final maturity of 5 years from date of purchase, except when specifically authorized by a resolution of the Alameda County Board of Supervisors. Final maturity limits, investment type limits, and issuer ratings and limits are calculated/considered at time of purchase.

The investments shall conform to the legal provisions set forth in the Government Code, except that, the County further prescribes the following requirements:

(Please refer to **Attachment I - SUMMARY OF ALLOWABLE INVESTMENTS**)

#### **U.S. Treasury Obligations or backed by the full faith and credit of the United States**

Maximum Term:	5 years
Maximum Type Allocation:	Not applicable
Maximum Issuer Concentration:	Not applicable
Minimum Issuer Rating:	Not applicable

#### **U.S. Federal Agencies**

Maximum Term:	5 years
Maximum Type Allocation:	Not applicable
Maximum Issuer Concentration:	Not applicable
Minimum Issuer Rating:	Not applicable

#### **Money Market Mutual Funds**

Maximum Term:	1 day
Maximum Type Allocation:	20%
Maximum Issuer Concentration:	10%
Minimum Fund Rating:	AAA equivalent or better by two or more Nationally Recognized Statistical Ratings Organizations (NRSRO)
Other:	Maintain a consistent net asset value (NAV) of \$1.00

#### **Commercial Paper**

Maximum Term:	270 days
Maximum Type Allocation:	25%
Maximum Issuer Concentration:	10% in aggregate with corporate notes/bonds and CDs



Minimum Issuer Rating:	A-1, P-1, F-1 equivalent or better by a NRSRO
Other:	Issuer must meet the following criteria: Is organized and operating in the United States as a general corporation, has total assets in excess of \$500 million, has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO, or; is organized within the United States as a special purpose corporation, trust, or limited liability company, and has program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.

### **Negotiable Certificates of Deposit**

Maximum Term:	1 year
Maximum Type Allocation	30%
Maximum Issuer Concentration:	10% in aggregate with corporate notes/bonds and CP
Minimum Issuer Rating:	A-1, P-1, F-1 equivalent or better by a NRSRO
Other:	Issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank

### **Medium-Term Corporate Notes**

Maximum Term:	5 years
Maximum Type Allocation	30%
Maximum Issuer Concentration:	10% in aggregate with CDs and CP
Minimum Issuer Rating:	A category, equivalent or better
Other:	Issued by corporations organized and operating within the United States, depository institutions licensed by the United States, or any state and operating within the United States

### **Asset-Backed Securities**

Maximum Term:	5 years
Maximum Type Allocation	20%
Maximum Issuer Concentration:	5%
Minimum Issuer Rating:	AAA equivalent by a NRSRO
Other:	Equipment lease-backed certificates, consumer receivable pass-through certificates or consumer receivable-backed bonds are eligible for purchase.

### **State and Local Government Obligations**

Maximum Term:	5 years
Maximum Type Allocation	20%
Maximum Issuer Concentration:	5%



Minimum Issuer Rating: A equivalent or better by one NRSRO  
 Other: Issued by State and local governments in the United States.

### **Repurchase Agreements**

Maximum Term: 180 days  
 Maximum Type Allocation: 20%  
 Maximum Issuer Concentration: Not applicable  
 Minimum Issuer Rating: Not applicable  
 Collateral: 102%, by Treasury or Agency securities with a final maturity of 5 years or less, marked-to-market daily.  
 Other: Counter-party requirements: A financial institution that will deliver the securities versus payment, either to the Treasurer's custodian bank or to a third-party custodian.

### **Reverse Repurchase Agreements**

Maximum Term: 180 days  
 Maximum Type Allocation: 20%  
 Maximum Issuer Concentration: Not applicable  
 Minimum Issuer Rating: Not applicable  
 Other: Borrowing for leveraging purposes shall conform in all aspects to the governing provisions of the Government Code Section 53601, et. seq. Reverse repurchase agreements which have been entered for purposes of either raising temporary cash needs or for the purpose of leveraging to attain favorable investment spreads, must be approved by the Board of Supervisors, pursuant to Government Code guidelines.

### **Banker's Acceptances**

Maximum Term: 180 days  
 Maximum Type Allocation: 30%  
 Maximum Issuer Concentration: 10%  
 Minimum Issuer Rating: A-1, P-1, F-1 equivalent or better by a NRSRO  
 Other: Drawn on and accepted by a commercial bank

### **Supranationals**

Maximum Term: 5 years  
 Maximum Type Allocation: 30%  
 Maximum Issuer Concentration: 15%  
 Minimum Issuer Rating: AA equivalent or better by a NRSRO  
 Other: Purchase of U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank of Reconstruction and



Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB) that are eligible for purchase or sale in the United States.

#### **Local Agency Investment Fund (LAIF)**

Maximum Term:	1 day
Maximum Type Allocation	Current State limit
Minimum Issuer Rating:	Not applicable

#### **CalTRUST (Joint Powers Authority Investment Trust for California Public Agencies)**

Maximum Term:	1 day
Maximum Type Allocation	Twice the limit of LAIF
Minimum Issuer Rating:	Not applicable

#### **CAMP (Joint Powers Authority created to provide a statewide local government investment pool)**

Maximum Term:	1 day
Maximum Type Allocation	Twice the limit of LAIF
Minimum Issuer Rating:	Not applicable

#### **Collateralized/FDIC Insured Time Deposits**

Maximum Term:	5 years
Maximum Type Allocation	30%
Maximum Issuer Concentration:	FDIC limit
Minimum Issuer Rating:	Not applicable

Other: The Treasurer may place interest-bearing time deposits with banks and or credit unions located within the State of California, collateralized in accordance with requirements of the Government Code. Further, pursuant to the requirement of Government Code Section 53635.2, to be eligible as a depository of local agency monies, the depository institution must have a CRA (Community Reinvestment Act) rating of "Satisfactory" or better in its most recent evaluation by FFIEC. The bank may use a private sector entity to help place deposits with banks or credit union located in the United States.

#### **Collateralized Money Market Bank Accounts**

Maximum Term:	1 day
Maximum Type Allocation	30%
Maximum Issuer Concentration:	20%
Minimum Issuer Rating:	Not applicable
Other:	The Treasurer may deposit funds in interest-bearing collateralized money market bank accounts in banks or credit



unions that qualify under the eligibility requirements required for collateralized/FDIC insured time deposits. Deposits in money market bank accounts are made to provide better short-term yield and over-night liquidity.

### **Other Investments**

Any other legally permitted investments by specific authorizing resolutions of the Alameda County Board of Supervisors shall be eligible investments.

### **Credit Rating Information**

Credit rating requirements for eligible securities referred-to in this policy shall mean the numeric, alpha, and/or alpha-numeric designations assigned by the following National Recognized Statistical Rating Organizations (NRSRO) rating agencies:

- Moody's Investor Service
- Standard & Poor's Rating Services
- Fitch IBCA, Inc.
- Thompson Bank Watch

A list of possible ratings for Standard and Poor's, Moody's and Fitch are in **Attachment II - RATINGS INTERPRETATION**

### **Socially Responsible Investment Objectives**

In addition to and subordinate to the objectives set forth in the County's Primary Investment Objectives, the Treasurer seeks to implement a policy of responsible investment, which is a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions. Investments will be made with responsible investment goals to the extent that such investments achieve substantially equivalent safety, liquidity and yield compared to other investment opportunities available at the same time.

The Treasurer will actively incorporate ESG factors in its investment analysis and decision-making process and will work to enhance its effectiveness in implementing the principles of responsible investing.

Within the guidance for responsible investing, the Treasurer will consider additional socially responsible and impact investing criteria. Such criteria shall be consistent with values promulgated by the County of Alameda.

### **Securities Lending**

Pursuant to Section 53601 (j) (3) of the Government Code, the Treasurer may engage in securities lending through a third-party custodian and lending administrator. Revenues derived from



securities lending will be considered incremental investment income to be shared among participating funds in the investment pool.

### **Prohibited Investments and Transactions**

The following are prohibited investments and transactions:

- Range notes
- Inverse floating rate securities
- Step-down securities
- Short selling
- Any security that could result in zero interest accrual if held to maturity

### **Diversification Parameters**

The investment program shall follow the following diversification parameters:

- Issuer: No more 10% in aggregate corporate exposure (CD, CP, Corporate Notes)
- Floating Rate, Structured Notes, and Other Derivative Securities: No more than 15%

### **Maturity Parameters**

The investment program shall follow the following maturity parameters:

- Weighted Average Maturity no greater than 3 years (using stated final maturity)
- At least 10% of the County Investment Pool maturing within 90 days

### **Investment Procedures**

The Treasurer has written procedures for the operation of the investment program. The procedures include such items as delegation of duties/authority, reconciliation, trade settlement, investment strategy/selection, compliance monitoring, reporting, and internal controls.

### **Performance Information**

The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs of the County. The County's investment strategy is conservative and is reflected in its general "hold to maturity" philosophy. Given this strategy, the Treasurer shall develop an appropriate custom benchmark for investment considerations which shall reflect the prominent and persistent characteristics of the portfolio over time. The benchmark will be adjusted periodically when material changes take place regarding asset allocation and/or duration.



## **Directed Investments and Withdrawal Policy**

### **School Districts and Community College Districts**

Pursuant to Education Code section 15146(g), at no time shall bond proceeds be withdrawn by the school districts or community college districts for investment outside the county treasury.

### **Special Districts**

Self-directed investments made by any special district, including deposits by same districts into the State's Local Agency Investment Fund (LAIF) are considered withdrawal of funds from the County treasury. Each special district withdrawing funds for the purpose of investing outside of the Treasurer's investment pool may only do so once each month, upon a 3-day written notice to the Treasurer in an amount not exceeding \$20,000,000. Such withdrawal is hereafter referred to as a "Permissible Withdrawal". Permissible withdrawals are further subject to the following requirements:

- Each special district wishing to invest bond proceeds and/or bond funds outside of the Treasurer's investment pool, must notify the Treasurer no later than on the day of the bond closing, so that the Treasurer could place such bond proceeds in short-term investment/s whose maturity would coincide with the settlement/purchase date of the directed investment.
- Securities representing district- directed investments shall be held solely for the purpose of safekeeping by the County Treasurer at the County's custodial bank.
- Directed investments shall be the direct responsibility of each respective district with respect to their accounting and accountability.

### **Other Provisions**

Further, the Treasurer sets forth the following:

1. The Treasurer shall maintain sufficient funds in the County Treasury, to meet the estimated normal daily operating cash demands of the County and investment pool participants by investing funds to maturities that anticipate major cash needs. Investments shall, whenever possible, be made in securities that have active secondary or resale markets to provide maximum portfolio liquidity.
2. The Treasurer's investment pool practices a "buy and hold" strategy, thus, funds are invested in securities that mature on dates coincident with the anticipated operating cash requirements of all participating entities. Consequently, withdrawal of funds for purposes other than to pay operating expenditures is unanticipated and could risk the pool's liquidity and stability. Nevertheless, subject to the **Directed Investments and Withdrawal Policy**, the Treasurer may liquidate securities to meet unanticipated cash withdrawals or disbursements made by the County or any pool participant, whether the purpose of such withdrawal or disbursement is to make payment for a legitimate obligation or to pull out funds to reinvest outside the Treasurer's pool. Except for permissible withdrawals as



described in the previous section, in the event the Treasurer is obligated to liquidate investments in an adverse market due to a withdrawal for the purpose of investing funds outside of the Treasurer's investment pool, the resulting loss, if any, shall be borne by the withdrawing district alone. Losses due to the sale of securities to meet unanticipated cash needs other than for investing funds outside the Treasurer's pool shall be considered as a normal cost of providing unanticipated liquidity needs.

3. The Treasurer shall hold all securities including collateral on repurchase agreements, in safekeeping with the County's custodial bank or with a national bank located in a Federal Reserve City which has provided the County with a safekeeping agreement.
4. Pursuant to Government Code Section 53684(a) and unless otherwise provided by law, if the treasurer of any local agency, or other official responsible for the funds of the local agency, determines that the local agency has excess funds which are not required for immediate use, the treasurer or other official may, upon the adoption of a resolution by the legislative or governing body of the local agency authorizing the investment of funds pursuant to this section and with the consent of the County Treasurer, deposit the excess funds in the county treasury for the purpose of investment by the county treasurer pursuant to Section 53601 or 53635, or Section 20822 of the Revenue and Taxation Code after signing an Investment Management Agreement.

### **Investment Reporting and Review**

The Treasurer shall submit a report on the monthly transactions and the status of the investment pool to the Alameda County Board of Supervisors, the Treasurer's Oversight Committee and the participating districts. The investment report must include the book and market value of securities held, income received, book yield, duration, liquidity profile, and investment policy compliance.

### **Ethics and Conflicts of Interest**

Officers and employees involved in the investment process shall refrain from personal activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. Disclosure shall be made to the governing body. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the Treasurer's investment pool.

Further, any securities broker or dealer who has made a political contribution to the Treasurer, any member of the Board of Supervisors, or any candidate for those offices, in an amount that exceeds the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board



within any consecutive 48-month period following January 1, 1996, shall be disqualified from transacting securities trades (purchase, sale and/or exchange) with the Treasurer.

### **Internal Controls**

The Treasurer shall employ internal controls designed to prevent losses of public funds arising from fraud, employee error, misrepresentations by third parties, or imprudent actions by employees and officers of County.

### **Internal and External Audit**

The custodian/safekeeping account, investment transactions, and records shall be audited at least quarterly by internal auditors independent of the Treasurer and/or by outside independent auditors and the audit results reported to the members of the Treasury Oversight Committee, Board of Supervisors, or the Auditor-Controller. Pursuant to the Treasury Oversight Committee mandate, the investment pool shall be audited annually by an independent auditor and the results reported to the members of the Treasury Oversight Committee, the Board of Supervisors, the Grand Jury, the Auditor-Controller, and all participating entities in the investment pool as governed by state law.

### **Safekeeping and Custody**

The following process shall be maintained for safekeeping and custody of securities:

1. All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the Alameda County's safekeeping institution prior to the release of funds.
2. All marketable securities except for money market funds registered in the County's name shall be deposited for safekeeping with banks contracted to provide the Treasurer with custodial security clearance services. Securities are **NOT** to be held in investment firm/broker-dealer account.

### **Authorized Financial Institutions, Depositories, and Broker/Dealers**

The Treasurer shall maintain a list of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of broker/dealers that are approved to conduct investment security transactions with the Treasurer. These may include primary dealers, regional broker/dealers, minority-owned broker/dealers and direct issuers of securities.

All financial institutions and depositories, including broker-dealers, must provide certification of having read and understood and agreeing to comply with the Treasurer's investment policy on an annual basis.



All broker/dealers who desire to become qualified for investment transactions must supply the following (as appropriate):

1. Audited financial statements
2. Proof of FINRA registration
3. Proof of state registration
4. Completed broker/dealer questionnaire
5. Certification of having read and understood and agreeing to comply with the Treasurer's investment policy

### **Allocation of Investment Income and Costs**

The Treasurer shall account for investment income to be apportioned based on average daily cash balances of participating funds during the quarterly allocation period. Government Code Section 27013 permits the Treasurer to charge the cost of the treasury operations and administration to the investment income prior to distribution. The cost of operating the County treasury which includes tax and revenue receipt processing, county-wide central cashing and banking, investment services, management, operations, safekeeping and accounting, daily redemption of county warrants/checks and other direct and indirect treasury operations costs, shall be netted on a quarterly basis against the un-apportioned income prior to its allocation to the pool participants. The treasury operations costs are determined each fiscal year as part of the budgeting process, during which the departmental budget is allocated among the various functioning units of the Treasurer-Tax Collector's department.

### **Treasury Oversight Committee**

The Treasury Oversight Committee shall meet at least once annually, preferably in May. The responsibilities of the Treasury Oversight Committee are:

1. To ensure that an annual audit of the investment portfolio is performed;
2. To review and monitor the Treasurer's Annual Investment Policy before it is submitted to the Board of Supervisors for authorization; and
3. To ensure that the Treasurer's investments conform to the requirements of the annual investment policy.

### **Limit on Receipt of Honoraria, Gifts and Gratuities**

No individual responsible for the management of the County's investment portfolio or any member of the Treasury Oversight Committee shall accept honoraria, gifts or gratuities from any advisor, broker, dealer, banker or other person with whom the county treasury conducts business, consistent with the state law.



## **Business Continuity**

The Treasurer has developed a Business Continuity Plan describing the Treasurer's anticipated response to a range of events that could significantly disrupt its business. Because the timing and impact of disasters, emergencies and other events is unpredictable, flexibility is necessary when responding to actual disruptions as they occur. With that in mind, the goal of the Plan is to resume operations as quickly and smoothly as possible.

The Plan for responding to a significant business disruption addresses safeguarding of employees' lives and County property, making a financial and operational assessment, quickly recovering and resuming operations, protecting all the Treasurer's books and records, and allowing the continued ability to manage the investment program and transact business.

## **Investment Policy Adoption**

The Treasurer shall submit the County's Investment Policy to the Board of Supervisors for annual adoption by resolution. The policy shall be reviewed annually by the Treasury Oversight Committee and any modifications made thereto must be authorized by the Board of Supervisors.

## **Conclusion**

Any provision in this, the investment policy of Alameda County, which may later be disallowed by the governing sections of the Government Code of the State of California, shall also be so disallowed. Conversely, any new permissive provisions under the governing sections of the Government Code shall be allowed without necessarily amending the investment policy during the year that the law takes effect. However, such new provision shall be adopted by policy in the next annual investment policy. This investment policy shall be in effect until revised or replaced by the investment policy of the following year.



## SUMMARY OF ALLOWABLE INVESTMENTS

AUTHORIZED INVESTMENTS	MAXIMUM % HOLDINGS	PURCHASE RESTRICTIONS	MAXIMUM MATURITY	CREDIT QUALITY
US Treasury Obligations	100%	N/A	5 years	N/A
Federal Agencies	100%	Max issuer 100%	5 years	N/A
Money-Market Mutual Funds	20%	Max 10% issuer, must maintain constant NAV	Daily Liquidity	AAA rated from at least 2 NRSROs
Commercial Paper	25%	Max issuer 10%, combined with corporates and CP	270 days	A-1 equivalent or better by 2 NRSROs
Negotiable CDs	30%	Max issuer 10%, combined with corporates and CP	1 year	A-1 equivalent or better by 2 NRSROs
Medium Term Corporate Notes	30%	Max issuer 10%, combined with corporates and CP	5 years	A equivalent or better by 2 NRSROs
Asset-Backed Securities	20%	Max issuer 5%, equipment leased-backed certificate, consumer receivable pass-throughs, consumer receivables-backed bonds	5 years	AA equivalent or better by 2 NRSROs
State and Local Government Bonds	20%	Max issuer 5%	5 years	A equivalent or better by 1 NRSROs
Repurchase Agreements (REPO)	20%	Collateral to be US Government or Federal Agency with max maturity of 5 years. 102% of funds borrowed and marked-to-market daily	180 days	N/A
Reverse Repurchase Agreements (Reverse REPO)	20%	Prior approval of the Board of Supervisors	180 days	N/A
Banker's Acceptances	30%	Drawn on and accepted by a commercial bank	180 days	A-1 equivalent or better by 2 NRSROs
Supranational	30%	Max 15% issuer, Senior unsecured unsubordinated or guaranteed by IBRD, IFC, or IADB	5 years	AA equivalent or better by 2 NRSROs
LAIF	State Limit	Per LAIF	Daily Liquidity	N/A
CalTRUST	2X LAIF	Per CalTRUST	Daily Liquidity	N/A
CAMP	2X LAIF	Per CAMP	Daily Liquidity	N/A
Collateralized/FDIC Insured Time Deposits	30%	Refer to page 8	5 years	N/A
Collateralized Money Market Bank Accounts	30%	Refer to page 8	Daily Liquidity	N/A



## Attachment II

**RATINGS INTERPRETATION**

LONG TERM DEBT RATINGS			
MOODY'S	S&P	FITCH	RATINGS INTERPRETATION FOR CREDIT
Aaa	AAA	AAA	STRONGEST QUALITY
Aa1	AA+	AA+	STRONG QUALITY
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	GOOD QUALITY
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	MEDIUM QUALITY
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	
Ba1	BB+	BB+	SPECULATIVE
Ba2	BB	BB	
Ba3	BB-	BB-	
B1	B+	B+	LOW
B2	B	B	
B3	B-	B-	
Caa	CCC+	CCC	POOR
-	CCC	-	HIGHLY SPECULATIVE TO DEFAULT
-	CCC-	-	
Ca	CC	CCC	
C	-	-	
-	-	DDD	
-	-	DD	
-	D	D	

SHORT TERM DEBT RATINGS			
MOODY'S	S&P	FITCH	RATINGS INTERPRETATION FOR CREDIT
P-1	A-1+	F1+	STRONGEST QUALITY
	A-1	F1	STRONG QUALITY
P-2	A-2	F2	GOOD QUALITY
P-3	A-3	F3	MEDIUM QUALITY



## ALAMEDA COUNTY POOLED SURPLUS INVESTMENTS

The following information has been provided by the Treasurer, and neither the District nor the Underwriters take any responsibility for the accuracy or completeness thereof. Further information may be obtained from the Treasurer at the following website: <http://www.acgov.org/treasurer/investments/reports.htm>.

The County Treasurer-Tax Collector (the "Treasurer") manages the County's investment pool (the "County Pool") in which certain funds of the County, the District and of certain other entities within the County are invested pending disbursement. The Treasurer is *ex-officio* the treasurer of each of the other participating entities. All entities participating in the County Pool are legally required to do so. Under State law, these entities may only withdraw money to pay expenses that have become due.

All investments in the Treasurer's investment portfolio conform to the statutory requirements of Government Code Section 53601 *et seq.*, authorities delegated by the County Board of Supervisors and the Treasurer's investment policy.

Substantially all operating funds of the District are invested in the County Pool. The Treasurer accepts funds only from agencies located within the County for investment in the County Pool. As of February 29, 2020, the book value of the Pool was \$6,558,831,614.

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The following table sets forth the composition of the County Pool as of February 29, 2020.

**COUNTY OF ALAMEDA INVESTMENT POOL  
PORTFOLIO COMPOSITION  
(as of February 29, 2020)**

	<u>Book Value</u>	<u>Market Value</u>	<u>% of Portfolio</u>
Non-Negotiable Certificates of Deposit	\$ 200,170,000.00	\$ 200,170,000.00	3.05%
Local Agency Investment Funds	72,000,000.00	72,000,000.00	1.10
Joint Powers Authority	170,000,000.00	170,000,000.00	2.59
Money Market Mutual Funds	281,000,000.00	281,000,000.00	4.28
Money Market Bank Accounts	22,000,000.00	22,000,000.00	0.34
Negotiable Certificates of Deposit	850,000,000.00	850,923,000.00	12.96
Corporate Notes	436,460,925.78	441,160,142.74	6.65
Washington Supranational Obligation	199,345,053.15	202,642,700.00	3.04
Commercial Paper Discount - Amortizing	347,090,500.00	348,849,500.00	5.29
Agency Bullets (AAA/AA+)	1,640,194,522.70	1,679,280,218.60	25.01
Federal Agency Discount - Amortizing	19,914,794.44	19,947,200.00	0.30
Treasury Notes and Bonds	897,303,025.88	913,434,000.00	13.68
Agency Callables (AA/AA+)	1,185,699,275.00	1,189,988,846.55	18.08
Asset Backed Securities	226,553,466.61	229,081,450.45	3.45
Municipal Bonds	<u>11,100,050.00</u>	<u>11,279,820.00</u>	<u>0.17</u>
Total Investments	<u>\$6,558,831,613.56</u>	<u>\$6,631,756,878.34</u>	100.00%

*Source:* Alameda County Treasurer-Tax Collector.

The County provides monthly investment reports to the County Board of Supervisors. It is current practice for the Treasurer to report the portfolio's market value on a quarterly basis to the Board. Market values are derived from the custodial bank's monthly safekeeping reports to the Treasurer. The County reports that it follows a "buy and hold" investment strategy and was not required to liquidate securities at a loss to meet disbursement requirements of County Pool participants during the past fiscal year. The County expects the County Pool will have sufficient liquid funds to meet disbursement requirements of County Pool participants through the next six months.



TREASURER - TAX COLLECTOR

HENRY C. LEVY  
TREASURER - TAX COLLECTOR

March 30, 2020

Board of Supervisors  
County of Alameda  
1221 Oak Street, 5<sup>th</sup> Floor  
Oakland, CA 94612

Dear Board Members:

**RE: Investment Report – February 2020**

In accordance with the Treasurer’s investment policy, submitted herewith is a report of the cash pool investments for the month of February 2020. Enclosed with this report is a detailed composition of all outstanding investments by securities category as of February 29, 2020. This report reflects the market value and cost of purchase. All investments in the Treasurer’s investment portfolio conform to the statutory requirements of Government Code Section 53601 et. seq., authorities delegated by the County Board of Supervisors and the Treasurer’s investment policy.

As of February 29, 2020

Treasurer’s Investment Pool – Book Value	\$ 6,558,831,614
Treasurer’s Investment Pool – Market Value	6,631,756,878
Total Cash in Bank	25,463,083
Total interest received during the month	7,583,052
Average Maturity of the portfolio	681 days
Annualized cash basis rate of return for the month	1.46%

Liquidity Summary of the Portfolio as Of February 29, 2020

Maturity	Amount	Percentage Held
1 to 90 days	\$ 1,589,560,108	24.24%
91 to 365 days	1,294,187,209	19.73%
2 years	857,822,590	13.08%
3 years	931,318,164	14.20%
4 years	781,922,228	11.92%
5 years	1,104,021,314	16.83%
<b>Total</b>	<b>6,558,831,614</b>	<b>100.00%</b>

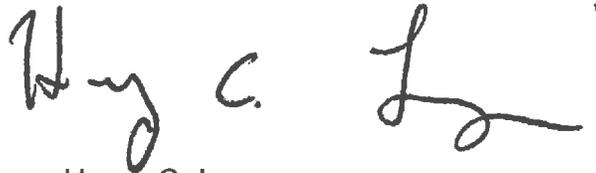
## Conclusion

Based on investment activity during the month of February 2020, the Treasurer expects to meet all operating cash needs for the pool participants within the next six months from the portfolio's most liquid assets and current revenues. For your review, a copy of the Investment Status Report and transaction details for the month of February 2020 is attached and on file with the Office of the Clerk of the Board of Supervisors.

## Vision 2026 Goal

The Investment Report meets the 10x goal of **Accessible Infrastructure** in support of our shared vision of **Prosperous and Vibrant Economy**.

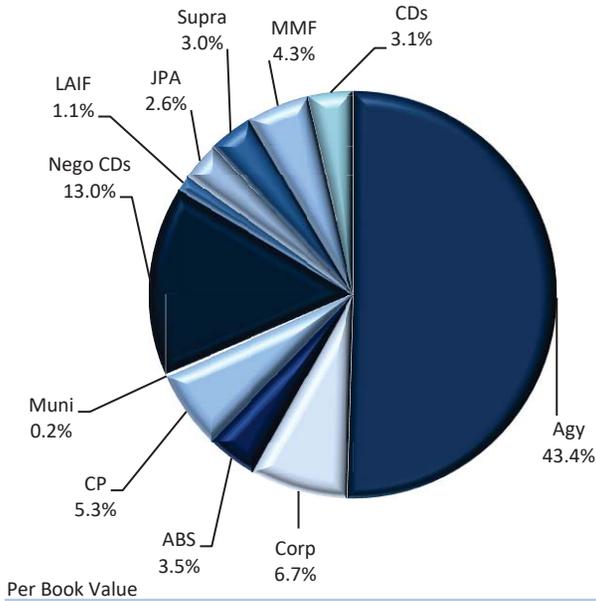
Very truly yours,

A handwritten signature in black ink, appearing to read "Henry C. Levy". The signature is written in a cursive style with a large initial "H" and a distinct "C" and "L".

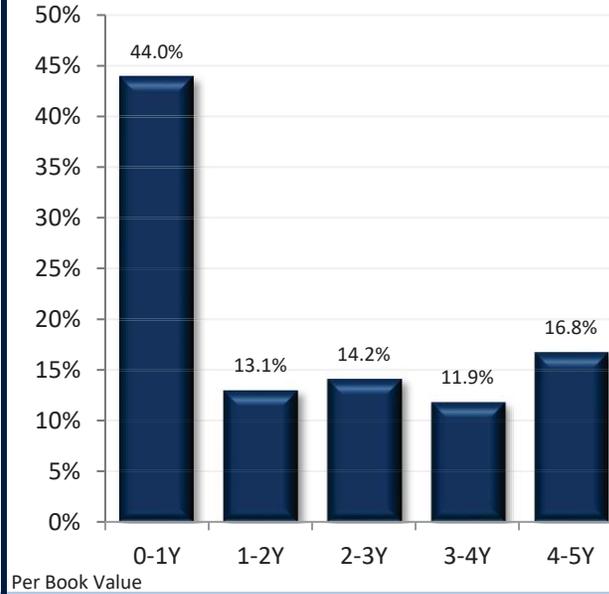
Henry C. Levy  
Treasurer – Tax Collector

cc: Susan Muranishi, County Administrator  
Melissa Wilk, Auditor-Controller  
School District and Special District Participants  
Members of the Treasury Oversight Committee

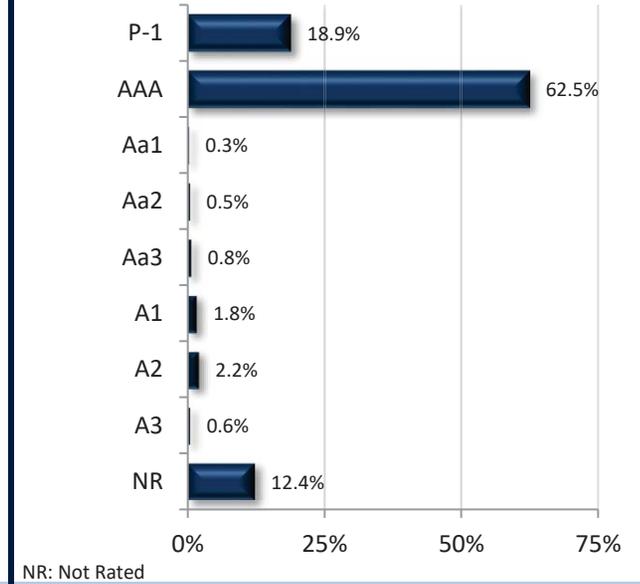
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (MOODY'S)**



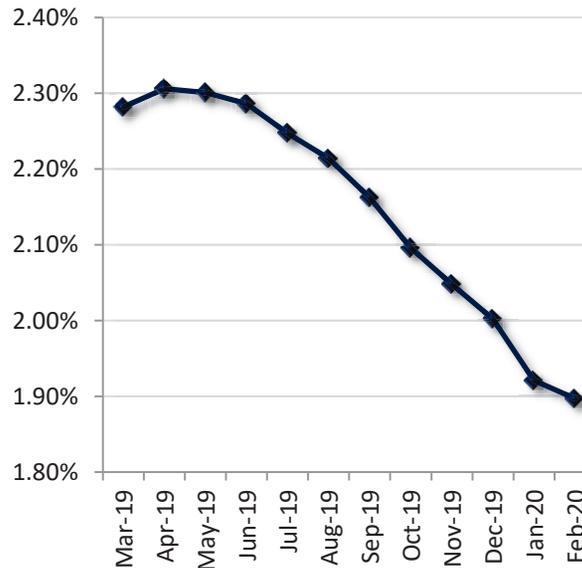
**ACCOUNT SUMMARY**

	2/29/20	1/31/20
<b>Market Value</b>	\$6,631,756,878	\$6,622,443,121
<b>Book Value*</b>	\$6,558,831,614	\$6,581,550,666
<b>Unrealized G/L</b>	\$72,925,265	\$40,892,456
<b>Par Value</b>	\$6,566,146,051	\$6,588,130,229
<b>Net Asset Value</b>	\$101.112	\$100.621
<b>Book Yield</b>	1.90%	1.92%
<b>Years to Maturity</b>	1.87	1.86
<b>Effective Duration</b>	1.43	1.42

\*Book Value is not Amortized

\*\*Note: 50mm maturity on 8/31 was credited the following business day and will show on our September 2019 reports.

**PORTFOLIO BOOK YIELD HISTORY**



**TOP ISSUERS**

Issuer	% Portfolio
U.S. Treasury	13.7%
Federal Home Loan Mtg Corp	11.4%
Federal Home Loan Bank	9.8%
Federal National Mtg Assn	8.0%
Federal Farm Credit Bank	7.6%
FARMER MAC	6.3%
TOYOTA MOTOR CREDIT CORP	4.1%
NATXNY	3.0%
Toronto Dominion Bank	3.0%
State Street Institutional US	2.9%
SWEDISH BANK NY	2.3%
International Bank Recon & D	2.1%
California Asset Mgmt. Program	2.0%
J.P. Morgan	1.9%
Bank of Nova Scotia	1.5%

Per Book Value

Item / Sector	Parameters	In Compliance
Weighted Average Maturity	Maximum WAM of 3.0 years	Yes 1.87 yrs
U.S. Treasury and Federal Agency Obligations	No sector limit; no issuer limit; max maturity 5 years	Yes 57.1%
Debt Issued by State of CA and Local Agencies within the State	20% limit; 5% issuer limit; Minimum rating of A by at least one NRSRO; max maturity 5 years	Yes 0.2%
LAIF	Maximum amount permitted by LAIF (currently \$75 million limit)	Yes \$72 Mil
Joint Powers Authority (CAMP)	Max Limit: Twice the limit of LAIF deposits (currently \$150 million limit)	Yes \$130 Mil
Joint Powers Authority (CalTrust)	Max Limit: Twice the limit of LAIF deposits (currently \$150 million limit)	Yes \$40 Mil
Money Market Mutual Funds	20% limit; 10% per fund limit; SEC registered with stable NAV; Rated AAAM or equivalent by at least two of the three rating agencies or meet advisor requirements	Yes 4.3%
Commercial Paper (Includes Asset Backed)	25% sector limit; 10% combined issuer limit; Max maturity of 270 days; Rated A-1, P-1, or F-1; Total assets over \$500mm; Asset Backed CP Must have program-wide credit enhancements	Yes 5.3%
Negotiable CDs	30% limit; 10% combined issuer limit; Minimum rating of A by rating agency if issued by domestic bank; Minimum rating of AA if a U.S. branch of a foreign bank; Max maturity of 1 year	Yes 13.0%
Collateralized/FDIC - Insured Time Deposits	Time deposits with banks and savings and loans associations located with the State, collateralized according to Government code	Yes 3.1%
Collateralized Money Market Bank Accounts	Deposit funds in interest-bearing active collateralized money market bank accounts	Yes 0.3%
Medium-Term Notes	30% limit; 10% combined issuer limit, Max maturity 5 years; Minimum rating of A or better by two NRSRO's	Yes 6.7%
Asset-Backed Securities	20% limit; 5% issuer limit; Max maturity of 5 years; Minimum rating of AA or better by rating agency	Yes 3.5%
Repurchase Agreement	20% limit; Max maturity of 180 days; Must have 102% collateral; Collateral of agency and treasuries with final maturity not to exceed 5 years	Yes 0.0%
Supranationals	30% limit; 15% issuer limit; Only IBRD, IFC, IADB; Max Maturity 5 years; Minimum rating of AA by a rating agency; max maturity of 5 years	Yes 3.0%
Floaters, Structured Notes, Derivatives	15% limit for treasuries, agencies, and munis	Yes 0.0%

**Historical Book Values**  
2/29/2020

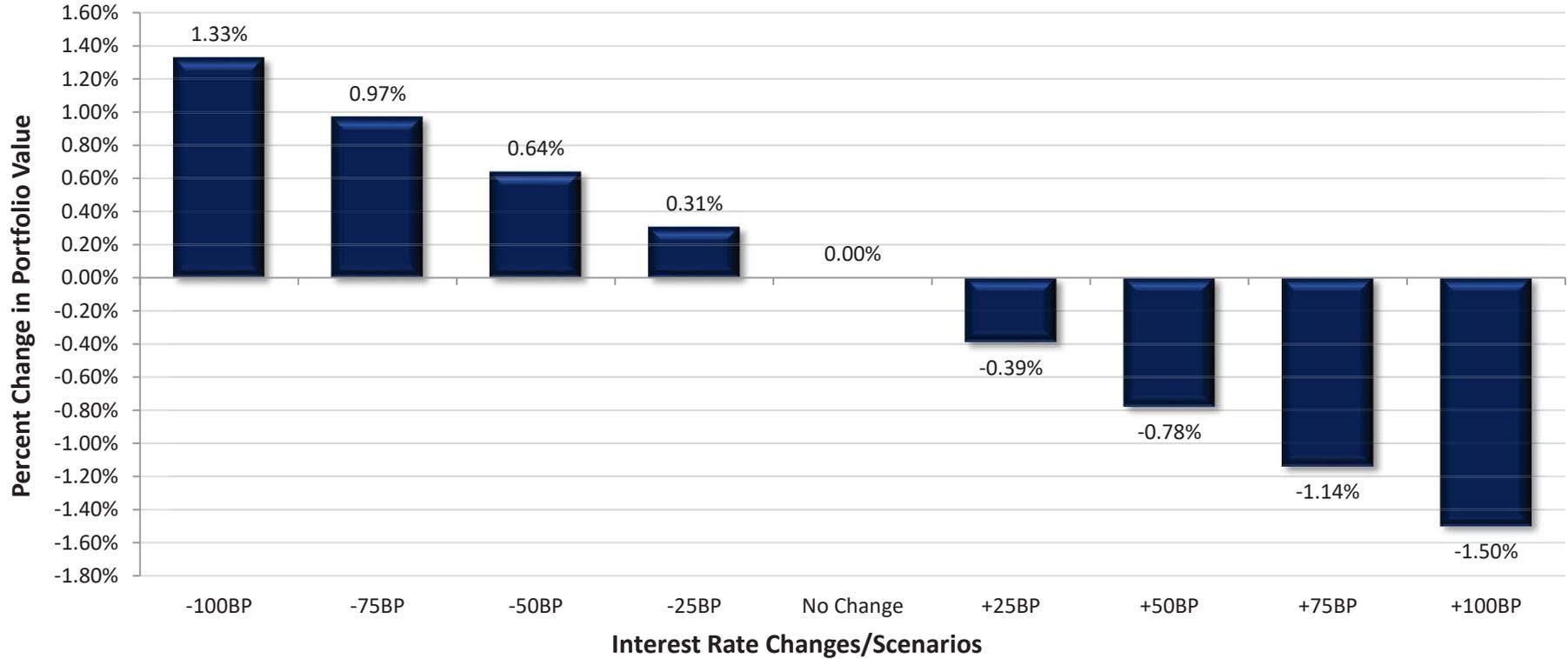
County of Alameda



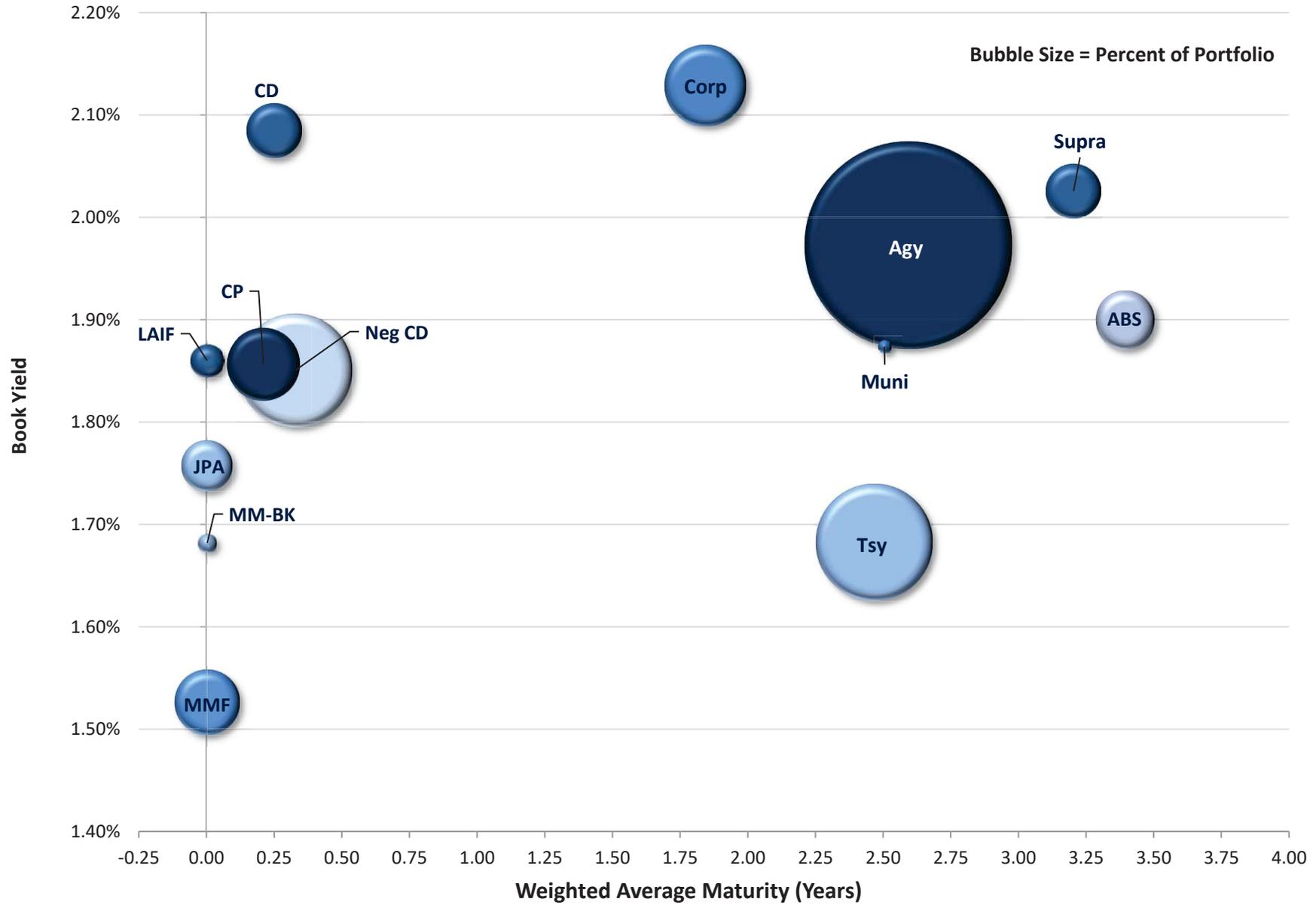
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>Fiscal Year 2016</b>	\$3.325	\$3.023	\$3.078	\$2.936	\$3.117	\$3.530	\$3.747	\$3.852	\$3.862	\$4.195	\$4.199	\$4.060
<b>Fiscal Year 2017</b>	\$4.120	\$3.786	\$3.698	\$3.962	\$4.328	\$4.781	\$4.807	\$4.726	\$4.767	\$5.174	\$5.263	\$5.253
<b>Fiscal Year 2018</b>	\$5.107	\$4.600	\$4.490	\$4.625	\$5.096	\$5.818	\$6.011	\$5.881	\$5.868	\$6.002	\$5.984	\$5.901
<b>Fiscal Year 2019</b>	\$5.648	\$5.146	\$5.108	\$5.047	\$5.540	\$6.217	\$6.047	\$5.912	\$6.093	\$6.626	\$6.507	\$6.311
<b>Fiscal Year 2020</b>	\$6.029	\$5.655	\$5.782	\$5.797	\$6.103	\$6.658	\$6.682	\$6.513				

Figures in Billions, Average Daily Balance

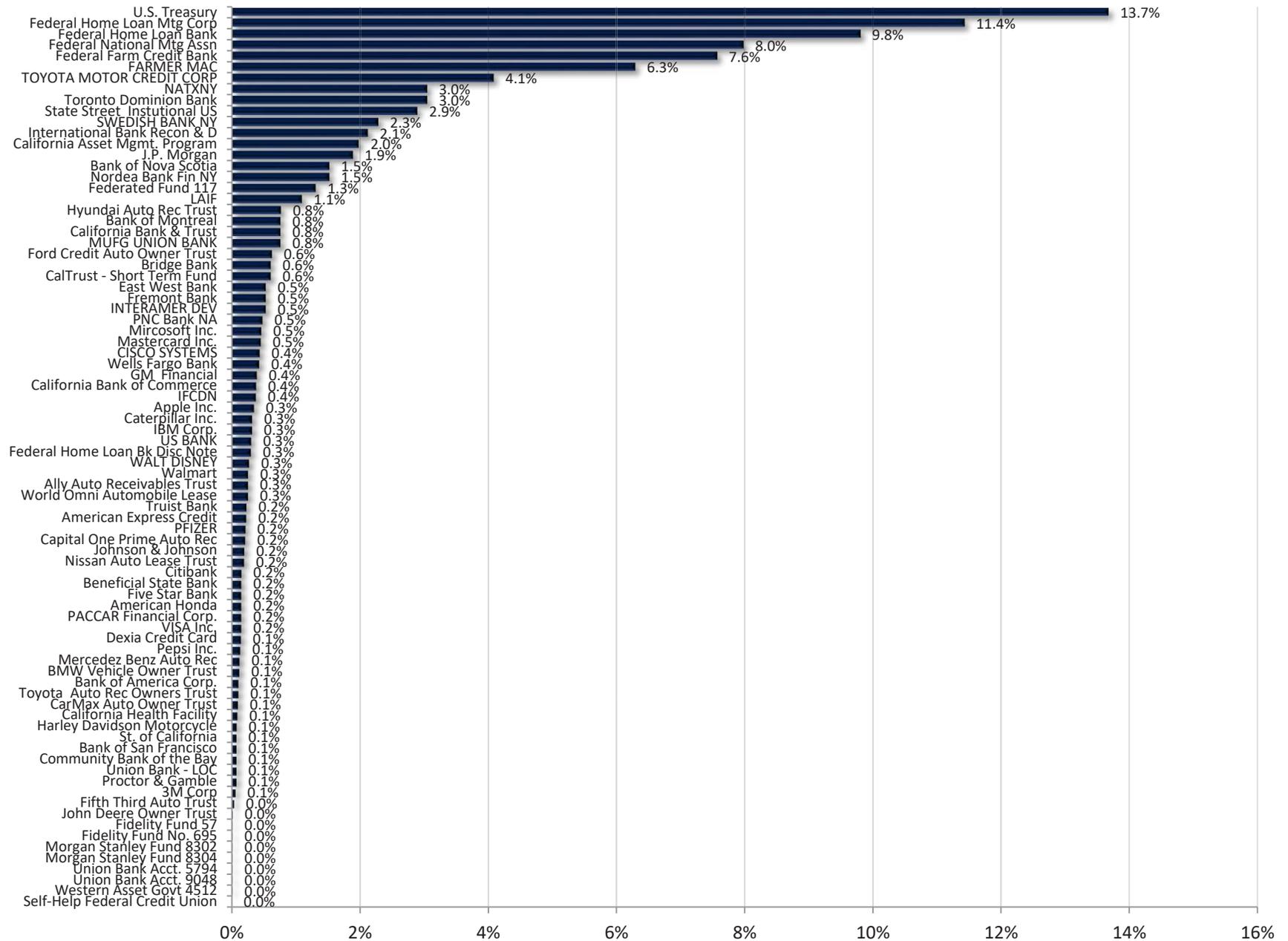
Instantaneous Interest Rate Changes and Approximate Change in Portfolio's Market Value



Int. Rate Change	Portfolio Value	Value Change	Percent Change
-100 Basis Points	\$6,719,959,245	\$88,202,366	1.33%
-75 Basis Points	\$6,696,144,606	\$64,387,728	0.97%
-50 Basis Points	\$6,674,094,014	\$42,337,136	0.64%
-25 Basis Points	\$6,652,043,423	\$20,286,544	0.31%
No Change	\$6,631,756,878	\$0	0.00%
+25 Basis Points	\$6,605,893,027	-\$25,863,852	-0.39%
+50 Basis Points	\$6,580,029,175	-\$51,727,704	-0.78%
+75 Basis Points	\$6,556,154,850	-\$75,602,028	-1.14%
+100 Basis Points	\$6,532,280,525	-\$99,476,353	-1.50%



\*Note: Excludes Cash Balance



**Alameda County Investment Pool  
Portfolio Management  
Portfolio Summary  
February 29, 2020**

<b>Investments</b>	<b>Par Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Portfolio</b>	<b>Days to Maturity</b>	<b>YTM 365 Equiv.</b>
Non-Negotiable CDs	200,170,000.00	200,170,000.00	200,170,000.00	3.05	92	2.085
Local Agency Investment Funds	72,000,000.00	72,000,000.00	72,000,000.00	1.10	1	1.860
Joint Powers Authority	170,000,000.00	170,000,000.00	170,000,000.00	2.59	1	1.757
Money Market Mutual Funds	281,000,000.00	281,000,000.00	281,000,000.00	4.28	1	1.526
Money Market Bank Accounts	22,000,000.00	22,000,000.00	22,000,000.00	0.34	1	1.682
Negotiable CDs	850,000,000.00	850,923,000.00	850,000,000.00	12.96	120	1.851
Corporate Notes	435,022,000.00	441,160,142.74	436,460,925.78	6.65	673	2.129
Washington Supranational Obligation	200,000,000.00	202,642,700.00	199,345,053.15	3.04	1,169	2.026
Commercial Paper Disc. -Amortizing	350,000,000.00	348,849,500.00	347,090,500.00	5.29	77	1.856
Agency Bullets (Aaa/AA+)	1,641,710,000.00	1,679,280,218.60	1,640,194,522.70	25.01	925	2.012
Federal Agency Disc. -Amortizing	20,000,000.00	19,947,200.00	19,914,794.44	0.30	67	1.616
Treasury Notes and Bonds	900,000,000.00	913,434,000.00	897,303,025.88	13.68	901	1.682
Agency Callables (Aaa/AA+)	1,186,665,000.00	1,189,988,846.55	1,185,699,275.00	18.08	993	1.924
Asset Backed Securities	226,579,051.44	229,081,450.45	226,553,466.61	3.45	1,239	1.900
Municipal Bonds	11,000,000.00	11,279,820.00	11,100,050.00	0.17	914	1.874
	<b>6,566,146,051.44</b>	<b>6,631,756,878.34</b>	<b>6,558,831,613.56</b>	<b>100.00%</b>	<b>681</b>	<b>1.897</b>

<b>Total Earnings</b>	<b>February 29 Month Ending</b>	<b>Fiscal Year To Date</b>
Current Year	10,167,417.83	93,334,932.20
<b>Average Daily Balance</b>	<b>6,513,367,403.39</b>	<b>5,915,467,958.82</b>
<b>Effective Rate of Return</b>	<b>1.96%</b>	<b>2.36%</b>

Henry C. Levy, Treasurer - Tax Collector

Reporting period 02/01/2020-02/29/2020

Run Date: 03/26/2020 - 10:25

Portfolio POOL  
RC  
PM (PRF\_PM1) 7.3.0  
Report Ver. 7.3.6.1

**Alameda County Investment Pool  
Portfolio Management  
Portfolio Details - Investments  
February 29, 2020**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
<b>Non-Negotiable CDs</b>											
SYS11903	11903	Five Star Bank		11/08/2019	10,000,000.00	10,000,000.00	10,000,000.00	2.190	2.220	66	05/06/2020
SYS12004	12004	Bank of San Francisco		02/04/2020	5,000,000.00	5,000,000.00	5,000,000.00	2.000	2.028	155	08/03/2020
SYS11869	11869	Bridge Bank		10/02/2019	40,000,000.00	40,000,000.00	40,000,000.00	1.950	1.977	32	04/02/2020
SYS11870	11870	Beneficial State Bank		10/03/2019	10,000,000.00	10,000,000.00	10,000,000.00	1.670	1.693	33	04/03/2020
SYS12025	12025	California Bank & Trust		02/28/2020	30,000,000.00	30,000,000.00	30,000,000.00	2.000	2.028	58	04/28/2020
SYS11848	11848	Community Bank of the Bay		09/09/2019	5,000,000.00	5,000,000.00	5,000,000.00	1.850	1.876	6	03/07/2020
SYS11758	11758	California Bank of Commerce		05/21/2019	10,000,000.00	10,000,000.00	10,000,000.00	2.250	2.281	90	05/30/2020
SYS11761	11761	California Bank of Commerce		05/30/2019	15,000,000.00	15,000,000.00	15,000,000.00	2.250	2.281	89	05/29/2020
SYS11904	11904	East West Bank		11/12/2019	35,000,000.00	35,000,000.00	35,000,000.00	1.850	1.876	256	11/12/2020
SYS11749	11749	Fremont Bank		04/30/2019	35,000,000.00	35,000,000.00	35,000,000.00	2.410	2.443	60	04/30/2020
SYS11669	11669	Self-Help Federal Credit Union		03/13/2019	170,000.00	170,000.00	170,000.00	2.100	2.129	12	03/13/2020
SYS11729	11729	Union Bank - LOC		04/17/2019	5,000,000.00	5,000,000.00	5,000,000.00	2.000	2.028	46	04/16/2020
<b>Subtotal and Average</b>			<b>200,170,000.00</b>		<b>200,170,000.00</b>	<b>200,170,000.00</b>	<b>200,170,000.00</b>	<b>2.085</b>	<b>92</b>		
<b>Local Agency Investment Funds</b>											
SYS10285	10285	LAIF		07/01/2018	72,000,000.00	72,000,000.00	72,000,000.00	1.860	1.860	1	
<b>Subtotal and Average</b>			<b>72,000,000.00</b>		<b>72,000,000.00</b>	<b>72,000,000.00</b>	<b>72,000,000.00</b>	<b>1.860</b>	<b>1</b>		
<b>Joint Powers Authority</b>											
SYS10470	10470	California Asset Mgmt. Program		07/01/2018	130,000,000.00	130,000,000.00	130,000,000.00	1.750	1.750	1	
SYS10472	10472	CalTrust - Short Term Fund		07/01/2018	40,000,000.00	40,000,000.00	40,000,000.00	1.780	1.780	1	
<b>Subtotal and Average</b>			<b>170,000,000.00</b>		<b>170,000,000.00</b>	<b>170,000,000.00</b>	<b>170,000,000.00</b>	<b>1.757</b>	<b>1</b>		
<b>Money Market Mutual Funds</b>											
608919718	11093	Federated Fund 117		07/01/2018	86,000,000.00	86,000,000.00	86,000,000.00	1.500	1.500	1	
316175504	10274	Fidelity Fund No. 695		07/01/2018	1,000,000.00	1,000,000.00	1,000,000.00	1.420	1.420	1	
316175108	11090	Fidelity Fund 57		07/01/2018	1,000,000.00	1,000,000.00	1,000,000.00	1.460	1.460	1	
61747C707	10280	Morgan Stanley Fund 8302		07/01/2018	1,000,000.00	1,000,000.00	1,000,000.00	1.480	1.480	1	
61747C582	11089	Morgan Stanley Fund 8304		07/01/2018	1,000,000.00	1,000,000.00	1,000,000.00	1.440	1.440	1	
SYS12009	12009	State Street Institutional US		02/11/2020	190,000,000.00	190,000,000.00	190,000,000.00	1.540	1.540	1	
52470G791	10318	Western Asset Govt 4512		07/01/2018	1,000,000.00	1,000,000.00	1,000,000.00	1.460	1.460	1	
<b>Subtotal and Average</b>			<b>173,137,931.03</b>		<b>281,000,000.00</b>	<b>281,000,000.00</b>	<b>281,000,000.00</b>	<b>1.526</b>	<b>1</b>		

**Alameda County Investment Pool  
Portfolio Management  
Portfolio Details - Investments  
February 29, 2020**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
<b>Money Market Bank Accounts</b>											
SYS10286	10286	California Bank & Trust		07/01/2018	20,000,000.00	20,000,000.00	20,000,000.00	1.750	1.750	1	
SYS10290	10290	Union Bank Acct. 5794		07/01/2018	1,000,000.00	1,000,000.00	1,000,000.00	1.000	1.000	1	
SYS10291	10291	Union Bank Acct. 9048		07/01/2018	1,000,000.00	1,000,000.00	1,000,000.00	1.000	1.000	1	
<b>Subtotal and Average</b>			<b>22,000,000.00</b>		<b>22,000,000.00</b>	<b>22,000,000.00</b>	<b>22,000,000.00</b>		<b>1.682</b>	<b>1</b>	
<b>Negotiable CDs</b>											
06367BCJ6	11937	Bank of Montreal		12/10/2019	50,000,000.00	50,010,000.00	50,000,000.00	1.850	1.876	23	03/24/2020
06417MDP7	11874	Bank of Nova Scotia		10/18/2019	50,000,000.00	50,063,000.00	50,000,000.00	1.900	1.926	87	05/27/2020
06417MFF7	11927	Bank of Nova Scotia		11/26/2019	50,000,000.00	50,088,500.00	50,000,000.00	1.850	1.876	129	07/08/2020
62478U2Z8	11989	MUFG UNION BANK		01/29/2020	50,000,000.00	50,066,000.00	50,000,000.00	1.680	1.703	152	07/31/2020
63873N7G0	11884	NATXNY		10/29/2019	50,000,000.00	50,111,000.00	50,000,000.00	1.880	1.906	152	07/31/2020
63873QAA7	11907	NATXNY		11/14/2019	50,000,000.00	50,053,000.00	50,000,000.00	1.900	1.926	145	07/24/2020
63873QAS3	11910	NATXNY		11/15/2019	50,000,000.00	50,049,500.00	50,000,000.00	1.900	1.926	136	07/15/2020
63873QDN1	11979	NATXNY		01/22/2020	50,000,000.00	50,028,000.00	50,000,000.00	1.750	1.774	171	08/19/2020
65558TTU9	11991	Nordea Bank Fin NY		01/30/2020	50,000,000.00	50,049,000.00	50,000,000.00	1.670	1.693	157	08/05/2020
65558TTW5	11994	Nordea Bank Fin NY		01/30/2020	50,000,000.00	50,069,500.00	50,000,000.00	1.670	1.693	199	09/16/2020
87019VXW2	11818	SWEDISH BANK NY		08/19/2019	50,000,000.00	50,013,500.00	50,000,000.00	2.030	2.058	18	03/19/2020
87019VB22	11996	SWEDISH BANK NY		01/31/2020	50,000,000.00	50,065,500.00	50,000,000.00	1.710	1.734	180	08/28/2020
87019VB30	12003	SWEDISH BANK NY		01/31/2020	50,000,000.00	50,048,500.00	50,000,000.00	1.690	1.713	152	07/31/2020
89114N5Z4	11866	Toronto Dominion Bank		09/30/2019	50,000,000.00	50,017,000.00	50,000,000.00	2.040	2.068	23	03/24/2020
89114N3H6	11873	Toronto Dominion Bank		10/18/2019	50,000,000.00	50,060,500.00	50,000,000.00	1.910	1.937	89	05/29/2020
89114NAM7	11908	Toronto Dominion Bank		11/14/2019	50,000,000.00	50,043,500.00	50,000,000.00	1.880	1.906	73	05/13/2020
89114NFU4	11980	Toronto Dominion Bank		01/22/2020	50,000,000.00	50,087,000.00	50,000,000.00	1.720	1.744	157	08/05/2020
<b>Subtotal and Average</b>			<b>960,344,827.59</b>		<b>850,000,000.00</b>	<b>850,923,000.00</b>	<b>850,000,000.00</b>		<b>1.851</b>	<b>120</b>	
<b>Corporate Notes</b>											
037833BD1	10648	Apple Inc.		05/13/2015	5,000,000.00	5,003,350.00	4,992,250.00	2.000	2.033	66	05/06/2020
037833CC2	11060	Apple Inc.		08/04/2016	5,000,000.00	5,021,200.00	4,993,050.00	1.550	1.579	521	08/04/2021
037833DM9	11851	Apple Inc.		09/11/2019	3,000,000.00	3,040,950.00	2,993,160.00	1.800	1.848	1,655	09/11/2024
037833DL1	11852	Apple Inc.		09/11/2019	1,000,000.00	1,012,630.00	999,830.00	1.700	1.706	924	09/11/2022
037833DM9	11943	Apple Inc.		12/12/2019	9,000,000.00	9,122,850.00	8,959,320.00	1.800	2.001	1,655	09/11/2024
0258MODT3	11686	American Express Credit		03/29/2019	15,000,000.00	15,014,700.00	14,961,450.00	2.375	2.600	86	05/26/2020
06051GGS2	11882	Bank of America Corp.		10/29/2019	7,000,000.00	7,029,330.00	7,023,384.67	2.328	2.246	579	10/01/2021
14913Q3A5	11839	Caterpillar Inc.		09/06/2019	6,000,000.00	6,069,240.00	5,991,660.00	1.900	1.948	919	09/06/2022
14913Q3C1	11971	Caterpillar Inc.		01/13/2020	15,000,000.00	15,211,800.00	14,993,100.00	1.950	1.967	992	11/18/2022

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<b>Corporate Notes</b>											
17275RBD3	11575	CISCO SYSTEMS		10/11/2018	10,000,000.00	10,066,100.00	9,779,300.00	2.200	3.180	364	02/28/2021
17275RAX0	11710	CISCO SYSTEMS		04/11/2019	10,000,000.00	10,017,000.00	9,987,100.00	2.450	2.560	106	06/15/2020
17275RBJ0	11782	CISCO SYSTEMS		06/27/2019	9,000,000.00	9,064,260.00	8,967,870.00	1.850	2.014	568	09/20/2021
17325FAY4	11883	Citibank		10/29/2019	10,000,000.00	10,128,700.00	10,118,600.00	2.844	2.369	810	05/20/2022
25468PDU7	11292	WALT DISNEY		06/06/2017	5,000,000.00	5,004,900.00	4,994,200.00	1.800	1.840	96	06/05/2020
25468PDU7	11293	WALT DISNEY		06/06/2017	13,000,000.00	13,012,740.00	12,984,920.00	1.800	1.840	96	06/05/2020
02665WDF5	11914	American Honda		11/21/2019	10,000,000.00	10,112,000.00	9,996,600.00	1.950	1.966	810	05/20/2022
459200JX0	11890	IBM Corp.		10/31/2019	6,674,000.00	6,813,953.78	6,813,953.78	2.850	1.997	803	05/13/2022
459200JX0	11891	IBM Corp.		10/31/2019	10,000,000.00	10,340,316.67	10,340,316.67	2.850	2.000	803	05/13/2022
459200JX0	11931	IBM Corp.		11/27/2019	3,650,000.00	3,730,293.92	3,730,293.92	2.850	1.976	803	05/13/2022
478160BS2	10927	Johnson & Johnson		03/01/2016	2,000,000.00	2,003,460.00	2,000,000.00	1.650	1.650	365	03/01/2021
478160CD4	11226	Johnson & Johnson		03/03/2017	11,000,000.00	11,200,310.00	10,970,080.00	2.250	2.308	732	03/03/2022
46625HNX4	11687	J.P. Morgan		03/29/2019	25,000,000.00	25,143,750.00	24,975,000.00	2.550	2.614	242	10/29/2020
57636QAF1	11737	Mastercard Inc.		04/25/2019	10,000,000.00	10,134,200.00	9,856,500.00	2.000	2.580	630	11/21/2021
57636QAF1	11781	Mastercard Inc.		06/27/2019	20,000,000.00	20,268,400.00	19,982,600.00	2.000	2.037	630	11/21/2021
88579YBA8	11567	3M Corp		09/14/2018	4,000,000.00	4,103,760.00	3,991,800.00	3.000	3.072	562	09/14/2021
594918BG8	10819	Mircosoft Inc.		11/03/2015	2,000,000.00	2,006,220.00	1,998,400.00	2.000	2.017	247	11/03/2020
594918BP8	11063	Mircosoft Inc.		08/08/2016	2,000,000.00	2,009,820.00	1,997,900.00	1.550	1.572	525	08/08/2021
594918BP8	11065	Mircosoft Inc.		08/08/2016	7,000,000.00	7,034,370.00	6,992,650.00	1.550	1.572	525	08/08/2021
594918BQ6	11783	Mircosoft Inc.		06/27/2019	4,157,000.00	4,256,768.00	4,160,450.31	2.000	1.979	1,255	08/08/2023
594918AQ7	11836	Mircosoft Inc.		08/30/2019	15,150,000.00	15,518,296.50	15,376,644.00	2.125	1.644	989	11/15/2022
69371RQ66	12006	PACCAR Financial Corp.		02/06/2020	10,000,000.00	10,217,500.00	9,991,900.00	1.800	1.817	1,803	02/06/2025
713448DX3	11333	Pepsi Inc.		10/10/2017	9,000,000.00	9,077,130.00	8,998,200.00	2.000	2.006	410	04/15/2021
717081DZ3	11871	PFIZER		10/16/2019	14,025,000.00	14,250,942.75	14,131,590.00	2.200	1.840	654	12/15/2021
742718EQ8	11126	Proctor & Gamble		11/03/2016	5,000,000.00	5,057,300.00	4,989,750.00	1.700	1.743	612	11/03/2021
69353REW4	11826	PNC Bank NA		08/26/2019	3,150,000.00	3,178,350.00	3,153,811.50	2.150	2.075	424	04/29/2021
69353RFE3	11854	PNC Bank NA		09/16/2019	13,216,000.00	13,510,981.12	13,314,327.04	2.450	2.180	879	07/28/2022
69349LAG3	11909	PNC Bank NA		11/15/2019	15,000,000.00	15,456,450.00	15,265,950.00	2.700	2.116	975	11/01/2022
89236TEC5	11916	TOYOTA MOTOR CREDIT CORP		11/22/2019	5,000,000.00	5,119,400.00	5,062,047.22	2.150	1.855	921	09/08/2022
89236TEC5	11917	TOYOTA MOTOR CREDIT CORP		11/22/2019	15,000,000.00	15,358,200.00	15,188,541.67	2.150	1.849	921	09/08/2022
07330NAJ4	11944	Truist Bank		12/13/2019	15,000,000.00	15,232,200.00	15,237,885.00	2.850	2.053	396	04/01/2021
90331HPF4	11935	US BANK		12/09/2019	20,000,000.00	20,387,000.00	19,983,200.00	1.950	1.978	1,044	01/09/2023
92826CAB8	11709	VISA Inc.		04/11/2019	10,000,000.00	9,948,500.00	9,948,500.00	2.200	2.515	288	12/14/2020
95000U2B8	11896	Wells Fargo Bank		11/07/2019	15,000,000.00	15,375,900.00	15,173,250.00	2.625	2.183	873	07/22/2022
94988J5N3	11913	Wells Fargo Bank		11/21/2019	13,000,000.00	13,115,050.00	13,108,550.00	2.600	1.862	320	01/15/2021
931142DU4	11342	Walmart		10/20/2017	5,000,000.00	5,147,650.00	4,999,600.00	2.350	2.351	1,019	12/15/2022

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<b>Corporate Notes</b>											
931142EA7	11344	Walmart		10/20/2017	5,000,000.00	5,015,650.00	4,992,750.00	1.900	1.947	289	12/15/2020
931142EJ8	11535	Walmart		06/27/2018	3,000,000.00	3,069,810.00	2,999,850.00	3.125	3.127	479	06/23/2021
931142EK5	11536	Walmart		06/27/2018	2,000,000.00	2,136,540.00	1,999,460.00	3.400	3.406	1,212	06/26/2023
931142EG4	11537	Walmart		06/27/2018	2,000,000.00	2,009,920.00	1,999,380.00	2.850	2.866	114	06/23/2020
<b>Subtotal and Average</b>			<b>436,978,370.61</b>		<b>435,022,000.00</b>	<b>441,160,142.74</b>	<b>436,460,925.78</b>		<b>2.129</b>	<b>673</b>	
<b>Washington Supranational Obligation</b>											
45818WCS3	11932	INTERAMER DEV		12/03/2019	10,000,000.00	10,308,100.00	9,999,500.00	1.700	1.719	1,720	11/15/2024
45818WCS3	11950	INTERAMER DEV		12/16/2019	25,000,000.00	25,770,250.00	24,927,597.22	1.700	1.793	1,720	11/15/2024
45905UQ49	11356	International Bank Recon & D		10/26/2017	25,000,000.00	25,072,500.00	25,000,000.00	1.800	1.800	152	07/31/2020
45905UQ80	11464	International Bank Recon & D		03/27/2018	10,000,000.00	10,049,900.00	9,839,000.00	1.950	2.292	253	11/09/2020
45905UQ80	11538	International Bank Recon & D		06/28/2018	10,000,000.00	10,049,900.00	9,826,900.00	1.950	2.710	253	11/09/2020
459058GH0	11544	International Bank Recon & D		07/25/2018	10,000,000.00	10,237,000.00	9,976,600.00	2.750	2.832	509	07/23/2021
45905UQ80	11555	International Bank Recon & D		08/30/2018	10,000,000.00	10,049,900.00	9,813,622.60	1.950	2.832	253	11/09/2020
459058HL0	11893	International Bank Recon & D		11/06/2019	10,000,000.00	10,016,000.00	10,000,000.00	2.250	2.250	1,711	11/06/2024
459058HP1	11912	International Bank Recon & D		11/20/2019	20,000,000.00	20,095,200.00	19,995,972.22	2.050	2.063	1,718	11/13/2024
459058HP1	11930	International Bank Recon & D		11/27/2019	20,000,000.00	20,095,200.00	20,003,944.44	2.050	2.063	1,718	11/13/2024
45905U5U4	11981	International Bank Recon & D		01/27/2020	10,000,000.00	10,044,300.00	10,000,000.00	1.750	1.750	1,062	01/27/2023
45905U5U4	11982	International Bank Recon & D		01/27/2020	15,000,000.00	15,066,450.00	15,000,000.00	1.750	1.750	1,062	01/27/2023
45950VNP7	11974	IFCDN		01/17/2020	25,000,000.00	25,788,000.00	24,961,916.67	1.680	1.719	1,776	01/10/2025
<b>Subtotal and Average</b>			<b>199,345,053.15</b>		<b>200,000,000.00</b>	<b>202,642,700.00</b>	<b>199,345,053.15</b>		<b>2.026</b>	<b>1,169</b>	
<b>Commercial Paper Disc. -Amortizing</b>											
46640PGX5	11993	J.P. Morgan		01/30/2020	50,000,000.00	49,673,000.00	49,573,000.00		1.737	152	07/31/2020
46640PGX5	12021	J.P. Morgan		02/21/2020	50,000,000.00	49,673,000.00	49,639,986.11	1.610	1.644	152	07/31/2020
89233GC53	11813	TOYOTA MOTOR CREDIT CORP		08/14/2019	50,000,000.00	49,993,500.00	49,444,666.67	1.960	2.051	4	03/05/2020
89233GCQ7	11865	TOYOTA MOTOR CREDIT CORP		09/30/2019	50,000,000.00	49,951,500.00	49,516,000.00	1.980	2.027	23	03/24/2020
89233GD11	11887	TOYOTA MOTOR CREDIT CORP		10/30/2019	50,000,000.00	49,934,000.00	49,591,472.22	1.910	1.952	31	04/01/2020
89233GCQ7	11926	TOYOTA MOTOR CREDIT CORP		11/26/2019	50,000,000.00	49,951,500.00	49,687,625.00	1.890	1.928	23	03/24/2020
89233GGX8	12022	TOYOTA MOTOR CREDIT CORP		02/21/2020	50,000,000.00	49,673,000.00	49,637,750.00	1.620	1.654	152	07/31/2020
<b>Subtotal and Average</b>			<b>278,623,095.79</b>		<b>350,000,000.00</b>	<b>348,849,500.00</b>	<b>347,090,500.00</b>		<b>1.856</b>	<b>77</b>	
<b>Agency Bullets (Aaa/AA+)</b>											
3132X0Q53	11469	FARMER MAC		03/29/2018	10,000,000.00	10,172,400.00	9,995,100.00	2.600	2.617	393	03/29/2021
3132X0U25	11486	FARMER MAC		04/19/2018	30,000,000.00	31,552,200.00	29,982,000.00	2.800	2.813	1,144	04/19/2023

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<b>Agency Bullets (Aaa/AA+)</b>											
3132X0U25	11487	FARMER MAC		04/19/2018	40,000,000.00	42,069,600.00	39,976,000.00	2.800	2.813	1,144	04/19/2023
3132X0U25	11488	FARMER MAC		04/19/2018	30,000,000.00	31,552,200.00	29,982,000.00	2.800	2.813	1,144	04/19/2023
31422BEV8	11731	FARMER MAC		04/22/2019	50,000,000.00	51,116,500.00	50,000,000.00	2.485	2.485	582	10/04/2021
31422BEX4	11736	FARMER MAC		04/24/2019	50,000,000.00	51,718,000.00	50,000,000.00	2.475	2.475	947	10/04/2022
31422BFL9	11755	FARMER MAC		05/10/2019	25,000,000.00	26,232,000.00	25,000,000.00	2.400	2.400	1,461	03/01/2024
31422BFL1	11756	FARMER MAC		05/10/2019	25,000,000.00	26,280,250.00	25,000,000.00	2.400	2.400	1,522	05/01/2024
31422BJB7	11793	FARMER MAC		07/22/2019	25,000,000.00	25,779,000.00	25,000,000.00	1.970	1.970	1,402	01/02/2024
31422BPC8	11911	FARMER MAC		11/20/2019	20,000,000.00	20,436,600.00	20,000,000.00	1.720	1.720	1,359	11/20/2023
31422BQK9	11955	FARMER MAC		12/20/2019	25,000,000.00	25,616,250.00	24,988,750.00	1.690	1.700	1,664	09/20/2024
31422BQW3	11956	FARMER MAC		12/20/2019	40,000,000.00	40,873,600.00	40,000,000.00	1.740	1.740	1,310	10/02/2023
3133EHHB2	11265	Federal Farm Credit Bank		04/27/2017	5,000,000.00	5,001,350.00	4,986,500.00	1.450	1.542	57	04/27/2020
3133EHW58	11374	Federal Farm Credit Bank		11/27/2017	10,000,000.00	10,057,900.00	9,997,100.00	1.900	1.910	271	11/27/2020
3133EJHL6	11459	Federal Farm Credit Bank		03/27/2018	10,000,000.00	9,992,800.00	9,992,800.00	2.375	2.412	26	03/27/2020
3133EJHL6	11460	Federal Farm Credit Bank		03/27/2018	10,000,000.00	9,984,000.00	9,984,000.00	2.375	2.457	26	03/27/2020
3133EJKY4	11475	Federal Farm Credit Bank		04/13/2018	10,000,000.00	10,011,600.00	9,995,500.00	2.375	2.398	43	04/13/2020
3133EJKY4	11476	Federal Farm Credit Bank		04/13/2018	10,000,000.00	10,011,600.00	9,994,180.00	2.375	2.405	43	04/13/2020
3133EJLZ0	11493	Federal Farm Credit Bank		04/23/2018	10,000,000.00	10,194,800.00	9,985,900.00	2.625	2.674	418	04/23/2021
3133EKQU3	11778	Federal Farm Credit Bank		06/21/2019	30,000,000.00	31,201,200.00	29,984,700.00	1.950	1.961	1,565	06/13/2024
3133EKTV8	11784	Federal Farm Credit Bank		07/02/2019	12,000,000.00	12,459,600.00	11,998,320.00	1.900	1.903	1,583	07/01/2024
3133EKUA2	11785	Federal Farm Credit Bank		07/02/2019	15,000,000.00	15,390,750.00	14,989,800.00	1.850	1.870	1,067	02/01/2023
3133EKYJ9	11807	Federal Farm Credit Bank		08/08/2019	15,000,000.00	15,341,550.00	15,111,300.00	1.850	1.595	887	08/05/2022
3133EKZK5	11812	Federal Farm Credit Bank		08/14/2019	20,000,000.00	20,440,800.00	19,992,000.00	1.600	1.610	1,261	08/14/2023
3133EKA63	11814	Federal Farm Credit Bank		08/16/2019	10,000,000.00	10,261,300.00	9,982,800.00	1.600	1.636	1,629	08/16/2024
3133EKM45	11845	Federal Farm Credit Bank		09/09/2019	10,000,000.00	10,141,500.00	9,990,350.00	1.500	1.537	919	09/06/2022
3133EKP67	11855	Federal Farm Credit Bank		09/17/2019	10,000,000.00	10,107,400.00	9,981,600.00	1.625	1.719	565	09/17/2021
3133ELDK7	11945	Federal Farm Credit Bank		12/16/2019	35,000,000.00	35,575,400.00	34,998,145.70	1.630	1.632	836	06/15/2022
3133ELDK7	11946	Federal Farm Credit Bank		12/16/2019	10,000,000.00	10,164,400.00	9,999,470.20	1.630	1.632	836	06/15/2022
3133ELDK7	11947	Federal Farm Credit Bank		12/16/2019	30,000,000.00	30,493,200.00	29,998,410.60	1.630	1.632	836	06/15/2022
3133ELKN3	12001	Federal Farm Credit Bank		01/31/2020	25,000,000.00	25,282,500.00	25,068,229.17	1.550	1.417	698	01/28/2022
3133ELHR8	12002	Federal Farm Credit Bank		01/31/2020	25,000,000.00	25,308,000.00	25,095,861.11	1.600	1.425	691	01/21/2022
3130A7CV5	10911	Federal Home Loan Bank		02/18/2016	5,000,000.00	5,010,850.00	4,979,800.00	1.375	1.459	354	02/18/2021
3130A7CV5	10912	Federal Home Loan Bank		02/18/2016	15,000,000.00	15,032,550.00	14,939,400.00	1.375	1.459	354	02/18/2021
3130AABG2	11148	Federal Home Loan Bank		11/30/2016	5,000,000.00	5,081,200.00	4,980,100.00	1.875	1.959	638	11/29/2021
3130AABG2	11149	Federal Home Loan Bank		11/30/2016	5,000,000.00	5,081,200.00	4,980,100.00	1.875	1.959	638	11/29/2021
3130AABG2	11150	Federal Home Loan Bank		11/30/2016	5,000,000.00	5,081,200.00	4,980,100.00	1.875	1.959	638	11/29/2021
3130AB3F1	11246	Federal Home Loan Bank		04/13/2017	15,000,000.00	15,004,950.00	15,000,000.00	1.600	1.600	43	04/13/2020

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<b>Agency Bullets (Aaa/AA+)</b>											
3130ACE26	11312	Federal Home Loan Bank		09/08/2017	10,000,000.00	10,005,700.00	9,967,900.00	1.375	1.483	211	09/28/2020
3130ACE26	11313	Federal Home Loan Bank		09/08/2017	10,000,000.00	10,005,700.00	9,967,900.00	1.375	1.483	211	09/28/2020
3130ACE26	11314	Federal Home Loan Bank		09/08/2017	10,000,000.00	10,005,700.00	9,967,900.00	1.375	1.483	211	09/28/2020
3130ADUJ9	11455	Federal Home Loan Bank		03/16/2018	15,000,000.00	15,010,500.00	14,997,300.00	2.375	2.384	29	03/30/2020
3130ADUJ9	11456	Federal Home Loan Bank		03/16/2018	15,000,000.00	15,010,500.00	14,997,300.00	2.375	2.384	29	03/30/2020
3130AECJ7	11512	Federal Home Loan Bank		05/21/2018	15,000,000.00	15,045,450.00	14,994,600.00	2.625	2.643	88	05/28/2020
3130AEWA4	11564	Federal Home Loan Bank		09/07/2018	15,000,000.00	15,125,100.00	14,967,750.00	2.625	2.733	214	10/01/2020
3130AEWA4	11565	Federal Home Loan Bank		09/07/2018	15,000,000.00	15,125,100.00	14,967,750.00	2.625	2.733	214	10/01/2020
3130AF5B9	11576	Federal Home Loan Bank		10/12/2018	10,000,000.00	10,327,500.00	9,993,500.00	3.000	3.023	590	10/12/2021
3130AF5B9	11577	Federal Home Loan Bank		10/12/2018	10,000,000.00	10,327,500.00	9,993,500.00	3.000	3.023	590	10/12/2021
3130AGLD5	11786	Federal Home Loan Bank		07/03/2019	15,000,000.00	15,172,800.00	15,014,070.00	1.875	1.827	493	07/07/2021
3130AGWK7	11815	Federal Home Loan Bank		08/16/2019	12,000,000.00	12,279,120.00	11,971,800.00	1.500	2.136	1,628	08/15/2024
3130AGWK7	11816	Federal Home Loan Bank		08/16/2019	20,000,000.00	20,465,200.00	19,953,000.00	1.500	1.549	1,628	08/15/2024
3130AGWK7	11817	Federal Home Loan Bank		08/16/2019	20,000,000.00	20,465,200.00	19,953,000.00	1.500	1.549	1,628	08/15/2024
313380GJ0	11888	Federal Home Loan Bank		10/30/2019	25,000,000.00	25,666,500.00	25,287,083.33	2.000	1.688	922	09/09/2022
313380GJ0	11889	Federal Home Loan Bank		10/30/2019	14,710,000.00	15,102,168.60	14,879,949.53	2.000	1.686	922	09/09/2022
3130AHJY0	11900	Federal Home Loan Bank		11/08/2019	20,000,000.00	20,233,600.00	19,965,800.00	1.625	1.711	628	11/19/2021
3130AHJY0	11901	Federal Home Loan Bank		11/08/2019	30,000,000.00	30,350,400.00	29,948,700.00	1.625	1.711	628	11/19/2021
3130AHSR5	11958	Federal Home Loan Bank		12/20/2019	15,000,000.00	15,177,750.00	14,983,800.00	1.625	1.680	659	12/20/2021
3130AHSR5	11959	Federal Home Loan Bank		12/20/2019	15,000,000.00	15,177,750.00	14,983,800.00	1.625	1.680	659	12/20/2021
3130AHSR5	11960	Federal Home Loan Bank		12/20/2019	9,000,000.00	9,106,650.00	8,990,280.00	1.625	1.680	659	12/20/2021
3130AJ7E3	12020	Federal Home Loan Bank		02/21/2020	14,000,000.00	14,181,580.00	13,974,240.00	1.375	1.438	1,083	02/17/2023
3130AJ7E3	12023	Federal Home Loan Bank		02/21/2020	15,000,000.00	15,194,550.00	14,972,400.00	1.375	1.438	1,083	02/17/2023
3137EAEC9	11066	Federal Home Loan Mtg Corp		08/12/2016	10,000,000.00	10,022,600.00	9,949,200.00	1.125	1.230	529	08/12/2021
3137EAEF2	11252	Federal Home Loan Mtg Corp		04/20/2017	10,000,000.00	9,998,100.00	9,965,800.00	1.375	1.492	50	04/20/2020
3137EAEF2	11253	Federal Home Loan Mtg Corp		04/20/2017	10,000,000.00	9,998,100.00	9,965,800.00	1.375	1.492	50	04/20/2020
3137EAEF2	11254	Federal Home Loan Mtg Corp		04/20/2017	10,000,000.00	9,998,100.00	9,965,800.00	1.375	1.492	50	04/20/2020
3137EAEK1	11367	Federal Home Loan Mtg Corp		11/15/2017	10,000,000.00	10,048,300.00	9,990,400.00	1.875	1.908	261	11/17/2020
3137EAEK1	11368	Federal Home Loan Mtg Corp		11/15/2017	10,000,000.00	10,048,300.00	9,990,400.00	1.875	1.908	261	11/17/2020
3137EAEL9	11446	Federal Home Loan Mtg Corp		02/16/2018	10,000,000.00	10,113,800.00	9,973,600.00	2.375	2.467	352	02/16/2021
3137EAEM7	11489	Federal Home Loan Mtg Corp		04/19/2018	15,000,000.00	15,021,300.00	14,996,700.00	2.500	2.511	53	04/23/2020
3137EAEM7	11490	Federal Home Loan Mtg Corp		04/19/2018	15,000,000.00	15,021,300.00	14,996,700.00	2.500	2.511	53	04/23/2020
3137EAEN5	11520	Federal Home Loan Mtg Corp		06/11/2018	15,000,000.00	15,872,100.00	14,918,400.00	2.750	2.867	1,205	06/19/2023
3137EAEP0	12014	Federal Home Loan Mtg Corp		02/14/2020	15,000,000.00	15,334,950.00	14,988,450.00	1.500	1.516	1,809	02/12/2025
3137EAEP0	12015	Federal Home Loan Mtg Corp		02/14/2020	10,000,000.00	10,223,300.00	9,992,300.00	1.500	1.516	1,809	02/12/2025
3135G0S38	11184	Federal National Mtg Assn		01/09/2017	15,000,000.00	15,284,250.00	14,973,150.00	2.000	2.038	675	01/05/2022

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<b>Agency Bullets (Aaa/AA+)</b>											
3135G0T60	11309	Federal National Mtg Assn		08/01/2017	10,000,000.00	10,014,800.00	9,969,700.00	1.500	1.604	151	07/30/2020
3135G0T60	11310	Federal National Mtg Assn		08/01/2017	10,000,000.00	10,014,800.00	9,969,700.00	1.500	1.604	151	07/30/2020
3135G0T78	11331	Federal National Mtg Assn		10/06/2017	15,000,000.00	15,377,850.00	14,990,100.00	2.000	2.014	948	10/05/2022
3135G0T78	11332	Federal National Mtg Assn		10/06/2017	10,000,000.00	10,251,900.00	9,993,400.00	2.000	2.014	948	10/05/2022
3135G0U27	11479	Federal National Mtg Assn		04/13/2018	10,000,000.00	10,159,000.00	9,985,100.00	2.500	2.552	408	04/13/2021
3135G0U43	11568	Federal National Mtg Assn		09/14/2018	20,000,000.00	21,340,000.00	19,918,000.00	2.875	2.964	1,290	09/12/2023
3135G0U84	11588	Federal National Mtg Assn		11/01/2018	10,000,000.00	10,115,500.00	9,994,200.00	2.875	2.905	243	10/30/2020
3135G0U92	11644	Federal National Mtg Assn		01/11/2019	10,000,000.00	10,309,300.00	9,992,800.00	2.625	2.650	681	01/11/2022
3135G0U92	11645	Federal National Mtg Assn		01/11/2019	10,000,000.00	10,309,300.00	9,992,800.00	2.625	2.650	681	01/11/2022
3135G0V34	11657	Federal National Mtg Assn		02/08/2019	20,000,000.00	21,169,400.00	19,925,600.00	2.500	2.580	1,436	02/05/2024
3135G0V34	11658	Federal National Mtg Assn		02/08/2019	20,000,000.00	21,169,400.00	19,925,600.00	2.500	2.580	1,436	02/05/2024
3135G0V59	11718	Federal National Mtg Assn		04/12/2019	15,000,000.00	15,411,750.00	14,950,800.00	2.250	2.364	772	04/12/2022
3135G0V59	11719	Federal National Mtg Assn		04/12/2019	30,000,000.00	30,823,500.00	29,870,400.00	2.250	2.400	772	04/12/2022
3135G0V75	11788	Federal National Mtg Assn		07/08/2019	20,000,000.00	20,646,600.00	19,924,200.00	1.750	1.830	1,584	07/02/2024
3135G0W33	11840	Federal National Mtg Assn		09/06/2019	20,000,000.00	20,213,800.00	19,930,400.00	1.375	1.494	919	09/06/2022
3135G0W33	11841	Federal National Mtg Assn		09/06/2019	20,000,000.00	20,213,800.00	19,930,400.00	1.375	1.494	919	09/06/2022
3135G0W33	11842	Federal National Mtg Assn		09/06/2019	20,000,000.00	20,213,800.00	19,930,400.00	1.375	1.494	919	09/06/2022
3135G0W66	11872	Federal National Mtg Assn		10/18/2019	20,000,000.00	20,576,800.00	19,965,800.00	1.625	1.661	1,689	10/15/2024
3135G0W66	11875	Federal National Mtg Assn		10/18/2019	25,000,000.00	25,721,000.00	24,957,250.00	1.625	1.661	1,689	10/15/2024
3135G0W66	11876	Federal National Mtg Assn		10/18/2019	25,000,000.00	25,721,000.00	24,957,250.00	1.625	1.661	1,689	10/15/2024
3135G0W66	11918	Federal National Mtg Assn		11/22/2019	25,000,000.00	25,721,000.00	24,977,883.06	1.625	1.677	1,689	10/15/2024
3135G0X24	11969	Federal National Mtg Assn		01/10/2020	20,000,000.00	20,563,600.00	19,936,200.00	1.625	1.692	1,773	01/07/2025
3135G0X24	11970	Federal National Mtg Assn		01/10/2020	20,000,000.00	20,563,600.00	19,936,200.00	1.625	1.692	1,773	01/07/2025
<b>Subtotal and Average</b>			<b>1,640,721,615.80</b>		<b>1,641,710,000.00</b>	<b>1,679,280,218.60</b>	<b>1,640,194,522.70</b>		<b>2.012</b>	<b>925</b>	
<b>Federal Agency Disc. -Amortizing</b>											
313384WN5	11995	Federal Home Loan Bk Disc Note		01/30/2020	20,000,000.00	19,947,200.00	19,914,794.44		1.616	67	05/07/2020
<b>Subtotal and Average</b>			<b>19,914,794.44</b>		<b>20,000,000.00</b>	<b>19,947,200.00</b>	<b>19,914,794.44</b>		<b>1.616</b>	<b>67</b>	
<b>Treasury Notes and Bonds</b>											
912828VV9	11702	U.S. Treasury		04/09/2019	50,000,000.00	50,219,000.00	49,818,359.40	2.125	2.391	183	08/31/2020
912828F21	11712	U.S. Treasury		04/11/2019	50,000,000.00	50,912,000.00	49,771,484.38	2.125	2.316	578	09/30/2021
912828D1	11744	U.S. Treasury		04/29/2019	50,000,000.00	50,824,000.00	48,093,750.00	1.375	2.304	1,278	08/31/2023
912828S92	11791	U.S. Treasury		07/16/2019	50,000,000.00	50,601,500.00	48,804,687.50	1.250	1.867	1,247	07/31/2023
912828S8	11808	U.S. Treasury		08/13/2019	50,000,000.00	50,914,000.00	50,044,921.90	1.625	1.595	913	08/31/2022

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<b>Treasury Notes and Bonds</b>											
912828D1	11832	U.S. Treasury		08/28/2019	50,000,000.00	50,824,000.00	50,304,942.26	1.375	1.392	1,278	08/31/2023
912828S92	11843	U.S. Treasury		09/06/2019	50,000,000.00	50,601,500.00	49,636,718.75	1.250	1.442	1,247	07/31/2023
912828YC8	11844	U.S. Treasury		09/06/2019	50,000,000.00	50,385,000.00	49,974,609.38	1.500	1.526	548	08/31/2021
912828VB3	11862	U.S. Treasury		09/26/2019	50,000,000.00	51,351,500.00	50,253,906.25	1.750	1.605	1,170	05/15/2023
912828YH7	11879	U.S. Treasury		10/25/2019	50,000,000.00	51,304,500.00	49,705,526.39	1.500	1.593	1,674	09/30/2024
912828XM7	11880	U.S. Treasury		10/25/2019	50,000,000.00	50,074,000.00	49,994,140.65	1.625	1.639	152	07/31/2020
912828Y87	11919	U.S. Treasury		11/22/2019	50,000,000.00	51,803,000.00	50,298,828.15	1.750	1.617	1,613	07/31/2024
912828Y87	11936	U.S. Treasury		12/10/2019	50,000,000.00	51,803,000.00	50,134,765.65	1.750	1.689	1,613	07/31/2024
912828S27	11951	U.S. Treasury		12/16/2019	50,000,000.00	50,064,500.00	49,587,890.63	1.125	1.669	486	06/30/2021
9128287A2	11997	U.S. Treasury		01/31/2020	50,000,000.00	50,406,500.00	50,190,290.18	1.625	1.451	486	06/30/2021
912828G53	11998	U.S. Treasury		01/31/2020	50,000,000.00	50,820,500.00	50,596,311.48	1.875	1.389	639	11/30/2021
912828YJ3	11999	U.S. Treasury		01/31/2020	50,000,000.00	50,420,000.00	50,322,361.68	1.500	1.414	578	09/30/2021
9128282F6	12000	U.S. Treasury		01/31/2020	50,000,000.00	50,105,500.00	49,769,531.25	1.125	1.421	548	08/31/2021
<b>Subtotal and Average</b>			<b>897,543,244.72</b>		<b>900,000,000.00</b>	<b>913,434,000.00</b>	<b>897,303,025.88</b>		<b>1.682</b>	<b>901</b>	
<b>Agency Callables (Aaa/AA+)</b>											
31422BEK2	11699	FARMER MAC		04/09/2019	12,000,000.00	12,017,160.00	11,988,000.00	2.760	2.782	1,500	04/09/2024
31422BEK2	11700	FARMER MAC		04/09/2019	6,000,000.00	6,008,580.00	5,985,000.00	2.760	2.814	1,500	04/09/2024
31422BRL6	11965	FARMER MAC		12/27/2019	25,000,000.00	25,336,000.00	25,000,000.00	1.900	1.900	1,762	12/27/2024
3133EFZ26	10954	Federal Farm Credit Bank		04/07/2016	15,000,000.00	15,000,150.00	15,000,000.00	1.400	1.400	37	04/07/2020
3133EF2L0	10956	Federal Farm Credit Bank		04/13/2016	10,000,000.00	10,000,000.00	10,000,000.00	1.400	1.400	43	04/13/2020
3133EF2L0	10957	Federal Farm Credit Bank		04/15/2016	15,000,000.00	15,000,000.00	15,000,000.00	1.400	1.400	43	04/13/2020
3133EF2L0	10961	Federal Farm Credit Bank		04/19/2016	15,000,000.00	15,000,000.00	15,000,000.00	1.400	1.400	43	04/13/2020
3133EF5Y9	10977	Federal Farm Credit Bank		05/04/2016	9,700,000.00	9,700,097.00	9,700,000.00	1.470	1.470	64	05/04/2020
3133EGDW2	11008	Federal Farm Credit Bank		06/08/2016	10,000,000.00	10,000,200.00	10,000,000.00	1.520	1.520	99	06/08/2020
3133EGDW2	11009	Federal Farm Credit Bank		06/08/2016	10,000,000.00	10,000,200.00	10,000,000.00	1.520	1.520	99	06/08/2020
3133EGFY6	11014	Federal Farm Credit Bank		06/16/2016	15,000,000.00	15,000,300.00	15,000,000.00	1.400	1.400	15	03/16/2020
3133EGHP3	11022	Federal Farm Credit Bank		06/29/2016	10,000,000.00	10,000,200.00	10,000,000.00	1.420	1.420	120	06/29/2020
3133EGHQ1	11027	Federal Farm Credit Bank		06/29/2016	20,000,000.00	20,000,400.00	20,000,000.00	1.470	1.470	120	06/29/2020
3133EGQQ1	11407	Federal Farm Credit Bank		12/22/2017	10,000,000.00	10,000,000.00	9,825,370.00	1.300	2.050	75	05/15/2020
3133EKF27	11827	Federal Farm Credit Bank		08/26/2019	20,000,000.00	20,055,400.00	20,000,000.00	1.850	1.850	908	08/26/2022
3133ELGX6	11975	Federal Farm Credit Bank		01/17/2020	15,000,000.00	15,064,650.00	14,998,133.33	1.580	1.595	683	01/13/2022
3133ELMD3	12008	Federal Farm Credit Bank		02/10/2020	10,000,000.00	10,038,000.00	10,000,000.00	1.600	1.600	1,076	02/10/2023
3130A8ZA4	11068	Federal Home Loan Bank		08/22/2016	22,200,000.00	22,199,334.00	22,200,000.00	1.230	1.230	82	05/22/2020
3130ACF33	11316	Federal Home Loan Bank		09/13/2017	10,000,000.00	10,000,700.00	10,000,000.00	1.875	1.875	561	09/13/2021

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<b>Agency Callables (Aaa/AA+)</b>											
3130ACN83	11358	Federal Home Loan Bank		10/30/2017	15,000,000.00	15,011,550.00	15,000,000.00	1.700	1.700	75	05/15/2020
3130ACN83	11396	Federal Home Loan Bank		12/13/2017	10,000,000.00	10,007,700.00	9,952,000.00	1.700	1.903	75	05/15/2020
3130ACN83	11406	Federal Home Loan Bank		12/21/2017	15,000,000.00	15,011,550.00	14,896,500.00	1.700	1.995	75	05/15/2020
3130ACN83	11408	Federal Home Loan Bank		12/26/2017	20,000,000.00	20,015,400.00	19,875,000.00	1.700	1.969	75	05/15/2020
3130AG2Z7	11677	Federal Home Loan Bank		03/25/2019	12,000,000.00	12,011,520.00	12,000,000.00	2.650	2.650	754	03/25/2022
3130AG5Z4	11720	Federal Home Loan Bank		04/15/2019	10,000,000.00	10,014,600.00	10,000,000.00	2.625	2.625	1,506	04/15/2024
3130AH5N9	11863	Federal Home Loan Bank		09/26/2019	10,000,000.00	10,003,900.00	10,001,666.67	2.000	2.001	479	06/23/2021
3130AHD67	11877	Federal Home Loan Bank		10/22/2019	14,765,000.00	14,836,905.55	14,769,921.67	2.000	2.000	1,690	10/16/2024
3130AHP31	11938	Federal Home Loan Bank		12/11/2019	15,000,000.00	15,063,900.00	15,000,000.00	2.000	2.000	1,746	12/11/2024
3130AHP31	11939	Federal Home Loan Bank		12/11/2019	10,000,000.00	10,042,600.00	10,000,000.00	2.000	2.000	1,746	12/11/2024
3130AHP31	11940	Federal Home Loan Bank		12/11/2019	10,000,000.00	10,042,600.00	10,000,000.00	2.000	2.000	1,746	12/11/2024
3130AHP31	11948	Federal Home Loan Bank		12/16/2019	25,000,000.00	25,106,500.00	25,006,944.44	2.000	2.000	1,746	12/11/2024
3130AHWB5	11978	Federal Home Loan Bank		01/22/2020	25,000,000.00	25,060,250.00	24,992,638.89		1.799	1,787	01/21/2025
3130AJ5Q8	12012	Federal Home Loan Bank		02/14/2020	10,000,000.00	10,005,500.00	10,000,000.00	1.750	1.750	1,080	02/14/2023
3130AJ5Q8	12013	Federal Home Loan Bank		02/14/2020	10,000,000.00	10,005,500.00	10,000,000.00	1.750	1.750	1,080	02/14/2023
3134G9F85	11030	Federal Home Loan Mtg Corp		06/30/2016	25,000,000.00	25,007,250.00	25,000,000.00	1.320	1.320	213	09/30/2020
3134GBHQ8	11260	Federal Home Loan Mtg Corp		04/27/2017	20,000,000.00	20,026,000.00	20,000,000.00	1.700	1.700	148	07/27/2020
3134GBYF3	11308	Federal Home Loan Mtg Corp		07/27/2017	10,000,000.00	10,055,500.00	10,000,000.00	1.800	1.800	332	01/27/2021
3134GBH21	11327	Federal Home Loan Mtg Corp		09/29/2017	10,000,000.00	10,003,700.00	10,000,000.00	1.700	1.700	212	09/29/2020
3134GTAR4	11678	Federal Home Loan Mtg Corp		03/26/2019	15,000,000.00	15,011,850.00	15,000,000.00	2.550	2.550	754	03/25/2022
3134GTAS2	11679	Federal Home Loan Mtg Corp		03/26/2019	7,000,000.00	7,005,670.00	7,000,000.00	2.500	2.500	754	03/25/2022
3134GTDV2	11705	Federal Home Loan Mtg Corp		04/10/2019	25,000,000.00	25,035,750.00	25,000,000.00	2.700	2.700	1,318	10/10/2023
3134GTDC4	11707	Federal Home Loan Mtg Corp		04/10/2019	25,000,000.00	25,039,000.00	25,000,000.00	2.670	2.670	1,321	10/13/2023
3134GTDE0	11716	Federal Home Loan Mtg Corp		04/12/2019	25,000,000.00	25,036,000.00	25,000,000.00	2.570	2.570	950	10/07/2022
3134GTKG7	11750	Federal Home Loan Mtg Corp		05/03/2019	20,000,000.00	20,322,400.00	20,000,000.00	2.600	2.600	1,524	05/03/2024
3134GTRQ8	11767	Federal Home Loan Mtg Corp		06/03/2019	25,000,000.00	25,085,000.00	25,000,000.00	2.550	2.550	1,555	06/03/2024
3134GTRK1	11775	Federal Home Loan Mtg Corp		06/17/2019	15,000,000.00	15,058,800.00	15,000,000.00	2.550	2.550	1,569	06/17/2024
3134GTTK9	11779	Federal Home Loan Mtg Corp		06/26/2019	10,000,000.00	10,037,100.00	10,000,000.00	2.375	2.375	1,578	06/26/2024
3134GTM67	11799	Federal Home Loan Mtg Corp		07/30/2019	10,000,000.00	10,017,800.00	10,000,000.00	2.300	2.300	1,612	07/30/2024
3134GTM34	11803	Federal Home Loan Mtg Corp		07/31/2019	10,000,000.00	10,032,000.00	10,000,000.00	2.070	2.070	880	07/29/2022
3134GTU84	11804	Federal Home Loan Mtg Corp		08/05/2019	10,000,000.00	10,012,700.00	10,000,000.00	2.000	2.000	522	08/05/2021
3134GT3X9	11830	Federal Home Loan Mtg Corp		08/28/2019	15,000,000.00	15,058,350.00	15,000,000.00	2.010	2.010	1,641	08/28/2024
3134GT5A7	11838	Federal Home Loan Mtg Corp		09/05/2019	15,000,000.00	15,000,450.00	14,956,500.00	1.750	1.826	1,283	09/05/2023
3134GT6P3	11846	Federal Home Loan Mtg Corp		09/09/2019	10,000,000.00	10,001,000.00	10,000,000.00	1.880	1.880	557	09/09/2021
3134GT6H1	11853	Federal Home Loan Mtg Corp		09/11/2019	13,000,000.00	13,027,430.00	12,993,500.00	2.000	2.011	1,653	09/09/2024
3134GUJY7	11881	Federal Home Loan Mtg Corp		10/28/2019	15,000,000.00	15,012,900.00	14,934,000.00	1.750	1.843	1,702	10/28/2024

Portfolio POOL  
RC  
PM (PRF\_PM2) 7.3.0

**Alameda County Investment Pool  
Portfolio Management  
Portfolio Details - Investments  
February 29, 2020**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM	Days to 365 Maturity	Maturity Date
<b>Agency Callables (Aaa/AA+)</b>											
3134GUMS6	11885	Federal Home Loan Mtg Corp		10/29/2019	15,000,000.00	15,039,150.00	15,000,000.00	1.800	1.800	880	07/29/2022
3134GULJ7	11886	Federal Home Loan Mtg Corp		10/30/2019	10,000,000.00	10,026,500.00	10,000,000.00	2.000	2.000	1,612	07/30/2024
3134GUNE6	11902	Federal Home Loan Mtg Corp		11/12/2019	10,000,000.00	10,048,800.00	10,000,000.00	2.000	2.000	1,717	11/12/2024
3134GUTU4	11922	Federal Home Loan Mtg Corp		11/25/2019	15,000,000.00	15,027,750.00	14,996,250.00	2.000	2.005	1,730	11/25/2024
3134GUWP1	11929	Federal Home Loan Mtg Corp		11/27/2019	10,000,000.00	10,045,700.00	10,000,000.00	1.800	1.800	1,366	11/27/2023
3134GUVF7	11933	Federal Home Loan Mtg Corp		12/04/2019	15,000,000.00	15,030,300.00	15,000,000.00	2.000	2.000	1,739	12/04/2024
3134GUWN6	11934	Federal Home Loan Mtg Corp		12/09/2019	25,000,000.00	25,116,750.00	25,000,000.00	1.700	1.700	1,013	12/09/2022
3134GUVJ6	11941	Federal Home Loan Mtg Corp		12/11/2019	25,000,000.00	25,123,500.00	25,000,000.00	1.800	1.800	1,380	12/11/2023
3134GUB90	11953	Federal Home Loan Mtg Corp		12/18/2019	25,000,000.00	25,098,250.00	25,000,000.00	1.900	1.900	1,296	09/18/2023
3134GUC81	11954	Federal Home Loan Mtg Corp		12/19/2019	25,000,000.00	25,109,750.00	25,000,000.00	1.957	1.957	1,570	06/18/2024
3134GUB66	11961	Federal Home Loan Mtg Corp		12/23/2019	15,000,000.00	15,035,400.00	15,000,000.00	2.050	2.050	1,758	12/23/2024
3134GUJ84	11964	Federal Home Loan Mtg Corp		12/26/2019	15,000,000.00	15,036,750.00	15,000,000.00	1.900	1.900	1,304	09/26/2023
3134GUG53	11966	Federal Home Loan Mtg Corp		12/27/2019	25,000,000.00	25,107,500.00	25,000,000.00	1.846	1.846	1,209	06/23/2023
3134GUH29	11967	Federal Home Loan Mtg Corp		12/30/2019	15,000,000.00	15,092,850.00	15,000,000.00	1.850	1.850	1,397	12/28/2023
31422BUH1	12007	Federal Home Loan Mtg Corp		02/10/2020	10,000,000.00	10,045,500.00	10,000,000.00	1.680	0.487	1,076	02/10/2023
31422BUS7	12016	Federal Home Loan Mtg Corp		02/18/2020	25,000,000.00	25,215,500.00	25,000,000.00	1.680	1.680	1,815	02/18/2025
3135G0P72	11129	Federal National Mtg Assn		11/10/2016	10,000,000.00	10,002,300.00	10,000,000.00	1.375	1.375	29	03/30/2020
3136G4PK3	11398	Federal National Mtg Assn		12/14/2017	15,000,000.00	15,049,200.00	14,898,600.00	1.750	2.000	211	09/28/2020
3136G05D9	11745	Federal National Mtg Assn		04/29/2019	25,000,000.00	25,086,500.00	24,734,250.00	1.660	2.358	264	11/20/2020
3136G4UA9	11983	Federal National Mtg Assn		01/27/2020	10,000,000.00	10,057,100.00	9,995,000.00	1.700	1.717	1,062	01/27/2023
3135G0X73	11990	Federal National Mtg Assn		01/30/2020	25,000,000.00	25,020,000.00	25,000,000.00	1.750	1.750	1,065	01/30/2023
3135G0X81	11992	Federal National Mtg Assn		01/30/2020	20,000,000.00	20,025,800.00	20,000,000.00	1.700	1.700	1,065	01/30/2023
<b>Subtotal and Average</b>			<b>1,220,226,585.34</b>		<b>1,186,665,000.00</b>	<b>1,189,988,846.55</b>	<b>1,185,699,275.00</b>		<b>1.924</b>	<b>993</b>	
<b>Asset Backed Securities</b>											
02008QAB6	11770	Ally Auto Receivables Trust		06/11/2019	4,147,110.62	4,163,035.52	4,146,690.93	2.340	2.300	866	07/15/2022
02007RAC3	11856	Ally Auto Receivables Trust		09/17/2019	9,500,000.00	9,619,130.00	9,499,732.10	1.300	1.283	1,536	05/15/2024
02007TAC9	11942	Ally Auto Receivables Trust		12/11/2019	3,250,000.00	3,283,735.00	3,249,440.35	1.840	1.033	1,567	06/15/2024
05588CAC6	11858	BMW Vehicle Owner Trust		09/18/2019	4,500,000.00	4,550,895.00	4,499,395.20	1.920	1.934	1,425	01/25/2024
05588CAB8	11860	BMW Vehicle Owner Trust		09/18/2019	3,500,000.00	3,510,605.00	3,499,926.15	2.050	2.060	815	05/25/2022
14315XAB4	11976	CarMax Auto Owner Trust		01/22/2020	3,500,000.00	3,523,590.00	3,499,766.90	1.300	1.308	1,142	04/17/2023
14315XAC2	11977	CarMax Auto Owner Trust		01/22/2020	3,000,000.00	2,999,411.40	2,999,411.40	1.300	1.291	1,751	12/16/2024
14042WAC4	11760	Capital One Prime Auto Rec		05/30/2019	3,000,000.00	3,060,900.00	2,999,392.20	2.510	2.533	1,354	11/15/2023
14043TAF3	11859	Capital One Prime Auto Rec		09/18/2019	5,000,000.00	5,067,750.00	4,999,719.00	1.920	1.930	1,536	05/15/2024
14043MAC5	12019	Capital One Prime Auto Rec		02/19/2020	6,000,000.00	6,054,540.00	5,998,724.40	1.600	1.615	1,720	11/15/2024

**Alameda County Investment Pool  
Portfolio Management  
Portfolio Details - Investments  
February 29, 2020**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM	Days to 365 Maturity	Maturity Date
<b>Asset Backed Securities</b>											
254683CM5	11892	Dexia Credit Card		10/31/2019	9,650,000.00	9,825,533.50	9,647,927.18	1.890	1.907	1,689	10/15/2024
31680YAB3	11752	Fifth Third Auto Trust		05/08/2019	2,568,935.47	2,581,548.94	2,568,793.93	2.660	2.679	806	05/16/2022
34532DAD9	11777	Ford Credit Auto Owner Trust		06/21/2019	9,500,000.00	9,667,200.00	9,498,136.10	2.235	2.255	1,323	10/15/2023
34528DAE3	11800	Ford Credit Auto Owner Trust		07/30/2019	3,200,000.00	3,250,784.00	3,199,557.12	2.270	2.289	989	11/15/2022
34528DAD5	11801	Ford Credit Auto Owner Trust		07/30/2019	10,000,000.00	10,117,700.00	9,998,254.00	2.220	2.188	958	10/15/2022
34531KAD4	11915	Ford Credit Auto Owner Trust		11/22/2019	10,000,000.00	10,145,700.00	9,999,426.00	1.300	1.283	1,475	03/15/2024
34531MAB4	11986	Ford Credit Auto Owner Trust		01/28/2020	4,500,000.00	4,523,265.00	4,499,745.75	2.080	2.094	866	07/15/2022
34531MAD0	11987	Ford Credit Auto Owner Trust		01/28/2020	4,000,000.00	4,037,480.00	3,999,805.60	2.090	2.102	1,109	03/15/2023
36257FAD2	11726	GM Financial		04/17/2019	4,000,000.00	4,063,080.00	3,999,674.40	2.650	2.668	1,447	02/16/2024
36257FAB6	11727	GM Financial		04/17/2019	2,449,311.63	2,456,708.55	2,449,091.19	2.660	2.681	837	06/16/2022
36257AAD3	11751	GM Financial		05/08/2019	1,750,000.00	1,773,135.00	1,749,939.63	2.670	2.687	750	03/21/2022
36257PAD0	11797	GM Financial		07/24/2019	3,000,000.00	3,046,050.00	2,999,634.60	1.300	1.309	1,507	04/16/2024
38013TAD3	11810	GM Financial		08/14/2019	5,500,000.00	5,553,185.00	5,499,393.35	2.030	1.973	841	06/20/2022
38013TAE1	11811	GM Financial		08/14/2019	2,500,000.00	2,524,850.00	2,499,765.00	2.030	1.988	1,236	07/20/2023
36258NAC6	11972	GM Financial		01/15/2020	2,500,000.00	2,532,800.00	2,499,411.25	1.840	1.858	1,660	09/16/2024
36258NAB8	11973	GM Financial		01/15/2020	1,500,000.00	1,506,780.00	1,499,935.65	1.830	1.840	1,052	01/17/2023
36259KAD9	12018	GM Financial		02/19/2020	2,750,000.00	2,766,170.00	2,749,752.50	1.670	1.622	1,024	12/20/2022
44932NAB6	11703	Hyundai Auto Rec Trust		04/10/2019	1,483,381.76	1,489,315.29	1,483,379.53	2.670	2.685	654	12/15/2021
44932NAD2	11706	Hyundai Auto Rec Trust		04/10/2019	3,000,000.00	3,065,070.00	2,999,605.20	2.660	2.630	1,201	06/15/2023
43815NAC8	11829	Hyundai Auto Rec Trust		08/27/2019	4,750,000.00	4,794,460.00	4,749,960.58	1.780	1.787	1,262	08/15/2023
44891JAC2	11894	Hyundai Auto Rec Trust		11/06/2019	3,500,000.00	3,552,360.00	3,499,838.65	1.940	1.950	1,446	02/15/2024
44891JAB4	11895	Hyundai Auto Rec Trust		11/06/2019	2,250,000.00	2,261,520.00	2,249,860.73	1.930	1.942	866	07/15/2022
43813VAC2	11923	Hyundai Auto Rec Trust		11/26/2019	13,500,000.00	13,695,750.00	13,497,594.30	1.830	1.846	1,418	01/18/2024
43813VAB4	11924	Hyundai Auto Rec Trust		11/26/2019	12,000,000.00	12,062,400.00	11,999,258.40	1.860	1.872	839	06/18/2022
43813RAC1	12024	Hyundai Auto Rec Trust		02/26/2020	10,000,000.00	10,107,000.00	9,998,040.00	1.610	1.625	1,513	04/22/2024
41284WAB6	11780	Harley Davidson Motorcycle		06/26/2019	2,505,311.96	2,514,055.50	2,505,280.64	2.370	2.383	805	05/15/2022
41284UAD6	11988	Harley Davidson Motorcycle		01/29/2020	2,775,000.00	2,810,603.25	2,774,394.77	1.870	1.887	1,689	10/15/2024
477870AC3	11798	John Deere Owner Trust		07/24/2019	1,250,000.00	1,273,112.50	1,249,734.63	2.210	2.107	1,384	12/15/2023
58769TAD7	11861	Mercedes Benz Auto Rec		09/25/2019	8,250,000.00	8,367,397.50	8,248,863.98	1.940	1.954	1,475	03/15/2024
65479NAB0	11984	Nissan Auto Lease Trust		01/27/2020	8,000,000.00	8,045,440.00	7,999,554.40	1.800	1.811	806	05/16/2022
65479NAD6	11985	Nissan Auto Lease Trust		01/27/2020	4,750,000.00	4,793,747.50	4,749,662.75	1.800	1.813	806	05/16/2022
89233MAD5	11905	Toyota Auto Rec Owners Trust		11/13/2019	7,000,000.00	7,114,030.00	6,999,494.60	1.920	1.931	1,416	01/16/2024
98162GAD4	11820	World Omni Automobile Lease		08/21/2019	4,800,000.00	4,846,032.00	4,799,216.16	2.030	2.049	989	11/15/2022
98162RAB4	11906	World Omni Automobile Lease		11/14/2019	6,750,000.00	6,788,812.50	6,749,775.23	1.960	1.970	1,081	02/15/2023
98162HAC4	12010	World Omni Automobile Lease		02/12/2020	5,250,000.00	5,294,782.50	5,249,510.18	1.700	1.712	1,050	01/15/2023

**Alameda County Investment Pool  
Portfolio Management  
Portfolio Details - Investments  
February 29, 2020**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
<b>Subtotal and Average</b>			<b>211,261,834.92</b>		<b>226,579,051.44</b>	<b>229,081,450.45</b>	<b>226,553,466.61</b>		<b>1.900</b>	<b>1,239</b>	
<b>Municipal Bonds</b>											
13063DRJ9	11878	St. of California		10/24/2019	5,000,000.00	5,205,200.00	5,100,050.00	2.400	1.870	1,309	10/01/2023
13032UUZ9	11920	California Health Facility		11/25/2019	2,000,000.00	2,033,980.00	2,000,000.00	1.893	1.880	822	06/01/2022
13032UUY2	11921	California Health Facility		11/25/2019	4,000,000.00	4,040,640.00	4,000,000.00	1.896	1.875	457	06/01/2021
<b>Subtotal and Average</b>			<b>11,100,050.00</b>		<b>11,000,000.00</b>	<b>11,279,820.00</b>	<b>11,100,050.00</b>		<b>1.874</b>	<b>914</b>	
<b>Total and Average</b>			<b>6,513,367,403.39</b>		<b>6,566,146,051.44</b>	<b>6,631,756,878.34</b>	<b>6,558,831,613.56</b>		<b>1.897</b>	<b>681</b>	

**Alameda County Investment Pool  
Transaction Activity Report  
February 1, 2020 - February 29, 2020  
Sorted by Fund - Transaction Date  
All Funds**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
11785	100	3133EKUA2	FEDERAL FARM CR	Interest	02/01/2020	Federal Farm Credit			138,750.00	<b>138,750.00</b>
11225	100	0258M0EE5	AMEX 2.2% MAT	Redemption	02/03/2020	American Express		2,497,400.00		<b>2,497,400.00</b>
11225	100	0258M0EE5	AMEX 2.2% MAT	Cap G/L	02/03/2020	American Express		2,600.00		<b>2,600.00</b>
11225	100	0258M0EE5	AMEX 2.2% MAT	Interest	02/03/2020	American Express			22,916.67	<b>22,916.67</b>
11758	100	SYS11758	CBC 2.25% MAT	Interest	02/03/2020	California Bank of C			19,226.90	<b>19,226.90</b>
11761	100	SYS11761	CBC 2.25% MAT	Interest	02/03/2020	California Bank of C			28,840.36	<b>28,840.36</b>
11869	100	SYS11869	BRIDGE 2.% MAT	Interest	02/03/2020	Bridge Bank			66,257.00	<b>66,257.00</b>
11870	100	SYS11870	BSB 1.65% MAT	Interest	02/03/2020	Beneficial State Ban			14,380.56	<b>14,380.56</b>
11903	100	SYS11903	5STAR 2.19% MAT	Interest	02/03/2020	Five Star Bank			18,623.97	<b>18,623.97</b>
12004	100	SYS12004	BANKSF 2.% MAT	Purchase	02/04/2020	Bank of San Francisc	5,000,000.00			<b>-5,000,000.00</b>
10975	100	3134G9DF1	FEDERAL HOME LN	Redemption	02/04/2020	Federal Home Loan		15,000,000.00		<b>15,000,000.00</b>
11805	100	SYS11805	BANKSF 2.% MAT	Redemption	02/04/2020	Bank of San Francisc		5,000,000.00		<b>5,000,000.00</b>
10975	100	3134G9DF1	FEDERAL HOME LN	Interest	02/04/2020	Federal Home Loan			105,750.00	<b>105,750.00</b>
11060	100	037833CC2	AAPL 1.55% MAT	Interest	02/04/2020	Apple Inc.			38,750.00	<b>38,750.00</b>
11805	100	SYS11805	BANKSF 2.% MAT	Interest	02/04/2020	Bank of San Francisc			25,000.00	<b>25,000.00</b>
11665	100	3133EHXZ1	FEDERAL FARM CR	Redemption	02/05/2020	Federal Farm Credit		9,803,000.00		<b>9,803,000.00</b>
11665	100	3133EHXZ1	FEDERAL FARM CR	Cap G/L	02/05/2020	Federal Farm Credit		197,000.00		<b>197,000.00</b>
11802	100	62478T4T3	MUFG 2.158% MAT	Redemption	02/05/2020	MUFG UNION BANK		50,000,000.00		<b>50,000,000.00</b>
11657	100	3135G0V34	FNMA 2.5% MAT	Interest	02/05/2020	Federal National Mtg			250,000.00	<b>250,000.00</b>
11658	100	3135G0V34	FNMA 2.5% MAT	Interest	02/05/2020	Federal National Mtg			250,000.00	<b>250,000.00</b>
11665	100	3133EHXZ1	FEDERAL FARM CR	Interest	02/05/2020	Federal Farm Credit			79,444.44	<b>79,444.44</b>
11802	100	62478T4T3	MUFG 2.158% MAT	Interest	02/05/2020	MUFG UNION BANK			564,375.00	<b>564,375.00</b>
11804	100	3134GTU84	FEDERAL HOME LN	Interest	02/05/2020	Federal Home Loan			50,000.00	<b>50,000.00</b>
11807	100	3133EKYJ9	FEDERAL FARM CR	Interest	02/05/2020	Federal Farm Credit			138,750.00	<b>138,750.00</b>
11807	100	3133EKYJ9	FEDERAL FARM CR	Accr Int	02/05/2020	Federal Farm Credit		2,312.50	-2,312.50	<b>0.00</b>
10472	100	SYS10472	CTRSTF 0.1%	Interest	02/05/2020	CalTrust - Short Ter			64,172.35	<b>64,172.35</b>
12006	100	69371RQ66	PACCAR FINL CORP	Purchase	02/06/2020	PACCAR Financial	9,991,900.00			<b>-9,991,900.00</b>
11870	100	SYS11870	BSB 1.65% MAT	Interest	02/06/2020	Beneficial State Ban			56,700.00	<b>56,700.00</b>
11894	100	44891JAC2	HART 1.94% MAT	Interest	02/06/2020	Hyundai Auto Rec Tru			5,658.33	<b>5,658.33</b>
11894	100	44891JAC2	HART 1.94% MAT	Redemption	02/06/2020	Hyundai Auto Rec Tru		68,983.41		<b>68,983.41</b>
11207	100	037833CK4	APPLE INC, SR NT	Redemption	02/07/2020	Apple Inc.		10,000,000.00		<b>10,000,000.00</b>
11207	100	037833CK4	APPLE INC, SR NT	Interest	02/07/2020	Apple Inc.			95,000.00	<b>95,000.00</b>
11848	100	SYS11848	CBB 2.49% MAT	Interest	02/07/2020	Community Bank of th			7,965.28	<b>7,965.28</b>
11063	100	594918BP8	MICROSOFT CORP,	Interest	02/08/2020	Mircosoft Inc.			15,500.00	<b>15,500.00</b>

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11065	100	594918BP8	MICROSOFT CORP,	Interest	02/08/2020	Mircosoft Inc.			54,250.00	<b>54,250.00</b>
11783	100	594918BQ6	MICROSOFT CORP,	Interest	02/08/2020	Mircosoft Inc.			41,570.00	<b>41,570.00</b>
12008	100	3133ELMD3	FEDERAL FARM CR	Purchase	02/10/2020	Federal Farm Credit	10,000,000.00			<b>-10,000,000.00</b>
12007	100	31422BUH1	FHLMC 1.68% MAT	Purchase	02/10/2020	Federal Home Loan	10,000,000.00			<b>-10,000,000.00</b>
11067	100	3133EGQR9	FEDERAL FARM CR	Redemption	02/10/2020	Federal Farm Credit		12,000,000.00		<b>12,000,000.00</b>
11067	100	3133EGQR9	FEDERAL FARM CR	Interest	02/10/2020	Federal Farm Credit			75,000.00	<b>75,000.00</b>
11904	100	SYS11904	EWEST 2.5% MAT	Interest	02/10/2020	East West Bank			55,756.95	<b>55,756.95</b>
11437	100	3130ADN32	FEDERAL HOME	Redemption	02/11/2020	Federal Home Loan		10,000,000.00		<b>10,000,000.00</b>
11438	100	3130ADN32	FEDERAL HOME	Redemption	02/11/2020	Federal Home Loan		10,000,000.00		<b>10,000,000.00</b>
11440	100	3130ADN32	FEDERAL HOME	Redemption	02/11/2020	Federal Home Loan		8,000,000.00		<b>8,000,000.00</b>
11437	100	3130ADN32	FEDERAL HOME	Interest	02/11/2020	Federal Home Loan			106,250.00	<b>106,250.00</b>
11438	100	3130ADN32	FEDERAL HOME	Interest	02/11/2020	Federal Home Loan			106,250.00	<b>106,250.00</b>
11439	100	3130ADN32	FEDERAL HOME	Interest	02/11/2020	Federal Home Loan			106,250.00	<b>106,250.00</b>
11440	100	3130ADN32	FEDERAL HOME	Interest	02/11/2020	Federal Home Loan			85,000.00	<b>85,000.00</b>
12010	100	98162HAC4	WOLS 1.7% MAT	Purchase	02/12/2020	World Omni	5,249,510.18			<b>-5,249,510.18</b>
11066	100	3137EAEC9	FEDERAL HOME LN	Interest	02/12/2020	Federal Home Loan			56,250.00	<b>56,250.00</b>
11669	100	SYS11669	SELFHP 2.1% MAT	Interest	02/13/2020	Self-Help Federal Cr			307.42	<b>307.42</b>
12012	100	3130AJ5Q8	FEDERAL HOME	Purchase	02/14/2020	Federal Home Loan	10,000,000.00			<b>-10,000,000.00</b>
12013	100	3130AJ5Q8	FEDERAL HOME	Purchase	02/14/2020	Federal Home Loan	10,000,000.00			<b>-10,000,000.00</b>
12014	100	3137EAEP0	FEDERAL HOME LN	Purchase	02/14/2020	Federal Home Loan	14,988,450.00			<b>-14,988,450.00</b>
12015	100	3137EAEP0	FEDERAL HOME LN	Purchase	02/14/2020	Federal Home Loan	9,992,300.00			<b>-9,992,300.00</b>
11812	100	3133EKZK5	FEDERAL FARM CR	Interest	02/14/2020	Federal Farm Credit			160,000.00	<b>160,000.00</b>
11815	100	3130AGWK7	FEDERAL HOME	Interest	02/15/2020	Federal Home Loan			89,500.00	<b>89,500.00</b>
11816	100	3130AGWK7	FEDERAL HOME	Interest	02/15/2020	Federal Home Loan			149,166.66	<b>149,166.66</b>
11817	100	3130AGWK7	FEDERAL HOME	Interest	02/15/2020	Federal Home Loan			149,166.66	<b>149,166.66</b>
11703	100	44932NAB6	HART 2.67% MAT	Interest	02/15/2020	Hyundai Auto Rec Tru			3,691.98	<b>3,691.98</b>
11703	100	44932NAB6	HART 2.67% MAT	Redemption	02/15/2020	Hyundai Auto Rec Tru		175,935.34		<b>175,935.34</b>
11706	100	44932NAD2	HART 2.66% MAT	Interest	02/15/2020	Hyundai Auto Rec Tru			6,650.00	<b>6,650.00</b>
11706	100	44932NAD2	HART 2.66% MAT	Redemption	02/15/2020	Hyundai Auto Rec Tru		74,895.96		<b>74,895.96</b>
11770	100	02008QAB6	ALLYA 2.34% MAT	Interest	02/15/2020	Ally Auto Receivable			8,901.87	<b>8,901.87</b>
11770	100	02008QAB6	ALLYA 2.34% MAT	Redemption	02/15/2020	Ally Auto Receivable		417,953.48		<b>417,953.48</b>
11777	100	34532DAD9	FORDO 2.235% MAT	Interest	02/15/2020	Ford Credit Auto Own			17,654.16	<b>17,654.16</b>
11777	100	34532DAD9	FORDO 2.235% MAT	Redemption	02/15/2020	Ford Credit Auto Own		215,030.43		<b>215,030.43</b>
11780	100	41284WAB6	HDMOT 2.37% MAT	Interest	02/15/2020	Harley Davidson Moto			5,450.24	<b>5,450.24</b>
11780	100	41284WAB6	HDMOT 2.37% MAT	Redemption	02/15/2020	Harley Davidson Moto		254,305.42		<b>254,305.42</b>
11798	100	477870AC3	JDOT 2.21% MAT	Interest	02/15/2020	John Deere Owner			2,302.08	<b>2,302.08</b>
11798	100	477870AC3	JDOT 2.21% MAT	Redemption	02/15/2020	John Deere Owner		26,711.40		<b>26,711.40</b>
11800	100	34528DAE3	FORDL 2.27% MAT	Interest	02/15/2020	Ford Credit Auto Own			6,053.33	<b>6,053.33</b>
11800	100	34528DAE3	FORDL 2.27% MAT	Redemption	02/15/2020	Ford Credit Auto Own		94,849.66		<b>94,849.66</b>
11801	100	34528DAD5	FORDL 2.22% MAT	Interest	02/15/2020	Ford Credit Auto Own			18,500.00	<b>18,500.00</b>

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11801	100	34528DAD5	FORDL 2.22% MAT	Redemption	02/15/2020	Ford Credit Auto Own		305,498.00		<b>305,498.00</b>
11856	100	02007RAC3	ALLYA 1.3% MAT	Interest	02/15/2020	Ally Auto Receivable			15,279.16	<b>15,279.16</b>
11856	100	02007RAC3	ALLYA 1.3% MAT	Redemption	02/15/2020	Ally Auto Receivable		185,492.89		<b>185,492.89</b>
11859	100	14043TAF3	COPAR 1.92% MAT	Interest	02/15/2020	Capital One Prime Au			8,000.00	<b>8,000.00</b>
11859	100	14043TAF3	COPAR 1.92% MAT	Redemption	02/15/2020	Capital One Prime Au		96,389.37		<b>96,389.37</b>
11861	100	58769TAD7	MBART 1.94% MAT	Interest	02/15/2020	Mercedez Benz Auto			13,337.50	<b>13,337.50</b>
11861	100	58769TAD7	MBART 1.94% MAT	Redemption	02/15/2020	Mercedez Benz Auto		165,305.55		<b>165,305.55</b>
11892	100	254683CM5	DEXCRD 1.89% MAT	Interest	02/15/2020	Dexia Credit Card			15,198.75	<b>15,198.75</b>
11892	100	254683CM5	DEXCRD 1.89% MAT	Redemption	02/15/2020	Dexia Credit Card		168,258.29		<b>168,258.29</b>
11906	100	98162RAB4	WOLS 1.96% MAT	Interest	02/15/2020	World Omni			11,025.00	<b>11,025.00</b>
11906	100	98162RAB4	WOLS 1.96% MAT	Redemption	02/15/2020	World Omni		180,413.85		<b>180,413.85</b>
11915	100	34531KAD4	FORDO 1.3% MAT	Interest	02/15/2020	Ford Credit Auto Own			15,583.33	<b>15,583.33</b>
11915	100	34531KAD4	FORDO 1.3% MAT	Redemption	02/15/2020	Ford Credit Auto Own		199,645.22		<b>199,645.22</b>
11942	100	02007TAC9	ALLYA 1.84% MAT	Interest	02/15/2020	Ally Auto Receivable			4,983.32	<b>4,983.32</b>
11942	100	02007TAC9	ALLYA 1.84% MAT	Redemption	02/15/2020	Ally Auto Receivable		60,499.34		<b>60,499.34</b>
11976	100	14315XAB4	CARMX 1.3% MAT	Interest	02/15/2020	CarMax Auto Owner			4,181.53	<b>4,181.53</b>
11976	100	14315XAB4	CARMX 1.3% MAT	Redemption	02/15/2020	CarMax Auto Owner		86,229.08		<b>86,229.08</b>
11977	100	14315XAC2	CARMX 1.3% MAT	Interest	02/15/2020	CarMax Auto Owner			3,622.50	<b>3,622.50</b>
11977	100	14315XAC2	CARMX 1.3% MAT	Redemption	02/15/2020	CarMax Auto Owner		48,902.45		<b>48,902.45</b>
11984	100	65479NAB0	NALT 1.8% MAT	Interest	02/15/2020	Nissan Auto Lease Tr			7,200.00	<b>7,200.00</b>
11984	100	65479NAB0	NALT 1.8% MAT	Redemption	02/15/2020	Nissan Auto Lease Tr		271,386.76		<b>271,386.76</b>
11985	100	65479NAD6	NALT 1.8% MAT	Interest	02/15/2020	Nissan Auto Lease Tr			4,370.00	<b>4,370.00</b>
11985	100	65479NAD6	NALT 1.8% MAT	Redemption	02/15/2020	Nissan Auto Lease Tr		161,133.42		<b>161,133.42</b>
11986	100	34531MAB4	FORDO 2.08% MAT	Interest	02/15/2020	Ford Credit Auto Own			4,500.00	<b>4,500.00</b>
11986	100	34531MAB4	FORDO 2.08% MAT	Redemption	02/15/2020	Ford Credit Auto Own		146,981.72		<b>146,981.72</b>
11987	100	34531MAD0	FORDO 2.09% MAT	Interest	02/15/2020	Ford Credit Auto Own			4,111.11	<b>4,111.11</b>
11987	100	34531MAD0	FORDO 2.09% MAT	Redemption	02/15/2020	Ford Credit Auto Own		102,555.15		<b>102,555.15</b>
11988	100	41284UAD6	HDMOT 1.87% MAT	Interest	02/15/2020	Harley Davidson Moto			2,306.33	<b>2,306.33</b>
11988	100	41284UAD6	HDMOT 1.87% MAT	Redemption	02/15/2020	Harley Davidson Moto		47,036.82		<b>47,036.82</b>
11446	100	3137EAE19	FEDERAL HOME LN	Interest	02/16/2020	Federal Home Loan			118,750.00	<b>118,750.00</b>
11814	100	3133EKA63	FEDERAL FARM CR	Interest	02/16/2020	Federal Farm Credit			80,000.00	<b>80,000.00</b>
11726	100	36257FAD2	GM 2.65% MAT	Interest	02/16/2020	GM Financial			8,833.33	<b>8,833.33</b>
11726	100	36257FAD2	GM 2.65% MAT	Redemption	02/16/2020	GM Financial		83,977.20		<b>83,977.20</b>
11727	100	36257FAB6	GM 2.66% MAT	Interest	02/16/2020	GM Financial			6,179.02	<b>6,179.02</b>
11727	100	36257FAB6	GM 2.66% MAT	Redemption	02/16/2020	GM Financial		338,214.08		<b>338,214.08</b>
11797	100	36257PAD0	GM 1.3% MAT	Interest	02/16/2020	GM Financial			5,450.01	<b>5,450.01</b>
11797	100	36257PAD0	GM 1.3% MAT	Redemption	02/16/2020	GM Financial		60,693.39		<b>60,693.39</b>
11820	100	98162GAD4	WOLS 2.03% MAT	Interest	02/16/2020	World Omni			8,120.00	<b>8,120.00</b>
11820	100	98162GAD4	WOLS 2.03% MAT	Redemption	02/16/2020	World Omni		141,940.12		<b>141,940.12</b>
11829	100	43815NAC8	HART 1.78% MAT	Interest	02/16/2020	Hyundai Auto Rec Tru			7,045.83	<b>7,045.83</b>

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11829	100	43815NAC8	HART 1.78% MAT	Redemption	02/16/2020	Hyundai Auto Rec Tru		111,729.27		111,729.27
11895	100	44891JAB4	HART 1.93% MAT	Interest	02/16/2020	Hyundai Auto Rec Tru			3,618.75	3,618.75
11895	100	44891JAB4	HART 1.93% MAT	Redemption	02/16/2020	Hyundai Auto Rec Tru		74,352.23		74,352.23
11905	100	89233MAD5	TAOT 1.92% MAT	Interest	02/16/2020	Toyota Auto Rec			11,200.00	11,200.00
11905	100	89233MAD5	TAOT 1.92% MAT	Redemption	02/16/2020	Toyota Auto Rec		143,850.45		143,850.45
11972	100	36258NAC6	GMCAR 1.84% MAT	Interest	02/16/2020	GM Financial			4,216.67	4,216.67
11972	100	36258NAC6	GMCAR 1.84% MAT	Redemption	02/16/2020	GM Financial		43,187.55		43,187.55
11973	100	36258NAB8	GMCAR 1.83% MAT	Interest	02/16/2020	GM Financial			2,516.25	2,516.25
11973	100	36258NAB8	GMCAR 1.83% MAT	Redemption	02/16/2020	GM Financial		39,680.39		39,680.39
11752	100	31680YAB3	FITAT 2.66% MAT	Interest	02/17/2020	Fifth Third Auto Tru			6,354.53	6,354.53
11752	100	31680YAB3	FITAT 2.66% MAT	Redemption	02/17/2020	Fifth Third Auto Tru		297,769.12		297,769.12
11760	100	14042WAC4	COPAR 2.51% MAT	Interest	02/17/2020	Capital One Prime Au			6,275.00	6,275.00
11760	100	14042WAC4	COPAR 2.51% MAT	Redemption	02/17/2020	Capital One Prime Au		66,628.31		66,628.31
12016	100	31422BUS7	FEDERAL AGRIC	Purchase	02/18/2020	Federal Home Loan	25,000,000.00			-25,000,000.00
11282	100	3134GBLC4	FEDERAL HOME LN	Redemption	02/18/2020	Federal Home Loan		4,997,500.00		4,997,500.00
11282	100	3134GBLC4	FEDERAL HOME LN	Cap G/L	02/18/2020	Federal Home Loan		2,500.00		2,500.00
10911	100	3130A7CV5	FEDERAL HOME	Interest	02/18/2020	Federal Home Loan			34,375.00	34,375.00
10912	100	3130A7CV5	FEDERAL HOME	Interest	02/18/2020	Federal Home Loan			103,125.00	103,125.00
11282	100	3134GBLC4	FEDERAL HOME LN	Interest	02/18/2020	Federal Home Loan			22,500.00	22,500.00
11923	100	43813VAC2	HART 1.83% MAT	Interest	02/18/2020	Hyundai Auto Rec Tru			20,587.50	20,587.50
11923	100	43813VAC2	HART 1.83% MAT	Redemption	02/18/2020	Hyundai Auto Rec Tru		277,879.21		277,879.21
11924	100	43813VAB4	HART 1.86% MAT	Interest	02/18/2020	Hyundai Auto Rec Tru			18,600.00	18,600.00
11924	100	43813VAB4	HART 1.86% MAT	Redemption	02/18/2020	Hyundai Auto Rec Tru		410,671.51		410,671.51
12019	100	14043MAC5	COPAR 1.6% MAT	Purchase	02/19/2020	Capital One Prime Au	5,998,724.40			-5,998,724.40
12018	100	36259KAD9	GM 1.67% MAT	Purchase	02/19/2020	GM Financial	2,749,752.50			-2,749,752.50
11664	100	31422BCV0	FHLMC 2.48% MAT	Redemption	02/19/2020	FARMER MAC		10,000,000.00		10,000,000.00
11809	100	65558TLE3	NDAFNY 1.99% MAT	Redemption	02/19/2020	Nordea Bank Fin NY		50,000,000.00		50,000,000.00
11819	100	3134GT2P7	FEDERAL HOME LN	Redemption	02/19/2020	Federal Home Loan		15,000,000.00		15,000,000.00
11864	100	62478T5T2	MUFG 2.% MAT	Redemption	02/19/2020	MUFG UNION BANK		50,000,000.00		50,000,000.00
11664	100	31422BCV0	FHLMC 2.48% MAT	Interest	02/19/2020	FARMER MAC			119,177.78	119,177.78
11809	100	65558TLE3	NDAFNY 1.99% MAT	Interest	02/19/2020	Nordea Bank Fin NY			525,138.90	525,138.90
11819	100	3134GT2P7	FEDERAL HOME LN	Interest	02/19/2020	Federal Home Loan			148,500.00	148,500.00
11864	100	62478T5T2	MUFG 2.% MAT	Interest	02/19/2020	MUFG UNION BANK			402,777.78	402,777.78
11751	100	36257AAD3	GM 2.67% MAT	Interest	02/20/2020	GM Financial			3,893.75	3,893.75
11751	100	36257AAD3	GM 2.67% MAT	Redemption	02/20/2020	GM Financial		65,795.06		65,795.06
11810	100	38013TAD3	GM 2.03% MAT	Interest	02/20/2020	GM Financial			9,304.17	9,304.17
11810	100	38013TAD3	GM 2.03% MAT	Redemption	02/20/2020	GM Financial		190,524.70		190,524.70
11811	100	38013TAE1	GM 2.03% MAT	Interest	02/20/2020	GM Financial			4,229.17	4,229.17
11811	100	38013TAE1	GM 2.03% MAT	Redemption	02/20/2020	GM Financial		59,935.00		59,935.00
12020	100	3130AJ7E3	FHLB 1.375% MAT	Purchase	02/21/2020	Federal Home Loan	13,974,240.00			-13,974,240.00

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12023	100	3130AJ7E3	FHLB 1.375% MAT	Purchase	02/21/2020	Federal Home Loan	14,972,400.00			-14,972,400.00
12021	100	46640PGX5	JPMSCC ZERO CPN	Purchase	02/21/2020	J.P. Morgan	49,639,986.11			-49,639,986.11
12022	100	89233GGX8	TOYOTA DISC NOTE	Purchase	02/21/2020	TOYOTA MOTOR	49,637,750.00			-49,637,750.00
11928	100	06367BAL3	BMO 1.85% MAT	Redemption	02/25/2020	Bank of Montreal		50,000,000.00		50,000,000.00
11928	100	06367BAL3	BMO 1.85% MAT	Interest	02/25/2020	Bank of Montreal			233,819.45	233,819.45
11858	100	05588CAC6	BMWOT 1.92% MAT	Interest	02/25/2020	BMW Vehicle Owner			7,200.00	7,200.00
11858	100	05588CAC6	BMWOT 1.92% MAT	Redemption	02/25/2020	BMW Vehicle Owner		93,950.11		93,950.11
11860	100	05588CAB8	BMWOT 2.05% MAT	Interest	02/25/2020	BMW Vehicle Owner			5,979.17	5,979.17
11860	100	05588CAB8	BMWOT 2.05% MAT	Redemption	02/25/2020	BMW Vehicle Owner		124,966.20		124,966.20
12024	100	43813RAC1	HART 1.61% MAT	Purchase	02/26/2020	Hyundai Auto Rec Tru	9,998,040.00			-9,998,040.00
11151	100	3136G4HH9	FEDERAL NATL MTG	Redemption	02/26/2020	Federal National Mtg		10,000,000.00		10,000,000.00
11831	100	3130AGYJ8	FEDERAL HOME	Redemption	02/26/2020	Federal Home Loan		20,000,000.00		20,000,000.00
11151	100	3136G4HH9	FEDERAL NATL MTG	Interest	02/26/2020	Federal National Mtg			75,000.00	75,000.00
11827	100	3133EKF27	FEDERAL FARM CR	Interest	02/26/2020	Federal Farm Credit			185,000.00	185,000.00
11831	100	3130AGYJ8	FEDERAL HOME	Interest	02/26/2020	Federal Home Loan			197,777.78	197,777.78
11828	100	3134GT2H5	FEDERAL HOME LN	Redemption	02/27/2020	Federal Home Loan		14,966,250.00		14,966,250.00
11828	100	3134GT2H5	FEDERAL HOME LN	Cap G/L	02/27/2020	Federal Home Loan		33,750.00		33,750.00
11374	100	3133EHW58	FFCB 1.9% MAT	Interest	02/27/2020	Federal Farm Credit			48,555.56	48,555.56
11828	100	3134GT2H5	FEDERAL HOME LN	Interest	02/27/2020	Federal Home Loan			150,000.00	150,000.00
12025	100	SYS12025	CALBT 2.0% MAT	Purchase	02/28/2020	California Bank & Tr	30,000,000.00			-30,000,000.00
11218	100	3135G0T29	FNMA 1.125% MAT	Redemption	02/28/2020	Federal National Mtg		10,000,000.00		10,000,000.00
11219	100	3135G0T29	FNMA 1.125% MAT	Redemption	02/28/2020	Federal National Mtg		10,000,000.00		10,000,000.00
11968	100	SYS11968	CALBT 2.0% MAT	Redemption	02/28/2020	California Bank & Tr		30,000,000.00		30,000,000.00
11218	100	3135G0T29	FNMA 1.125% MAT	Interest	02/28/2020	Federal National Mtg			75,000.00	75,000.00
11219	100	3135G0T29	FNMA 1.125% MAT	Interest	02/28/2020	Federal National Mtg			75,000.00	75,000.00
11830	100	3134GT3X9	FEDERAL HOME LN	Interest	02/28/2020	Federal Home Loan			150,750.00	150,750.00
11968	100	SYS11968	CALBT 2.0% MAT	Interest	02/28/2020	California Bank & Tr			45,000.00	45,000.00
10470	100	SYS10470	CAMP 0.24%	Interest	02/28/2020	California Asset Mgm			180,549.21	180,549.21
11575	100	17275RBD3	CISCO 2.2% MAT	Interest	02/29/2020	CISCO SYSTEMS			110,000.00	110,000.00
11702	100	912828VV9	UNITED STATES	Interest	02/29/2020	U.S. Treasury			531,250.00	531,250.00
11744	100	912828D1	UNITED STATES	Interest	02/29/2020	U.S. Treasury			343,750.00	343,750.00
11749	100	SYS11749	FREMNT 2.41% MAT	Interest	02/29/2020	Fremont Bank			72,634.72	72,634.72
11808	100	9128282S8	UNITED STATES	Interest	02/29/2020	U.S. Treasury			406,250.00	406,250.00
11844	100	912828YC8	UNITED STATES	Interest	02/29/2020	U.S. Treasury			375,000.00	375,000.00
11844	100	912828YC8	UNITED STATES	Accr Int	02/29/2020	U.S. Treasury		12,362.64	-12,362.64	0.00
12000	100	9128282F6	UNITED STATES	Interest	02/29/2020	U.S. Treasury			281,250.00	281,250.00
12000	100	9128282F6	UNITED STATES	Accr Int	02/29/2020	U.S. Treasury		236,435.44	-236,435.44	0.00
11729	100	SYS11729	UB-LOC 2.0% MAT	Interest	03/03/2020	Union Bank - LOC			8,458.33	8,458.33
11755	100	31422BFL9	FAMCA 2.4% MAT	Interest	03/03/2020	FARMER MAC			300,000.00	300,000.00
11758	100	SYS11758	CBC 2.25% MAT	Interest	03/03/2020	California Bank of C			17,985.76	17,985.76

**Alameda County Investment Pool  
Transaction Activity Report  
Sorted by Fund - Transaction Date**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
11761	100	SYS11761	CBC 2.25% MAT	Interest	03/03/2020	California Bank of C			26,978.65	<b>26,978.65</b>
11832	100	9128282D1	UNITED STATES	Interest	03/03/2020	U.S. Treasury			343,750.00	<b>343,750.00</b>
11832	100	9128282D1	UNITED STATES	Accr Int	03/06/2020	U.S. Treasury		338,145.38	-338,145.38	<b>0.00</b>
11863	100	3130AH5N9	FEDERAL HOME	Accr Int	03/23/2020	Federal Home Loan		1,666.67	-1,666.67	<b>0.00</b>
<b>Totals for General Fund</b>							<b>287,193,053.19</b>	<b>414,271,059.54</b>	<b>8,810,465.18</b>	<b>135,888,471.53</b>
<b>Grand Total</b>							<b>287,193,053.19</b>	<b>414,271,059.54</b>	<b>8,810,465.18</b>	<b>135,888,471.53</b>

## APPENDIX F

### DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The information in this APPENDIX F has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the beneficial owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this appendix, "Securities" means the Bonds, "Issuer" means the District, and "Agent" means the Paying Agent.*

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the

actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

**APPENDIX G**

**DEBT SERVICE TABLES**

The following tables provide annual debt service due on the District’s outstanding bonds. The District has made assumptions attributing par amounts of its outstanding bonds to the District’s respective bond authorizations, as shown below.

<i><b>Bond Year</b></i>	<b>Election of 1992 (Measure B)</b>	<b>Election of 1996 (Measure A)</b>	<b>Election of 2000 (Measure E)</b>	<b>Election of 2006 (Measure A)</b>	<b>Election of 2018 (Measure G)</b>	<b>Total Debt Service</b>
2020	\$2,231,000	\$551,000	\$ 9,280,981	\$30,885,486	\$ 566,883	\$43,515,350
2021	2,261,500	505,000	9,399,981	22,217,475	24,168,000	58,551,956
2022	1,671,000	505,250	9,395,644	23,110,475	23,138,250	57,820,619
2023	1,670,250	504,500	9,384,144	24,026,475	190,500	35,775,869
2024	1,676,000	507,750	9,373,419	24,973,075	190,500	36,720,744
2025	687,750	519,750	7,266,975	25,983,325	190,500	34,648,300
2026	-	-	8,231,900	27,020,075	190,500	35,442,475
2027	-	-	8,229,325	28,105,575	190,500	36,525,400
2028	-	-	9,557,100	29,134,075	190,500	38,881,675
2029	-	-	9,555,019	30,405,325	190,500	40,150,844
2030	-	-	9,537,231	25,376,075	190,500	35,103,806
2031	-	-	10,684,825	18,813,325	190,500	29,688,650
2032	-	-	8,974,775	15,849,325	190,500	25,014,600
2033	-	-	5,310,044	16,482,950	190,500	21,983,494
2034	-	-	5,305,594	17,137,575	190,500	22,633,669
2035	-	-	3,088,025	17,822,800	190,500	21,101,325
2036	-	-	-	18,537,000	190,500	18,727,500
2037	-	-	-	19,279,600	190,500	19,470,100
2038	-	-	-	20,052,400	190,500	20,242,900
2039	-	-	-	20,852,000	190,500	21,042,500
2040	-	-	-	-	190,500	190,500
2041	-	-	-	-	190,500	190,500
2042	-	-	-	-	190,500	190,500
2043	-	-	-	-	190,500	190,500
2044	-	-	-	-	190,500	190,500
2045	-	-	-	-	190,500	190,500
2046	-	-	-	-	190,500	190,500
2047	-	-	-	-	190,500	190,500
2048	-	-	-	-	190,500	190,500
2049	-	-	-	-	190,500	190,500
2050	-	-	-	-	6,445,250	6,445,250
<b>Total</b>	<b>\$10,197,500</b>	<b>\$3,093,250</b>	<b>\$132,574,982</b>	<b>\$456,064,411</b>	<b>\$59,461,883</b>	<b>\$661,392,026</b>