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PALO VERDE COMMUNITY COLLEGE DISTRICT

AUDIT REPORT
JUNE 30, 2025

PALO VERDE COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Palo Verde Community College District
Blythe, California

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*, which required a restatement of net position as of July 1, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



San Diego, California

January 27, 2026

**PALO VERDE COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

This section of Palo Verde Community College District’s (the “District”) annual financial report presents management’s discussion and analysis of the District’s financial performance during the fiscal year ended June 30, 2025.

INTRODUCTION

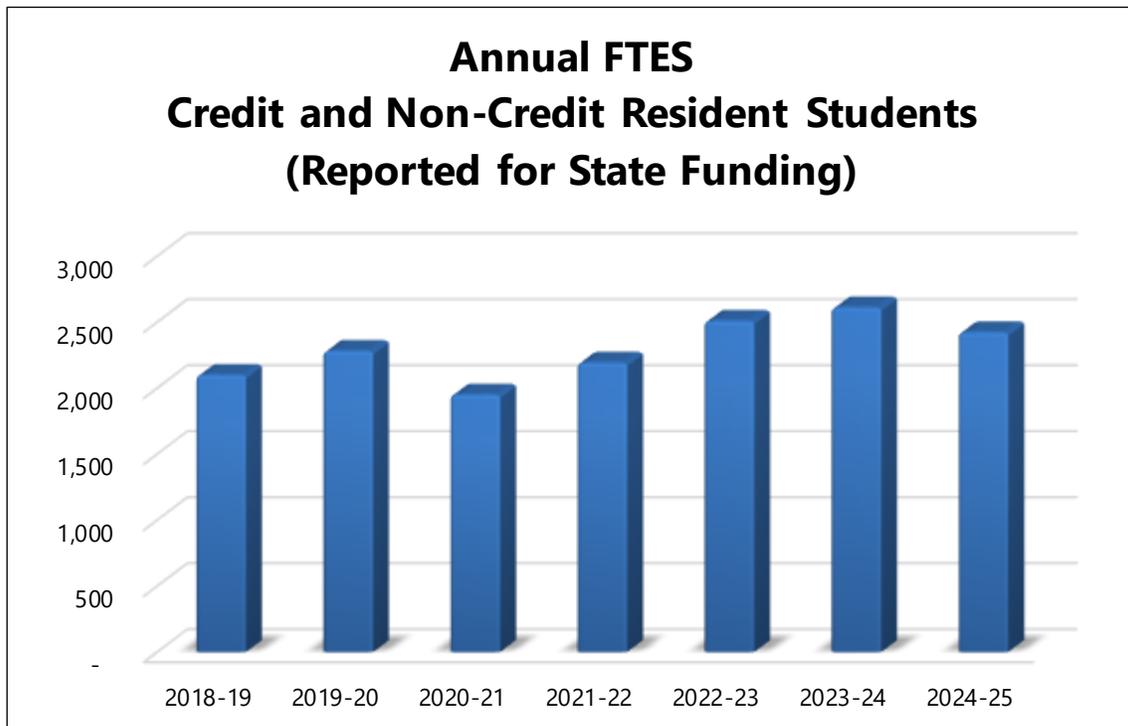
The following management’s discussion and analysis provides an overview of the financial position and activities of the District for the years ended June 30, 2025 and June 30, 2024. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

The District is an open access, public educational district, dedicated to providing excellence in education, cultural enrichment, economic development and services to assist members of the community to meet their educational goals. People of all ages and backgrounds attend early morning to late evening and weekends to take advantage of a wide variety of course offerings.

ENROLLMENT HIGHLIGHTS

During 2024-25, total full-time equivalent students (FTES) decreased approximately 7.2% for both credit and non- credit courses. Credit and non-credit FTES, along with other workload measures, are the basis for the District’s State apportionment.

Trend of FTES as reported on the annual report:



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

FINANCIAL HIGHLIGHTS

This section is to provide an overview of the District's financial activities. As required by the adopted accounting principles, the annual report consists of three basic financial statements that provide information on the District as a whole:

- The Statement of Net Position
- The Statement of Revenue, Expenses, and Changes in Net Position
- The Statement of Cash Flows

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the District as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private sector organizations.

The difference between total assets and total liabilities 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, net investment in capital assets, provides the equity amount in property, plant and equipment owned by the District. The second category is expendable restricted net assets. These net assets are available for expenditure by the District, but must be spent for purposes as determined by external entities, legislation and/or donors that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net asset and is available to the District for any lawful purpose of the District.

The Statement of Net Position, as of June 30, 2025 and June 30, 2024, is summarized below:

	2025	2024	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	\$ 31,140,027	\$ 32,516,526	\$ (1,376,499)
Non-current assets	65,901,554	65,238,248	663,306
Deferred outflows of resources	8,608,238	7,629,763	978,475
Total Assets and Deferred Outflows of Resources	105,649,819	105,384,537	265,282
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	9,731,702	11,944,431	(2,212,729)
Non-current liabilities	49,405,926	50,118,042	(712,116)
Deferred inflows of resources	1,894,659	1,586,939	307,720
Total Liabilities and Deferred Inflows of Resources	61,032,287	63,649,412	(2,617,125)
NET POSITION			
Net investment in capital assets	41,349,164	39,080,627	2,268,537
Restricted	9,573,951	6,466,230	3,107,721
Unrestricted (deficit)	(6,305,583)	(3,811,732)	(2,493,851)
Total Net Position	\$ 44,617,532	\$ 41,735,125	\$ 2,882,407

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

FINANCIAL HIGHLIGHTS, continued

Statement of Net Position, continued

- Approximately 99.7% of the cash and cash equivalent current assets is cash deposited with the Riverside County Treasurer's Office. The Statement of Cash flows contained within the financial statements provides greater detail regarding the sources and uses of cash and the net increase/(decrease) in cash.
- The majority of the accounts receivable balance is from other sources for federal, student receivables and other local sources.
- Capital assets are the net historical value of land, construction in progress, buildings, site improvements, equipment and vehicles less accumulated depreciation. As of June 30, 2025, the District owned capital assets of \$65,758,792. The breakdown of this total net value can be found in Note 6 of the financial statements.
- Accounts payable and accrued expenses consist of payables to vendors, accrued payroll and benefits, payables related to construction and accrued interest of \$2,778,709.
- Non-current liabilities consist of compensated absences, supplemental employee retirement plan, other postemployment benefit obligation, net pension liability, general obligation bonds, and certificates of participation.
- Unrestricted net position (deficit) totaled \$(6,305,583).

Statement of Revenues, Expenses, and Changes in Net Position

The change in total net position presented on the Statement of Net Position is based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to present the operating and non-operating revenues earned (whether received or not) by the District, the operating and non-operating expenses incurred (whether paid or not) by the District, and any other revenues, expenses, gains and/or losses earned or incurred by the District.

Operating activities are those in which a direct payment or exchange is made for the receipt of specified goods or services. As an example, tuition fees paid by the student are considered an exchange for instructional services. This activity is considered an operating activity. The receipt of State apportionments and property taxes do not include this exchange relationship between payment and receipt of goods or services. These revenues and related expenses are classified as non-operating activities.

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

FINANCIAL HIGHLIGHTS, continued

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

	2025	2024	Change
REVENUES			
Tuition and fees, net	\$ 902,688	\$ 1,277,971	\$ (375,283)
Grants and contracts, non-capital	10,512,246	9,806,265	705,981
Local property taxes	3,738,550	2,998,855	739,695
State apportionments, taxes and other revenues	31,027,446	34,446,706	(3,419,260)
Investment income, non-capital	1,479,543	1,516,045	(36,502)
Total Revenues	47,660,473	50,045,842	(2,385,369)
EXPENSES			
Other operating expenses	40,513,423	44,321,337	(3,807,914)
Student aid	1,568,208	1,364,917	203,291
Interest expense on capital asset-related debt	999,264	1,313,033	(313,769)
Total Expenses	43,080,895	46,999,287	(3,918,392)
Change in Net Position	\$ 4,579,578	\$ 3,046,555	\$ 1,533,023
NET POSITION, BEGINNING OF YEAR	41,735,125	38,688,570	3,046,555
PRIOR YEAR ADJUSTMENT (NOTE 15)	(1,697,171)	-	(1,697,171)
NET POSITION, END OF YEAR	\$ 44,617,532	\$ 41,735,125	\$ 2,882,407

Enrollment fees are generated by students who are residents of California and residents of neighboring Arizona counties who have approved reciprocity agreements. Out-of-state tuition plus enrollment fees are paid by all non-resident and foreign students.

- Non-capital grants and contracts are primarily those received from federal and state sources and used in the instructional program.
- Personnel costs are 58.3% of operating expenses, which includes all funds and depreciation. The balance of operating expenses is for supplies, materials, other operating expenses and services, and capital outlay items below the capitalization threshold, insurance, utilities, student aid and depreciation expense.
- State apportionments, non-capital consists of State apportionment and other apportionments. State apportionment represents total general apportionment earned less regular enrollment, less property taxes.
- Local property taxes are received through the Auditor-Controller's Office for Riverside County and San Bernardino County. The amount received for property taxes is deducted from the total State general apportionment that is calculated by the State for the District.
- State taxes and other revenues consist primarily of State lottery revenue.
- Functional expenses are included in Note 12 of the financial statements.

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

FINANCIAL HIGHLIGHTS, continued

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

Operating Expenses (by natural classification) – object:

	2025	2024	Change
Salaries	\$ 17,202,624	\$ 16,662,976	\$ 539,648
Employee benefits	7,316,000	8,457,750	(1,141,750)
Supplies, materials, and other operating expenses and services	13,928,236	17,231,149	(3,302,913)
Student aid	1,568,208	1,364,917	203,291
Depreciation	2,066,563	1,969,462	97,101
Total Operating Expenses	\$ 42,081,631	\$ 45,686,254	\$ (3,604,623)

- Compensation consists of salaries, fixed charges (District contributions to retirement systems, workers' compensation and unemployment insurance, Social Security and Medicare), and health and welfare benefits borne by the District.
- Supplies, materials, other operating expenses and services include expenditures for software, reference books, software licensing and consultants, repairs and maintenance of buildings and equipment, as well as utilities consisting of electricity, telephone, water, heating and waste disposal.

Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. The 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 provided by/(used in) the operating activities of the District. The second part details cash provided by/(used in) for non-operating, non-investing, and non-capital financing purposes. The third part shows cash flows from capital-related financing activities. This part deals with the cash flows 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. The net cash used in the operating activities of the District for the year ended June 30, 2025, was \$30.4 million.

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

	2025	2024	Change
Net cash provided by/(used in):			
Operating activities	\$ (30,437,077)	\$ (40,620,198)	\$ 10,183,121
Non-capital financing activities	34,765,996	37,445,561	(2,679,565)
Capital financing activities	(5,282,159)	(3,047,531)	(2,234,628)
Investing activities	1,494,446	1,530,223	(35,777)
Net increase/(decrease) in cash and cash equivalents	\$ 541,206	\$ (4,691,945)	\$ 5,233,151

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

FINANCIAL HIGHLIGHTS, continued

Statement of Cash Flows, continued

- The primary cash receipts from operating activities are from student enrollment fees and tuition, Federal, State and local grants and contracts. The primary cash outlays are payments of wages, benefits, vendors, and students related to the instruction program.
- General apportionment is the primary source of non-capital financing. The three main components of general apportionment are State apportionment, property taxes, state taxes and other non-capital financing revenues.
- The primary use included in capital and related financing activities is the purchase of capital assets (building improvements, equipment and vehicles).
- Cash earned from investing activities is interest earned on cash in bank.

The District's Fiduciary Responsibility

The District is the trustee, or fiduciary, for certain amounts held on behalf of the students, clubs and donors for student loans and scholarships. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the District's other financial statements because we cannot use these assets to finance operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Capital Assets

A comparison of capital assets, net of depreciation, is summarized below:

	2025	2024	Change
Capital assets not being depreciated	\$ 1,055,937	\$ 7,044,485	\$ (5,988,548)
Capital assets being depreciated	97,240,316	88,506,996	8,733,320
Less: accumulated depreciation	(32,537,461)	(30,470,898)	(2,066,563)
Total Capital Assets, Net	\$ 65,758,792	\$ 65,080,583	\$ 678,209

Debt

At June 30, 2025, the District had \$51,453,917 in long-term debt. A comparison of long-term debt is summarized below:

	2025	2024*	Change
General obligation bonds payable	\$ 13,323,193	\$ 13,668,625	\$ (345,432)
Premiums and discounts	282,231	306,892	(24,661)
Accretion	1,595,778	1,674,439	(78,661)
Certificates of participation	9,710,000	10,350,000	(640,000)
Supplemental employee retirement plan	1,485,192	1,647,064	(161,872)
Compensated absences*	2,185,216	2,313,812	(128,596)
OPEB - cash in lieu plan	2,566,442	3,259,343	(692,901)
Net OPEB liability	1,322,271	1,266,688	55,583
Net pension liability	18,983,594	18,944,309	39,285
Total Long-Term Liabilities	\$ 51,453,917	\$ 53,431,172	\$ (1,977,255)

*2024 balances as restated, see Note 15.

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

ECONOMIC FACTORS

The District once again saw an increase in enrollment over the previous year. As in the past recent years, as other community colleges exceeded their capacity, the District was able to provide educational Services in those areas. The District received 6.12% in growth authority, which allowed the District an additional 153.26 in growth capacity for 2024-25.

The District also saw a 1.07% COLA for the Student-Centered Funding Formula as well as some state categorical programs. The fiscal year 2024-25 Education Protection Account (EPA) funding allocation was updated by the Department o Finance in June 2025 from 1.053 billion to 1.627 billion. This resulted in additional EPA funding of approximately 574 million to community colleges the for 2024-25 fiscal year.

The District continues to see an increase in benefits costs including CalPERS and CalSTRS. The CalPERS Employer contribution rates for 2024-25 as 27.05% and the CalSTRS Employer Contribution rate is 19.1%. While the CalSTRS rate is expected to remain at 19.1% in the coming year, the CalPERS rate is expected to increase in the coming years.

The District changed its approach to budget development in 2011-12, which included not using the ending balance as part of the budget, dividing up accountability of the budget monitoring, and creating a more transparent approach to observing and monitoring the budget. The District continued with this practice in the development of the 2024-25 budget.

Management will continue to keep a close watch over resources to react to any internal or external issues, if and when they may arise.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, 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 any questions about this report or need additional financial information, contact the District's Office of Business Services, Palo Verde Community College, One College Drive, Blythe, California 92225.

FINANCIAL SECTION

PALO VERDE COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS

Current Assets:

Cash and cash equivalents	\$ 28,524,818
Accounts receivable	2,235,472
Prepaid expenditures and other assets	379,737
Total Current Assets	<u>31,140,027</u>

Non-current Assets:

Notes receivable	142,762
Capital assets, net	65,758,792
Total Non-current Assets	<u>65,901,554</u>

TOTAL ASSETS

97,041,581

DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on debt refunding	501,574
Deferred outflows related to OPEB	476,388
Deferred outflows related to pensions	7,630,276

TOTAL DEFERRED OUTFLOWS OF RESOURCES

8,608,238

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 105,649,819

LIABILITIES

Current Liabilities:

Accounts payable and accrued expenses	\$ 2,778,709
Unearned revenue	4,905,002
Compensated absences, current portion	367,031
Long-term liabilities, current portion	1,680,960
Total Current Liabilities	<u>9,731,702</u>

Non-current Liabilities:

Compensated absences, non-current portion	1,818,185
Net OPEB liability	1,322,271
Net pension liability	18,983,594
Long-term liabilities, non-current portion	27,281,876
Total Non-current Liabilities	<u>49,405,926</u>

TOTAL LIABILITIES

59,137,628

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to OPEB	803,221
Deferred inflows related to pensions	1,091,438

TOTAL DEFERRED INFLOWS OF RESOURCES

1,894,659

NET POSITION

Net investment in capital assets	41,349,164
Restricted for:	
Debt service	1,764,124
Capital projects	6,962,741
Other special purposes	847,086
Unrestricted (deficit)	(6,305,583)

TOTAL NET POSITION

44,617,532

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

\$ 105,649,819

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

OPERATING REVENUES	
Tuition and fees, gross	\$ 1,917,133
Less: Scholarship discounts and allowances	(1,014,445)
Tuition and fees, net	<u>902,688</u>
Grants and contracts, non-capital:	
Federal	3,552,944
State	6,455,609
Local	<u>503,693</u>
TOTAL OPERATING REVENUES	<u>11,414,934</u>
OPERATING EXPENSES	
Salaries	17,202,624
Employee benefits	7,316,000
Supplies, materials, and other operating expenses and services	13,928,236
Student aid	1,568,208
Depreciation	<u>2,066,563</u>
TOTAL OPERATING EXPENSES	<u>42,081,631</u>
OPERATING LOSS	<u>(30,666,697)</u>
NON-OPERATING REVENUES/(EXPENSES)	
State apportionments, non-capital	28,526,360
Local property taxes	3,738,550
State taxes and other revenues	2,501,086
Investment income, non-capital	1,479,543
Interest expense on capital asset-related debt	<u>(999,264)</u>
TOTAL NON-OPERATING REVENUES/(EXPENSES)	<u>35,246,275</u>
CHANGE IN NET POSITION	4,579,578
NET POSITION, BEGINNING OF YEAR	41,735,125
PRIOR PERIOD ADJUSTMENT (NOTE 15)	<u>(1,697,171)</u>
NET POSITION, END OF YEAR	<u>\$ 44,617,532</u>

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

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 902,688
Grants and contracts	12,544,063
Payments to or on behalf of employees	(25,250,116)
Payments to vendors for supplies and services	(17,065,504)
Payments to students	(1,568,208)
Net Cash Provided by/(Used in) Operating Activities	<u>(30,437,077)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	28,526,360
Property taxes	3,738,550
State taxes and other revenues	2,501,086
Net Cash Provided by/(Used in) Non-capital Financing Activities	<u>34,765,996</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(2,744,772)
Principal paid on capital debt	(2,074,773)
Interest paid on capital debt	(462,614)
Net Cash Provided by/(Used in) Capital Financing Activities	<u>(5,282,159)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	1,479,543
Collection from notes receivable	14,903
Net Cash Provided by/(Used in) Investing Activities	<u>1,494,446</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	541,206
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>27,983,612</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 28,524,818</u>

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

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

Operating loss	\$ (30,666,697)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by/(Used in) Operating Activities:	
Depreciation	2,066,563
Changes in Assets and Liabilities:	
Accounts receivable	1,644,548
Prepaid expenditures and other assets	273,157
Net OPEB liability	55,583
Deferred outflows related to OPEB and pension	(1,005,484)
Accounts payable and accrued expenses	(3,410,425)
Unearned revenue	387,269
Net pension liability	39,285
Compensated absences	(128,596)
Deferred inflows related to OPEB and pension	307,720
Total Adjustments	<u>229,620</u>
Net Cash Flows From Operating Activities	<u>\$ (30,437,077)</u>

**PALO VERDE COMMUNITY COLLEGE DISTRICT
FIDUCIARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Scholarship and Loan Fund
ASSETS	
Cash and cash equivalents	\$ 70,034
Total Assets	<u>\$ 70,034</u>
NET POSITION	
Held in trust for student groups	\$ 70,034
Total Net Position	<u>\$ 70,034</u>

**PALO VERDE COMMUNITY COLLEGE DISTRICT
 FIDUCIARY FUND
 STATEMENT OF CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2025**

	Scholarship and Loan Fund
OPERATING REVENUES	
Local revenue	\$ 87,504
Total Operating Revenues	<u>87,504</u>
OPERATING EXPENSES	
Supplies, materials, and other outgo	106,724
Total Operating Expenses	<u>106,724</u>
CHANGE IN NET POSITION	(19,220)
NET POSITION, BEGINNING OF YEAR	89,254
NET POSITION, END OF YEAR	<u>\$ 70,034</u>

PALO VERDE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – ORGANIZATION

Palo Verde Community College District (the "District") is a political subdivision of the State of California and provides educational services to the local residents of the surrounding area. The District consists of one community college campus located in Blythe, California and one college campus located in Needles, California. 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 must approve the annual budgets for the General Fund, special revenue funds, capital project funds, and proprietary funds, but these budgets are managed at the department level.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

While the District is a political subdivision of the State, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Codification Section (Cod. Sec.) 2100.101. The District is classified as a state instrumentality under *Internal Revenue Code* Section 115.

The decision to include potential component units in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and GASB Cod. Sec. 2100.101 as amended by GASB Cod. Sec. 2100.138. The three criteria for requiring a legally separate, tax-exempt organization to be presented as a component unit are the "direct benefit" criterion, the "entitlement/ability to access" criterion, 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.

Basis of Presentation and Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. Under this model, the District's financial statements provide a comprehensive government-wide perspective of the District's financial position and activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when the obligation has been incurred. All significant intra-agency transactions have been eliminated.

Fiduciary funds for which the District acts only as an agent or trust are not included in the business-type activities of the District. These funds are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position at the fund financial statement level.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term 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.

The District records its investment in Riverside County Treasury at fair value. Changes in fair value are reported as revenue in the Statement of Revenues, Expenses, and Changes in Net Position. The fair value of investments, at June 30, 2025, approximated their carrying value.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable

Accounts receivable consist primarily of 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 are recorded net of estimated uncollectible amounts. The District recognized for budgetary and financial reporting purposes any amount of State appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

Prepaid Expenditures and Other Assets

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

Other assets are other categories of assets that are expected to be converted into cash, sold or consumed, within the operating cycle.

Notes Receivable

Notes receivable are recognized when a legally enforceable agreement is established. Notes receivable are initially recorded at their principal amount. Interest income is accrued based on the contractual interest rate unless collectability becomes doubtful.

Capital Assets and Depreciation

Capital assets are recorded at cost at the date of acquisition. Donated capital assets are recorded at their estimated fair value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Buildings, as well as renovations to buildings, infrastructures, and site improvements, that significantly increase the value or extend the useful life of the structure are capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	50 years
Site improvements	10 years
Equipment and vehicles	8 years
Technology equipment	8 years

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element – deferred outflows of resources – represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District has three items that qualify for reporting in this category.

- **Deferred Loss on Debt Refunding** - A deferred loss on debt refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded date or refunding debt.
- **Deferred Outflows - Pensions and OPEB** - Deferred outflows of resources represent a consumption of net position by the District that is applicable to a future reporting period. The deferred outflows of resources related to pensions and OPEB resulted from District contributions to employee plans subsequent to the measurement date of the actuarial valuations for the plans. Deferred outflows are also recorded for the effects of actuarially-determined changes to the pension plan. These amounts are deferred and/or amortized as detailed in Notes 10 and 11 to the financial statements.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element – deferred inflows of resources – represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualifies for reporting in this category.

- **Deferred Inflows - Pensions and OPEB** - The deferred inflows or resources related to pensions and OPEB resulted from the effects of actuarially-determined changes to the pension and OPEB plans. These amounts are deferred and amortized as detailed in Notes 10 and 11 to the financial statements.

Accounts Payable, Accrued Expenses and Long-term Debt

Accounts payable and accrued expense represent amounts due to vendors, suppliers or service providers for goods and services received. In general, accounts payable and accrued expenses are amounts owed that have not yet been paid for as of June 30. Accounts payable and accrued expenses are recorded in the Statement of Net Position under current liabilities.

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 entity-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The District also participates in "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the entity-wide financial statements.

PALO VERDE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences, continued

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

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

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Unearned Revenue

Tuition and fees received prior to June 30 for classes and programs offered in the subsequent fiscal year are reported as unearned revenue. Cash received for Federal and State special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

Long-Term Liabilities

Long-term liabilities include compensated absences, supplemental employee retirement plan, other postemployment benefit obligation, net pension liability, general obligation bonds including accreted interest and bond premiums, and certificates of participation with maturities greater than one year.

Pensions

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Other Postemployment Benefits (OPEB)

For purpose of measuring the net OPEB liability/(asset), information about the fiduciary net position of the Other Postemployment Benefit Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan 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 interest-earning investment contracts that are reported at cost.

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represents 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 categories:

Net investment in capital assets – This represents the District's total investment in capital assets, net of associated outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

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.

State Apportionments

Certain current year apportionments from the State are based on various financial and statistical information of the previous year. Any prior year corrections due to a recalculation will be recorded in the year computed by the State.

Property Taxes

Secured property taxes are attached as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31. The County of Riverside bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when the County notifies the District of the availability of the revenues. A receivable has been accrued to reflect the amount of property taxes receivable at June 30, 2025.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Board of Governors Grants (BOGG) and Fee Waivers

Student tuition and fee revenues and certain other revenues are reported, net of allowances and fee waivers approved by the Board of Governors through BOGG fee waivers in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods, and the goods and services provided by the District and the amount that is paid by students and/or third parties making payments on the students' behalf. To the extent that fee waivers have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

Federal Financial Assistance Program

The District participates in federally funded Pell Grants, SEOG grants, and Federal Work-Study programs, as well as other programs funded by the Federal government. Financial aid to students is reported as other revenue. The amount reported as other revenue represents the portion of aid that was provided to the student in the form of cash. These programs are audited in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.

On-Behalf Payments

GASB Codification Section N50 requires that direct on-behalf payments for benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers Retirement System on behalf of all Community Colleges in California.

Classification of Revenues and Expenses

The District has classified its revenues and expenses as either operating or non-operating. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues as defined by GASB Cod. Sec. C05.101, including state appropriations, local property taxes, and investment income. Nearly all of the District's expenses are from exchange transactions.

Revenues and expenses are classified according to the following criteria:

Operating revenues and expenses – Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as: (1) student tuition and fees, net of fee waivers and allowances, (2) sales and services of auxiliary enterprises, and (3) most Federal, State and local grants and contracts and Federal appropriations. All expenses are considered operating expenses except for interest expense on capital asset related debt.

Non-operating revenues and expenses – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as Pell grants, gifts and contributions, and other revenue sources described in GASB Cod. Sec. C05.101, such as State appropriations and investment income. Interest expense on capital related debt is the only non-operating expense.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

PALO VERDE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated within the primary government funds during the consolidation process in the government-wide financial statements.

Adoption of New Accounting Standards

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

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The financial impact of this statement is reflected in Notes 8 and 15.

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

Upcoming GASB Pronouncements

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

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

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

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

NOTE 3 – CASH AND CASH EQUIVALENTS

Summary of Cash and Cash Equivalents

As provided for by the *Education Code* Section 41001, a significant portion of the District’s cash balances of most funds is deposited with the Riverside County Treasurer for the purpose of increasing interest earnings through County investment activities. The *California Government Code* requires California banks and savings and loan associations to secure the District’s deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency’s deposits. California law also allows financial institutions to secure an agency’s deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency’s total deposits and collateral is considered to be held in the name of the District. Substantially all cash held by financial institutions is entirely insured or collateralized.

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

Governmental Funds:	Governmental Funds	Fiduciary Funds
Cash in County Treasury	\$ 28,437,415	\$ -
Cash on hand and in banks	82,403	70,034
Cash in revolving	5,000	-
Total cash and cash equivalents	\$ 28,524,818	\$ 70,034

Policies and Practices

Under provision of the District’s investment policy, and in accordance with Sections 53601 and 53602 of the *California Government Code*, the District may invest in the following types of investments: local agency bonds, notes or warrants with 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 obligations.

Cash in County Treasury

In accordance with the Budget and Accounting Manual, the District maintains a significant portion of its cash in the Riverside County Treasury as part of the common investment pool. These pooled funds are carried at cost which approximates fair value. The fair market value of the District’s deposits in this pool, as of June 30, 2025, as provided by the pool sponsor, was \$28,437,415 with a weighted average maturity of 467 days. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

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

NOTE 3 – CASH AND CASH EQUIVALENTS, continued

General Authorizations

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. 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.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. *Government Code* Sections 16430 and 53601 allow governmental entities to invest surplus moneys in certain eligible securities. The District has no investment policy that would further limit its investment choices.

Custodial Credit Risk

Custodial credit risk 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, but all public funds are invested in bonds or governmental backed (collateralized) securities at 110% on the amount of deposit.

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

NOTE 3 – CASH AND CASH EQUIVALENTS, continued

Concentration of Credit Risk

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government’s investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the *California Government Code*. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2025, consist of the following and are considered collectible in full:

	State	Other	Total
General fund	\$ 396,884	\$ 1,776,940	\$ 2,173,824
Child development fund	14,732	-	14,732
Capital outlay fund	-	39,286	39,286
Bookstore fund	-	3,226	3,226
Self insurance fund	-	4,364	4,364
Student financial aid fund	-	40	40
Total accounts receivable	<u>\$ 411,616</u>	<u>\$ 1,823,856</u>	<u>\$ 2,235,472</u>

NOTE 5 – NOTES RECEIVABLE

In August 2013, the District sold property located on Spring Street in Blythe, California for \$400,000. The District received a down payment of \$80,000 and a note receivable for \$320,000. The note is payable, principal and interest at 5%, in monthly installments of \$1,871. The note matures in January 2029 and has a principal receivable balance of \$142,762 at June 30, 2025.

PALO VERDE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 – CAPITAL ASSETS

The following provides a summary of changes in capital assets for the year ended June 30, 2025:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Capital Assets Not Being Depreciated				
Land	\$ 1,055,937	\$ -	\$ -	\$ 1,055,937
Construction in progress	5,988,548	2,253,028	8,241,576	-
Total Capital Assets Not Being Depreciated	<u>7,044,485</u>	<u>2,253,028</u>	<u>8,241,576</u>	<u>1,055,937</u>
Capital Assets Being Depreciated				
Buildings	80,111,408	8,241,576	-	88,352,984
Site improvements	2,887,709	-	-	2,887,709
Equipment	4,880,438	346,611	-	5,227,049
Vehicles	627,441	145,133	-	772,574
Total Capital Assets Being Depreciated	<u>88,506,996</u>	<u>8,733,320</u>	<u>-</u>	<u>97,240,316</u>
Total Capital Assets	<u>95,551,481</u>	<u>10,986,348</u>	<u>8,241,576</u>	<u>98,296,253</u>
Less: Accumulated Depreciation				
Buildings	26,150,989	1,699,965	-	27,850,954
Site improvements	1,073,940	73,803	-	1,147,743
Equipment	2,974,488	236,081	-	3,210,569
Vehicles	271,481	56,714	-	328,195
Total Accumulated Depreciation	<u>30,470,898</u>	<u>2,066,563</u>	<u>-</u>	<u>32,537,461</u>
Capital Assets, Net	<u>\$ 65,080,583</u>	<u>\$ 8,919,785</u>	<u>\$ 8,241,576</u>	<u>\$ 65,758,792</u>

Depreciation expense for the year was \$2,066,563.

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2025, consisted of the following:

	Governmental Funds
Interest	\$ 378,395
Payroll	4,651
Construction	141,475
Vendors	2,254,188
Total accounts payable and accrued expenses	<u>\$ 2,778,709</u>

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

NOTE 8 – LONG-TERM LIABILITIES

Long-term liabilities for the fiscal year ended June 30, 2025, are summarized as follows:

	Balance July 1, 2024	Adjustments (Note 15)	Adjusted Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Due within One Year
General obligation bonds payable	\$ 13,668,625	\$ -	\$ 13,668,625	\$ -	\$ 345,432	\$ 13,323,193	\$ 379,520
Premiums and discounts	306,892	-	306,892	-	24,661	282,231	24,661
Accretion	1,674,439	-	1,674,439	155,907	234,568	1,595,778	240,481
Certificates of participation	10,350,000	-	10,350,000	-	640,000	9,710,000	665,000
Supplemental employee retirement plan	1,647,064	-	1,647,064	-	161,872	1,485,192	371,298
Compensated absences	616,641	1,697,171	2,313,812	-	128,596	2,185,216	367,031
OPEB - cash in lieu plan	3,259,343	-	3,259,343	-	692,901	2,566,442	-
Net OPEB liability	1,266,688	-	1,266,688	55,583	-	1,322,271	-
Net pension liability	18,944,309	-	18,944,309	39,285	-	18,983,594	-
Total Long-Term Liabilities	\$ 51,734,001	\$ 1,697,171	\$ 53,431,172	\$ 250,775	\$ 2,228,030	\$ 51,453,917	\$ 2,047,991

General Obligation Bonds Payable

General obligation bonds of up to \$6,000,000 were approved by election in June 2005 and were to be used to finance real property improvements to the District's Needles campus. In October 2005, the District issued the first series on these available bonds amounting to \$2,946,254. The District took a second drawdown in September 2006, amounting to \$3,053,625. The improvements on the Needles campus were completed in the Fall of 2009. All debt repayments will be made by the County from property tax revenues.

In March 2016, the District issued \$3,470,000 of 2016 General Obligation Refunding Bonds. The bonds were issued to refund a portion of the 2005 bonds and a portion of the 2006 bonds. The bonds required principal and interest payments through August 1, 2035. Annual interest rates for these bonds range from 2.0%-4.0%. The refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$58,873. This difference, reported in the accompanying financial statements as a deferred loss on debt refunding, is being charged to operations through the year 2035 using the straight-line method.

In March 2016 the District issued \$12,500,000 of 2014 Series A General Obligation Bonds. The bonds were issued to refund a portion of the Certificates of Participation, as well as provide for the acquisition, construction, and improvements of additional educational facilities. The bonds require principal and interest payments through August 1, 2045. Annual interest rates for these bonds range from 2.0%-4.0%.

A portion of the net proceeds, after issuance costs of \$291,970, (along with a District contribution of \$6,000,000) were used to purchase U.S. Government securities for the purpose of paying the debt requirements of \$15,130,000 of the outstanding Certificates of Participation. As a result, a portion of the Certificates of Participation are considered to be defeased and the liability for those certificates has been removed from the government-wide statement of net assets. The advance refunding resulted in a difference between the reacquisition price and the net carrying of the old debt of \$692,535. This difference, reported in the accompanying financial statements as a deferred loss on debt refunding, is being charged to operations through the year 2035 using the straight-line method.

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

NOTE 8 – LONG-TERM LIABILITIES, continued

General Obligation Bonds Payable, continued

The annual debt requirements on these bonds payable, as of June 30, 2025, are as follows:

Year Ending June 30,	Principal	Interest	Accreted Interest	Total
2026	\$ 379,520	\$ 465,912	\$ 240,481	\$ 1,085,913
2027	415,141	459,197	249,859	1,124,197
2028	447,016	447,931	262,983	1,157,930
2029	488,974	431,831	276,026	1,196,831
2030	535,144	413,831	284,856	1,233,831
2031-2035	2,467,398	1,845,626	897,602	5,210,626
2036-2040	3,025,000	1,421,635	-	4,446,635
2041-2045	4,450,000	695,800	-	5,145,800
2046	1,115,000	22,300	-	1,137,300
Total	\$ 13,323,193	\$ 6,204,063	\$ 2,211,807	\$ 21,739,063

Certificates of Participation

In September 2006, the District approved Certificates of Participation (COPs) in the amount of \$18.6 million, to assist in providing timely cash flows during the construction period of the Physical Education Complex and the chiller plant until State reimbursements were received. The projects were completed in the Fall of 2008 and were 100% State reimbursed. The additional proceeds from the certificates of participation were used for computer upgrades for the District and other capital renovations on the Blythe and Needles campuses.

The District refinanced these Certificates of Participation in July 2008 taking advantage of lower interest rates. The District entered into these Certificates of Participation for working capital for construction projects, the Fine and Performing Arts Complex and Management Information Systems, due to the delay of payments for these projects approved by the State and the possibility that costs for some projects would exceed appropriated funds.

The District's intentions for budgeting for repayment of these obligations were that upon receipt of reimbursement by the State, the monies were to be set aside in an interest-bearing account. Monthly payments would be made from the interest bearing account leaving the balance to continue to earn interest; it was also the District's intention to not use the funds for backfill of general funds.

In March, 2016, the District retired \$15,130,000 of the outstanding certificates of participation through the issuance of 2014 Series A General Obligation Bonds and a \$6,000,000 contribution from the District.

In December, 2016, the District issued \$14,155,000 of 2016 Refunding Certificates of Participation. The COPS were issued to refund the remaining portion of the 2008 Certificates of Participation. The bonds require principal and interest payments through August 1, 2045. Annual interest rate for these bonds range from 2.0%-4.0%.

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

NOTE 8 – LONG-TERM LIABILITIES, continued

Certificates of Participation, continued

The annual debt requirements on these certificates, payable as of June 30, 2025, are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 665,000	\$ 365,988	\$ 1,030,988
2027	685,000	346,038	1,031,038
2028	705,000	325,488	1,030,488
2029	725,000	302,575	1,027,575
2030	755,000	277,200	1,032,200
2031-2035	4,235,000	909,800	5,144,800
2036-2037	1,940,000	117,200	2,057,200
Total	<u>\$ 9,710,000</u>	<u>\$ 2,644,289</u>	<u>\$ 12,354,289</u>

Supplemental Employee Retirement Plan (SERP)

In January 2025, the District issued a Supplemental Early Retirement Plan (SERP) through the Public Agency Retirement Services (PARS). Fourteen employees participated in the plan. The District will make semi-annual payments beginning July 10, 2025 through November 10, 2028. Total amount of the SERP was \$1,485,192.

The annual debt requirements on SERP, payable as of June 30, 2025, are as follows:

Year Ending June 30,	Payment
2026	\$ 371,298
2027	371,298
2028	371,298
2029	371,298
Total	<u>\$ 1,485,192</u>

Compensated Absences

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

At June 30, 2025, the liability recorded for compensated absences was \$2,185,216.

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

OPEB Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Benefit)
District Plan	\$ 1,322,271	\$ 476,388	\$ 803,221	\$ 194,574

Plan Description

The District offers post-employment medical insurance to its eligible retirees. Integrated medical/prescription drug coverage is provided through CalPERS under the Public Employees Medical and Hospital Care Act (PEMHCA). Eligible retirees can choose from the PERSCare and PERChoice PPOs.

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.

Benefits Provided

The District pays the full cost for the employee and/or dependent coverage under the above plans for eligible retirees.

The District offers the same medical plans to its retirees as to its active employees, with the general exception that once a retiree become eligible for Medicare (that is, reaches age 65), he or she must join a Medicare Supplement PPO, with Medicare becoming the primary payor. The District does not contribute to dental and vision insurance for retirees.

Employees become eligible to receive District-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service or upon disability before age 50. Benefits are paid for the lifetime of the retiree. Employees are eligible for full retirement benefits at age 55. Employees hired on or after January 1, 2013, and who are not defined as “classic employees” by CalPERS, are eligible for full retirement benefits at age 62.

	Certificated*	Classified	Classified Management
Benefit Types Provided	Medical and dental	Medical and dental	Medical and dental
Duration of Benefits	To age 65	To age 65	To age 65
Required Service	10 years	15 years	15 years
Minimum Age	55	55	55
Dependent Coverage	No	No	No
District Contribution %	85% up to cap	100%	100%
District Cap	Active Cap	\$7,500 per year to 65	\$7,500 per year to 65

*Pre-65 benefits were negotiated for new Certificated retirees beginning in 2022.

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Employees Covered by Benefit Terms

As of the June 30, 2025 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB plan:

	<u>Number of Participants</u>
Inactive Employees Receiving Benefits	1
Active Employees	<u>109</u>
Total	<u>110</u>

OPEB Plan Investments

The plan discount rate of 5.20% was determined using the following asset allocation and assumed rate of return:

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Assumed Gross Return</u>
All Equities	15%	7.25%
All Fixed Income	80%	4.25%
Short-Term Gov't Fixed	<u>5%</u>	3.00%
Total	<u>100%</u>	

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average.

Actuarial Methods and Assumptions

The District's total OPEB liability was measured as of June 30, 2025 and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date, based on the following actuarial methods and assumptions:

Valuation date	June 30, 2024
Measurement date	June 30, 2025
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.50%
Investment rate of return/discount rate	5.20%
Salary Increase	2.75%
Healthcare cost trend rate	4.00%

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Changes in the Net OPEB Liability/(Asset)

The changes in the net OPEB liability/(asset) for the OPEB plan are as follows:

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance July 1, 2024 (Measurement Date)	\$ 2,432,672	\$ 1,165,984	\$ 1,266,688
Changes for the year:			
Service cost	173,331	-	173,331
Interest	119,312	-	119,312
Employee contributions as benefit payments	-	15,000	(15,000)
Changes of assumptions	(101,680)	-	(101,680)
Expected investment income	-	55,291	(55,291)
Investment gains/(losses)	-	69,025	(69,025)
Administrative expense	-	(3,936)	3,936
Expected benefit payments	(15,000)	(15,000)	-
Net change	175,963	120,380	55,583
Balance June 30, 2025 (Measurement Date)	\$ 2,608,635	\$ 1,286,364	\$ 1,322,271

Discount Rate

The discount rate used to measure the total OPEB liability was 5.20% which was based on assumed long-term return on employer assets.

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

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

	Discount Rate 1% Lower (4.20%)	Current Discount Rate (5.20%)	Discount Rate 1% Higher (6.20%)
Net OPEB liability/(asset)	\$ 1,545,378	\$ 1,322,271	\$ 1,129,544

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

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

The following presents the net OPEB liability/(asset), as well as what the net OPEB liability/(asset) would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	Trend Rate 1% Lower (3.00%)	Current Trend Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability/(asset)	\$ 1,047,662	\$ 1,322,271	\$ 1,634,340

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the District's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ 39,421	\$ 91,310
Differences between expected and actual experience	413,391	541,307
Change in assumptions	23,576	170,604
Total	<u>\$ 476,388</u>	<u>\$ 803,221</u>

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (9,822)
2027	(49,239)
2028	(46,943)
2029	(36,445)
2030	(22,640)
Thereafter	(161,744)
Total	<u>\$ (326,833)</u>

OPEB Expense/(Benefit)

For the year ended June 30, 2025, the District recognized OPEB expense/(benefit) of \$194,574.

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

NOTE 10 – 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 System (CalSTRS) and classified employees are members of the California Public Employees’ Retirement System (CalPERS).

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

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 7,239,678	\$ 3,421,544	\$ 989,935	\$ 727,982
CalPERS	11,743,916	4,208,732	101,503	2,312,624
Total	\$ 18,983,594	\$ 7,630,276	\$ 1,091,438	\$ 3,040,606

California State Teachers’ Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Benefits Provided, continued

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2025, are summarized as follows:

	<u>STRP Defined Benefit Plan</u>	
	On or before December 31, 2012	On or after January 1, 2013
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%	10.21%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.83%	10.83%

Contributions

The parameters for employer and state contribution rates for the DB Program are set by the California Legislature and the Governor and detailed in the Teachers’ Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District’s total contributions were \$1,963,337.

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 7,239,678
State's proportionate share of the net pension liability associated with the District	3,321,641
Total	<u>\$ 10,561,319</u>

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

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers’ Retirement System (CalSTRS), continued

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

The net pension liability was measured as of June 30, 2024. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District’s proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.011 percent and 0.010 percent, resulting in an increase of 0.001 percent in the proportionate share.

For the year ended June 30, 2025, the District recognized pension expense of \$727,982. In addition, the District recognized pension expense and revenue of \$303,145 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	\$ 29,579
Differences between expected and actual experience	818,995	316,788
Changes in assumptions	31,692	494,400
Net changes in proportionate share of net pension liability	607,520	149,168
District contributions subsequent to the measurement date	1,963,337	-
Total	<u>\$ 3,421,544</u>	<u>\$ 989,935</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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (493,725)
2027	753,900
2028	103,159
2029	68,427
2030	72,021
Thereafter	(35,510)
Total	<u>\$ 468,272</u>

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

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions

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

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

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

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

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

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions, continued

The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2024, are summarized in the following table:

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

*20- to 30-year geometric average.

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expenses occur midyear. Based on those 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 the 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:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 12,877,019	\$ 7,239,678	\$ 2,532,265

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

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member’s final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 62 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member’s beneficiary if the member dies while actively employed. An employee’s eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2025, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before 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	27.05%	27.05%

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

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the 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 contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total District contributions were \$1,874,739.

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$11,743,916. The net pension liability was measured as of June 30, 2024. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District’s proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.033 percent and 0.031 percent, resulting in a net increase in the proportionate share of 0.002 percent.

For the year ended June 30, 2025, the District recognized pension expense of \$2,312,624. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 456,185	\$ -
Differences between expected and actual experience	984,555	84,051
Changes in assumptions	259,580	-
Net changes in proportionate share of net pension liability	633,673	17,452
District contributions subsequent to the measurement date	1,874,739	-
Total	\$ 4,208,732	\$ 101,503

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

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

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

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 765,879
2027	1,221,593
2028	268,859
2029	(23,841)
Total	<u>\$ 2,232,490</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, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

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

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

Actuarial Methods and Assumptions, continued

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the 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:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 17,445,685	\$ 11,743,916	\$ 7,033,801

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

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

On-Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$670,699. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on-behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Social Security

As established by Federal law, all public sector employees who are not members of their employer’s existing retirement systems (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan.

NOTE 11 – FUNCTIONAL EXPENSES

The table below illustrates the functional expenses by function categories for the year ended June 30, 2025:

	Salaries and Employee Benefits	Supplies, Materials and Other Operating Expenses and Services	Student Aid	Depreciation	Total
Instructional Activities	\$ 9,890,546	\$ 3,340,740	\$ -	\$ -	13,231,286
Instructional Admin and Governance	2,163,097	890,500	-	-	3,053,597
Instructional Support Services	863,926	647,641	-	-	1,511,567
Admissions and Records	756,772	81,025	-	-	837,797
Students Counseling and Guidance	1,789,116	315,047	-	-	2,104,163
Student Services	2,127,212	771,806	-	-	2,899,018
Operation and Maintenance of Plant	1,159,934	3,041,317	-	-	4,201,251
Planning, Policy Making and Coordination	1,025,306	673,774	-	-	1,699,080
Institutional Support Services	2,695,770	1,464,857	-	-	4,160,627
Community Service	277,555	101	-	-	277,656
Ancillary Services and Auxiliary Operations	1,769,390	1,959,714	-	-	3,729,104
Physical Property and Related Acquisitions	-	723,798	-	-	723,798
Transfers, Student Aid and Other Outgo	-	17,916	1,568,208	-	1,586,124
Depreciation Expense	-	-	-	2,066,563	2,066,563
Total	\$ 24,518,624	\$ 13,928,236	\$ 1,568,208	\$ 2,066,563	\$ 42,081,631

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Grants

The District has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditures disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

Litigation

The District may be involved in various litigations arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2025.

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES, continued

Construction Commitments

As of June 30, 2025, the District had no construction commitments with respect to unfinished capital projects.

NOTE 13 – RISK MANAGEMENT

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's risk management activities are recorded in the General Fund. The District participates in various public entity risk pools (JPAs) for its health and welfare benefits, workers' compensations benefits, and property/liability insurance. Refer to Note 15 for additional information regarding the JPAs.

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

The District participates in five joint ventures under joint powers agreements (JPAs): Community Colleges of Riverside County Self Insurance Program for Employees (CCRCSIPE), Schools Excess Liability Fund (SELF), State Wide Association of Community Colleges (SWACC), Riverside County Employer/Employee Partnership for Benefits Plan (REEP) and Riverside Schools Risk Management Association (RSRMA). The relationships between the District and JPA's are such that the JPA's are not a component unit of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

NOTE 15 – PRIOR PERIOD ADJUSTMENT

During fiscal year 2024–25, the District implemented GASB Statement No. 101, *Compensated Absences*. This statement establishes a new accounting model for compensated absences, requiring governments to recognize a liability when (1) the leave is attributable to services already rendered and (2) it is more likely than not that the leave will be used for time off or otherwise paid/settled. The District elected to measure its compensated absences liability using the days-used approach, which estimates expected future leave usage based on historical experience and current pay rates.

Implementation of GASB Statement No. 101 required the District to remove previously recognized liabilities calculated under the vesting method (GASB Statement No. 16) and replace them with liabilities determined under the new standard. As a result, the District's beginning net position for governmental activities as of July 1, 2024, was restated by \$(1,697,171).

NOTE 16 – SUBSEQUENT EVENTS

The District has evaluated subsequent events from June 30, 2025 through January 27, 2026, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2025	2024	2023	2022
Total OPEB liability				
Service cost	\$ 173,331	\$ 164,030	\$ 159,640	\$ 51,542
Interest	119,312	137,975	126,553	52,764
Changes of assumptions	(101,680)	(21,682)	-	-
Changes in benefits terms	-	-	-	1,057,645
Differences between expected and actual experience	-	(639,727)	-	393,695
Benefit payments	(15,000)	(61,282)	(34,575)	(77,907)
Net change in total OPEB liability	175,963	(420,686)	251,618	1,477,739
Total OPEB liability, beginning of year	2,432,672	2,853,358	2,601,740	1,124,001
Total OPEB liability, end of year (a)	\$ 2,608,635	\$ 2,432,672	\$ 2,853,358	\$ 2,601,740
Plan fiduciary net position				
Employer contributions	\$ 15,000	\$ 61,282	\$ 34,575	\$ 77,907
Expected investment income	55,291	50,569	47,903	54,819
Investment gains/(losses)	69,025	52,490	11,496	(197,117)
Administrative expense	(3,936)	(3,373)	(3,178)	(3,409)
Expected benefit payments	(15,000)	(61,282)	(34,575)	(77,907)
Change in plan fiduciary net position	120,380	99,686	56,221	(145,707)
Fiduciary trust net position, beginning of year	1,165,984	1,066,298	1,010,077	1,155,784
Fiduciary trust net position, end of year (b)	\$ 1,286,364	\$ 1,165,984	\$ 1,066,298	\$ 1,010,077
Net OPEB liability/(asset), ending (a) - (b)	\$ 1,322,271	\$ 1,266,688	\$ 1,787,060	\$ 1,591,663
Covered payroll	\$ 17,497,710	\$ 14,970,598	\$ 12,781,621	\$ 12,766,461
Plan fiduciary net position as a percentage of the total OPEB liability	49%	48%	37%	39%
Net OPEB liability/(asset) as a percentage of covered payroll	7.56%	8.46%	13.98%	12.47%

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

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

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 48,019	\$ 52,717	\$ 48,889	\$ 47,581
Interest	53,110	33,306	33,044	36,434
Changes of assumptions	21,746	(96,494)	18,974	-
Changes in benefits terms	-	-	-	-
Differences between expected and actual experience	-	204,856	-	-
Benefit payments	(74,148)	(88,705)	(101,960)	(98,038)
Net change in total OPEB liability	48,727	105,680	(1,053)	(14,023)
Total OPEB liability, beginning of year	1,075,274	969,594	970,647	984,670
Total OPEB liability, end of year (a)	\$ 1,124,001	\$ 1,075,274	\$ 969,594	\$ 970,647
Plan fiduciary net position				
Employer contributions	\$ 74,148	\$ 1,059,352	\$ 101,960	\$ 98,038
Expected investment income	49,899	-	-	-
Investment gains/(losses)	109,491	30,338	-	-
Administrative expense	(3,180)	(1,411)	-	-
Expected benefit payments	(74,148)	(88,705)	(101,960)	(98,038)
Change in plan fiduciary net position	156,210	999,574	-	-
Fiduciary trust net position, beginning of year	999,574	-	-	-
Fiduciary trust net position, end of year (b)	\$ 1,155,784	\$ 999,574	\$ -	\$ -
Net OPEB liability/(asset), ending (a) - (b)	\$ (31,783)	\$ 75,700	\$ 969,594	\$ 970,647
Covered payroll	\$ 10,266,338	\$ 10,563,958	\$ 9,778,664	\$ 9,071,733
Plan fiduciary net position as a percentage of the total OPEB liability	103%	93%	0%	0%
Net OPEB liability/(asset) as a percentage of covered payroll	-0.31%	0.72%	9.92%	10.70%

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

**PALO VERDE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2025**

	2025	2024	2023	2022
Actuarially determined contribution	\$ 15,000	\$ 61,282	\$ 34,575	\$ 77,907
Contributions in relations to the actuarially determined contribution	15,000	61,282	34,575	77,907
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 17,497,710	\$ 14,970,598	\$ 12,781,621	\$ 12,766,461
Contribution as a percentage of covered-employee payroll	0.09%	0.41%	0.27%	0.61%
	2021	2020	2019	2018
Actuarially determined contribution	\$ 74,148	\$ 1,059,352	\$ 101,960	\$ 98,038
Contributions in relations to the actuarially determined contribution	74,148	1,059,352	101,960	98,038
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 10,266,338	\$ 10,563,958	\$ 9,778,664	\$ 9,071,733
Contribution as a percentage of covered-employee payroll	0.72%	10.03%	1.04%	1.08%

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

**PALO VERDE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CaSTRS					
District's proportion of the net pension liability	0.011%	0.010%	0.010%	0.010%	0.011%
District's proportionate share of the net pension liability	\$ 7,239,678	\$ 7,767,162	\$ 6,947,752	\$ 4,507,722	\$ 10,376,240
State's proportionate share of the net pension liability associated with the District	3,321,641	3,721,534	3,479,455	2,268,158	5,348,910
Total	\$ 10,561,319	\$ 11,488,696	\$ 10,427,207	\$ 6,775,880	\$ 15,725,150
District's covered-employee payroll	\$ 10,279,251	\$ 7,540,304	\$ 6,757,654	\$ 6,628,345	\$ 6,029,430
District's proportionate share of the net pension liability as percentage of covered-employee payroll	70%	103%	103%	68%	172%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%

	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CaIPERS					
District's proportion of the net pension liability	0.033%	0.031%	0.030%	0.030%	0.030%
District's proportionate share of the net pension liability	\$ 11,743,916	\$ 11,177,147	\$ 10,422,470	\$ 6,191,486	\$ 9,068,514
District's covered-employee payroll	\$ 6,930,643	\$ 6,516,882	\$ 5,345,558	\$ 4,642,658	\$ 4,379,754
District's proportionate share of the net pension liability as percentage of covered-employee payroll	169%	172%	195%	133%	207%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%

**PALO VERDE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalSTRS					
District's proportion of the net pension liability	0.010%	0.009%	0.009%	0.010%	0.010%
District's proportionate share of the net pension liability	\$ 9,140,512	\$ 8,694,482	\$ 8,774,599	\$ 8,023,463	\$ 6,859,372
State's proportionate share of the net pension liability associated with the District	4,986,760	4,977,998	4,923,975	4,605,089	3,568,688
Total	\$ 14,127,272	\$ 13,672,480	\$ 13,698,574	\$ 12,628,552	\$ 10,428,060
District's covered-employee payroll	\$ 6,284,505	\$ 5,929,044	\$ 5,584,962	\$ 5,364,833	\$ 4,928,639
District's proportionate share of the net pension liability as percentage of covered-employee payroll	145%	147%	157%	150%	139%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalPERS					
District's proportion of the net pension liability	0.028%	0.026%	0.025%	0.022%	0.022%
District's proportionate share of the net pension liability	\$ 8,044,105	\$ 6,943,380	\$ 5,889,380	\$ 4,254,938	\$ 3,207,479
District's covered-employee payroll	\$ 4,279,453	\$ 3,849,620	\$ 3,486,771	\$ 3,274,568	\$ 2,608,897
District's proportionate share of the net pension liability as percentage of covered-employee payroll	188%	180%	169%	130%	123%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%

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

CalSTRS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 1,963,337	\$ 1,440,198	\$ 1,290,712	\$ 1,121,516	\$ 973,753
District's contributions in relation to the statutorily required contribution	1,963,337	1,440,198	1,290,712	1,121,516	973,753
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 10,279,251	\$ 7,540,304	\$ 6,757,654	\$ 6,628,345	\$ 6,029,430
District's contributions as a percentage of covered-employee payroll	19.10%	19.10%	19.10%	16.92%	16.15%

CalPERS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 1,874,739	\$ 1,738,704	\$ 1,356,168	\$ 1,063,633	\$ 906,609
District's contributions in relation to the statutorily required contribution	1,874,739	1,738,704	1,356,168	1,063,633	906,609
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,930,643	\$ 6,516,882	\$ 5,345,558	\$ 4,642,658	\$ 4,379,754
District's contributions as a percentage of covered-employee payroll	27.05%	26.68%	25.37%	22.91%	20.70%

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

CalSTRS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 1,074,507	\$ 956,236	\$ 805,908	\$ 674,896	\$ 528,843
District's contributions in relation to the statutorily required contribution	1,074,507	956,236	805,908	674,896	528,843
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,284,505	\$ 5,929,044	\$ 5,584,962	\$ 5,364,833	\$ 4,928,639
District's contributions as a percentage of covered-employee payroll	17.10%	16.13%	14.43%	12.58%	10.73%

CalPERS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 839,588	\$ 692,231	\$ 534,150	\$ 454,772	\$ 309,076
District's contributions in relation to the statutorily required contribution	839,588	692,231	534,150	454,772	309,076
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,279,453	\$ 3,849,620	\$ 3,486,771	\$ 3,274,568	\$ 2,608,897
District's contributions as a percentage of covered-employee payroll	19.62%	17.98%	15.32%	13.89%	11.85%

**PALO VERDE COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

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

The Schedule of Changes in Net OPEB liability/(Asset) and Related Ratios is presented to illustrate the elements of the District's net OPEB liability/(asset). There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Changes of Benefit Terms - There were no changes in benefit terms since the previous valuation.

Changes of Assumptions - The discount rate changed from 4.75% to 5.20% since the previous valuation.

Schedule of Contributions – OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, 10 years of information will be presented.

Schedule of Proportionate Share of the Net Pension Liability

This schedule presents 10 years of information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District.

Changes of Benefit Terms - The required employer contribution rate for CalPERS increased from 26.68% to 27.05%, while there were no changes in benefit terms since the previous valuations for CalSTRS.

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

Schedule of Contributions – Pensions

This schedule presents 10 years of information on the District's required contributions relating to the pensions.

SUPPLEMENTARY INFORMATION

**PALO VERDE COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATION
JUNE 30, 2025**

ORGANIZATION

The Palo Verde Community College District (the "District") was established in 1947 and became a separate district in 1973. The District is located in the eastern portion of Riverside County. The District annexed the City of Needles during 1999. There were no other changes to the boundaries of the District during the year. The District operates a campus in Blythe, California and a center in Needles, California. The District relocated to its newly constructed campus in Blythe in August, 2001.

The District provides the first two years of instruction transferable to accredited four-year colleges and universities, as well as vocational and technical education.

BOARD OF TRUSTEES

The District is governed by a Board of Trustees, consisting of five members, who are elected to staggered four-year terms. The members and officers of the Board of Trustees, as of June 30, 2025, were as follows:

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Stella Styers	President	2028
Gloria Copple	Vice-President	2028
Jon McNiel	Clerk	2028
Angel Ramirez	Trustee	2026
Brad Arneson	Trustee	2026
Glenda Williams	Trustee	2026
Vacant	Trustee	-
Melina Rangel Ruiz	Student Trustee	2026

DISTRICT ADMINISTRATION

Bruce Moses, Ed.D.
Interim Superintendent/President

Stephanie Slagan <i>Assistant Superintendent/Vice President Administrative Services</i>	Clint Cowden <i>Assistant Superintendent/ Vice President of Instruction and Student Services</i>
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AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME/TITLE	ESTABLISHMENT AND MASTER AGREEMENT DATE
Palo Verde College Foundation	Marcella Thomas <i>President</i>	Organized as an auxiliary organization in 1985 and has a signed master agreement dated September 8, 2015

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Program Expenditures
U.S. Department of Education			
<i>Direct Programs</i>			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063	*	\$ 1,477,122
Federal Supplemental Education Opportunity Grants (FSEOG)	84.007	*	42,517
Federal Work Study Program	84.033	*	<u>38,595</u>
Subtotal Student Financial Assistance Cluster			<u>1,558,234</u>
TRIO Cluster			
TRIO - Student Support Services	84.042A	*	215,643
TRIO - Upward Bound	84.047	*	<u>184,292</u>
Subtotal TRIO Cluster			<u>399,935</u>
Child Care Access Means Parents in School	84.335	*	121
Higher Education Institutional Aid	84.031	*	1,307,689
<i>Passed through the California Community College Chancellor's Office</i>			
Career and Technical Education – Basic Grants to States (Perkins V)	84.048A	23-C01-038	<u>191,158</u>
Total U.S. Department of Education			<u>3,457,137</u>
U.S. Department of Treasury			
<i>Passed through California Community Colleges Chancellor's Office:</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	*	<u>(839)</u>
Total U.S. Department of Treasury			<u>(839)</u>
U.S. Department of Agriculture			
<i>Passed Through California Department of Education</i>			
Child and Adult Care Food Program	10.558	*	<u>52,780</u>
Total U.S. Department of Agriculture			<u>52,780</u>
U.S. Department of Health and Human Services			
<i>Passed Through California Community Colleges Chancellor's Office</i>			
Temporary Assistance for Needy Families (TANF)	93.558	*	<u>18,205</u>
Total U.S. Department of Health and Human Services			<u>18,205</u>
Total Federal Programs			<u>\$ 3,527,283</u>

*Pass-Through number is either not available or not applicable.

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

Program Title	Program Revenues				Total
	Cash Received	Accounts Receivable	Grantor Advances	Total Revenue	Program Expenditures
Adult Basic Education Grant (AB86)	\$ 1,706,273	\$ -	\$ 609,933	\$ 1,096,340	\$ 1,096,340
Access to Print	10,835	-	10,835	-	-
Basic Needs Center	397,854	-	83,994	313,860	313,860
Block Grant (Sch Mtn)	687,871	-	108,529	579,342	579,342
California Work Opportunity & Responsibility to Kids	195,456	21	28,836	166,641	166,641
Cultural Competence Faculty PD	50,435	-	50,435	-	-
Common Course Numbering	913,043	-	805,780	107,263	107,263
Child Development Center	778,945	560	84,284	695,221	695,221
Cooperative Agencies & Resources for Education	141,570	-	14,677	126,893	126,893
CTE Data Unlock Grant	47,703	-	-	47,703	47,703
Deaf and Hard of Hearing	5,847	-	863	4,984	4,984
Disabled Students Programs & Services	446,175	35	62,377	383,833	383,833
Equal Employment Opportunity	163,376	-	13,626	149,750	149,750
EOPS One-time Funda	142,566	-	142,566	-	-
Extended Opportunity Programs & Services	1,153,009	-	183,148	969,861	969,861
Equitable Placement & Completion Grant Program	243,893	-	220,264	23,629	23,629
Financial Aid Technology	96,586	-	-	96,586	96,586
Financial Aid One-time Funds	76,588	-	-	76,588	76,588
Guided Pathways	23,512	-	4,640	18,872	18,872
Hunger Free Campus	25,677	-	-	25,677	25,677
HRTTP High Road Training Partnership	527,727	197,837	388,746	336,818	336,818
Invention and Inclusive Innovation Initiative	17,685	-	57,937	(40,252)	(40,252)
LGBTQ+	120,355	-	111,246	9,109	9,109
Lottery	506,207	109,517	282,253	333,471	333,471
Mental Health Services	210,537	-	19,666	190,871	190,871
Management Information Systems	391,571	15	175,015	216,571	216,571
Nextup	225,106	-	84,159	140,947	140,947
Outreach Program	7,176	-	-	7,176	7,176
Puente	80,674	-	40,681	39,993	39,993
Rising Scholars	77,312	88,818	18	166,112	166,112
Rural Technology Grant	15,195	-	5,288	9,907	9,907
Strong Workforce Program (Other Reimbursable)	454,949	-	180,599	274,350	274,350
Student Equity Achievement	1,241,222	81	25,022	1,216,281	1,216,281
Student Financial Aid Administration	304,991	-	23,005	281,986	281,986
Student Success Completion Grant	243,542	-	22,536	221,006	221,006
Student Transfer Achievement Grant	565,217	-	453,008	112,209	112,209
Transfer Center	20,213	-	1,229	18,984	18,984
UMOJA	150,703	-	118,702	32,001	32,001
Undocumented Resource Liaisons	95,880	-	20,317	75,563	75,563
Veterans Resource Center	74,530	-	22,733	51,797	51,797
Zero Textbook Cost Program	511,409	-	448,055	63,354	63,354
Total	\$ 13,149,415	\$ 396,884	\$ 4,905,002	\$ 8,641,297	\$ 8,641,297

**PALO VERDE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT –
ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2025**

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2024 only)			
1. Noncredit	0.54	-	0.54
2. Credit	296.34	-	296.34
B. Summer Intersession (Summer 2025 - Prior to July 1, 2025)			
1. Noncredit	-	-	-
2. Credit	15.04	-	15.04
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	202.50	-	202.50
(b) Daily Census Contact Hours	46.65	-	46.65
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	15.39	-	15.39
(b) Credit	722.85	-	722.85
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	1,121.57	-	1,121.57
(b) Daily Census Contact Hours	3.10	-	3.10
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	2,423.98	-	2,423.98
Supplemental Information (subset of above information)			
E. In-service Training Courses	918.02	-	918.02
F. Basic Skills Courses and Immigrant Education			
1. Credit	2.20	-	2.20
2. Noncredit	10.86	-	10.86
Total Basic Skills FTES	13.06	-	13.06

**PALO VERDE COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2025**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 6,874,833	\$ -	\$ 6,874,833	\$ 6,874,833	\$ -	\$ 6,874,833
Other	1300	-	-	-	-	-	-
Total Instructional Salaries		6,874,833	-	6,874,833	6,874,833	-	6,874,833
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	1,627,424	-	1,627,424
Other	1400	-	-	-	-	-	-
Total Non-Instructional Salaries		-	-	-	1,627,424	-	1,627,424
Total Academic Salaries		6,874,833	-	6,874,833	8,502,257	-	8,502,257
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	4,074,150	-	4,074,150
Other	2300	-	-	-	-	-	-
Total Non-Instructional Salaries		-	-	-	4,074,150	-	4,074,150
Instructional Aides							
Regular Status	2200	-	-	-	-	-	-
Other	2400	-	-	-	-	-	-
Total Instructional Aides		-	-	-	-	-	-
Total Classified Salaries		-	-	-	4,074,150	-	4,074,150
Employee Benefits	3000	2,335,441	-	2,335,441	5,396,632	-	5,396,632
Supplies and Materials	4000	-	-	-	174,091	-	174,091
Other Operating Expenses	5000	3,201,714	-	3,201,714	7,169,053	-	7,169,053
Equipment Replacement	6420	-	-	-	132,063	-	132,063
Total Expenditures Prior to Exclusions		12,411,988	-	12,411,988	25,448,246	-	25,448,246
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff-Retirees' Benefits and Incentives	5900	219,437	-	219,437	219,437	-	219,437
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff-Retirees' Benefits and Incentives Retirement Incentives	6740	-	-	-	83,742	-	83,742
Object to Exclude							
Rents and Leases	5060	-	-	-	431,769	-	431,769
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	575,374	-	575,374
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ 219,437	\$ -	\$ 219,437	\$ 1,310,322	\$ -	\$ 1,310,322
Total for ECS 84362, 50% Law		\$ 12,192,551	\$ -	\$ 12,192,551	\$ 24,137,924	\$ -	\$ 24,137,924
Percent of CEE (Instructional Salary Cost/Total CEE)		50.51%	0.00%	50.51%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 12,068,962	\$ -	\$ 12,068,962

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

EPA Revenue	\$ 4,272,099
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 4,272,099	\$ -	\$ -	\$ 4,272,099
Total		\$ 4,272,099	\$ -	\$ -	\$ 4,272,099

**PALO VERDE COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Governmental Funds - District Funds Included in the Reporting Entity:

General Fund		\$	13,857,603
Debt Service Funds			1,764,124
Child Development Fund			177,932
Capital Outlay Project Funds			6,962,741
Bookstore Fund			474,488
Self-Insurance Fund			423,241
Student Financial Aid Fund			3,957
Fiduciary Funds			82,403
Total fund balances as reported in the CCFS-311		\$	<u>23,746,489</u>

Assets recorded within the statement of net position not included in the District fund financial statements:

Capital assets not being depreciated	\$	1,055,937	
Capital assets being depreciated		97,240,316	
Accumulated depreciation		<u>(32,537,461)</u>	65,758,792

Notes Receivable 142,762

Deferred outflows recorded within the statement of net position not included in the District fund financial statements:

Deferred loss on debt refunding	\$	501,574	
Deferred outflows related to OPEB		476,388	
Deferred outflows related to pensions		<u>7,630,276</u>	8,608,238

In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term debt is recognized when it is incurred. (378,395)

In governmental funds, debt issuance costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issuance costs are amortized over the life of the debt. 158,256

Liabilities recorded within the statement of net position not recorded in the District fund financial statements:

General obligation bonds payable and accretion	\$	(14,918,971)	
Premiums and discounts		(282,231)	
Certificates of participation		(9,710,000)	
Compensated absences		(2,185,216)	
Supplemental employee retirement plan		(1,485,192)	
Net OPEB liability		(1,322,271)	
Net pension liability		(18,983,594)	
OPEB - cash in lieu plan		<u>(2,566,442)</u>	(51,453,917)

Deferred inflows recorded within the statement of net position not included in the District fund financial statements:

Deferred inflows related to OPEB	\$	(803,221)	
Deferred inflows related to pensions		(1,091,438)	(1,894,659)

Net Position Reported Within the Statement of Net Position \$ 44,617,532

**PALO VERDE COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's organization, members of the governing board, and administration members.

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 allowed under Uniform Guidance.

The District does not provide Federal awards to subrecipients during the year ended June 30, 2025.

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

Full-Time Equivalent Students (FTES) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

Reconciliation of Education Code Section 84362 (50 Percent Law) Calculation

Education Code Section 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.

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 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.

OTHER INDEPENDENT AUDITORS' REPORTS



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Trustees
Palo Verde Community College District
Blythe, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the fiduciary activities of Palo Verde Community College District (the "District") as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 27, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



San Diego, California
January 27, 2026



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

The Board of Trustees
Palo Verde Community College District
Blythe, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Purpose of This Report

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

CWDL, Certified Public Accountants

San Diego, California
January 27, 2026



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

The Board of Trustees
Palo Verde Community College District
Blythe, California

Report on State Compliance

Opinion

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

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

Basis for Opinion

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements described in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

- Section 411 – SCFF Data Management Control Environment
- Section 412 – SCFF Supplemental Allocation Metrics
- Section 413 – SCFF Success Allocation Metrics
- Section 421 – Salaries of Classroom Instructors (50 Percent Law)
- Section 423 – Apportionment for Activities Funded From Other Sources
- Section 424 – Student Centered Funding Formula Base Allocation: FTES
- Section 425 – Residency Determination for Credit Courses
- Section 426 – Students Actively Enrolled
- Section 427 – Dual Enrollment (CCAP)
- Section 430 – Scheduled Maintenance Program
- Section 431 – Gann Limit Calculation
- Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Section 475 – Disabled Student Programs and Services (DSPS)
- Section 490 – Propositions 1D and 51 State Bond Funded Projects
- Section 491 – Education Protection Account Funds
- Section 492 – Student Representation Fee
- Section 494 – State Fiscal Recovery Fund
- Section 498 – COVID-19 Response Block Grant Expenditures

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Purpose of this Report

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

CWDL, Certified Public Accountants

San Diego, California
January 27, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PALO VERDE COMMUNITY COLLEGE DISTRICT
SUMMARY OF AUDITORS' RESULTS
JUNE 30, 2025

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	<u>No</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200, <i>Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards</i>	<u>No</u>

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

**PALO VERDE COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

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

There were no financial statement findings identified during 2024-25.

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

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

There were no federal award findings or questioned costs identified during 2024-25.

**PALO VERDE COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

There were no state award findings or questioned costs identified during 2024-25.

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

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

There were no findings or questioned costs identified during 2023-24.