

Perez, Ron

From: Brady, Diane <dbrady@CCCCO.EDU>
Sent: Wednesday, February 24, 2016 11:43 AM
To: SO2CBO@LISTSERV.CCCNEXT.NET
Subject: Apportionment reports will be posted today

Colleagues,

The Recalculation for 2014-15 and the First Principal Apportionment for 2015-16 will be posted on our website today at this link:

<http://extranet.cccco.edu/Divisions/FinanceFacilities/FiscalServicesUnit/Reports/ApportionmentReports.aspx>

We are happy to report that the 2014-15 year ended with no deficit. All the growth funds were expended, and there were still more than 2,300 unfunded FTES in the system. During the 2014-15 year, 22 districts received stabilization funding.

For 2015-16, you will see that there is a deficit of approximately 1.3% shown on Exhibit C. It is not unusual for us to experience deficits earlier in the fiscal year, and then see them diminish throughout the year as we get updated property tax reports from the counties. During the 2014-15 year, for example, the deficit went from 1.6% at P1 to 0.3% at P2, and then was entirely eliminated at Recal.

We expect a similar reduction in the deficit over the course of the 2015-16 year; however, there are a few unusual factors in the current apportionment cycle. There will be a revision of the P1 in March, and it will reflect a higher deficit than is shown in the reports being posted today. We are confident, however, that the deficit will come down at P2, in part due to the end of the Triple Flip, which will free up more property tax revenue over the next few months. More detail about this will be presented in the Background Memo posted on the 2015-16 P1 page.

As the 2016-17 budget cycle is ramping up, remember that it is always helpful to advocate with your locally-elected state officials!

Regards,

Diane Brady
Director, Fiscal Policy
California Community Colleges
(916) 324-2564
dbrady@cccco.edu

**CALIFORNIA COMMUNITY COLLEGES
2014-15 SECOND PRINCIPAL APPORTIONMENT
PALOMAR COMMUNITY COLLEGE DISTRICT**

EXHIBIT C

Workload measures:	Base Funding	Marginal Funding	Base FTEs	11-12 Workload Restoration FTEs	Growth FTEs	Restored FTEs	Stability FTEs	Total Funded FTEs	Unfunded FTEs	Actual FTEs
Credit FTEs	4,836.482679	4,875.803043	17,940.300	597.830	0.000	0.000	0.000	18,537.930	0.000	18,537.930
Noncredit FTEs	2,769.053837	2,811.752093	331.440	-50.070	0.000	0.000	0.000	281.370	0.000	281.370
Noncredit - CDCP FTEs	3,282.811081	3,310.714955	530.830	-29.520	0.000	0.000	0.000	501.110	0.000	501.110
Total FTEs:			18,802.370	518.040	0.000	0.000	0.000	19,320.410	0.000	19,320.410

I Base Revenues +/- Restore or Decline

A Basic Allocation		\$5,747,388
B Basic FTEs Revenue Before Workload Reduction	\$85,846,103	
C Workload Reduction	\$0.00	
D Revised Base FTEs Revenue		\$85,846,103
1 Credit Base Revenue	\$83,180,073	
2 Noncredit Base Revenue	\$924,072	
3 Career Development College NonCr	\$1,741,958	
E Current Year Decline		\$0
Total Base Revenue Less Decline		\$82,593,491

II Inflation Adjustment

A Statewide Inflation Adjustment	0.85%	
B Inflation Adjustment	\$787,045	
Total Inflation Adjustment		\$787,045

III Basic Allocation & Restoration

A Basic Allocation Adjustment	\$0	
B Basic Allocation Adjustment COLA	\$0	
C Stability Restoration	\$0	
D Restoration of 11-12 Workload Reduction	\$2,555,944	
Total Basic Allocation & Restoration		\$2,555,944

IV Growth

A Unadjusted Growth Rate	0.00%	
B Constrained Growth Rate	0.00%	
C Constrained Growth Cap	\$0	
D Actual Growth	\$0	
E Funded Credit Growth Revenue	\$0	
F Funded Noncredit Growth Revenue	\$0	
G Funded Noncredit CDCP Growth Revenue	\$0	
Total Growth Revenue		\$0

V Other Revenues Adjustments

A Revenue Adjustment	\$0
Total Revenue Adjustments	\$0

VI Stability Adjustment

	\$0
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VII Total Computational Revenue

(sum of II, III, IV, V, & VI)	\$95,936,480
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VIII District Revenue Source

A1 Property Taxes	\$59,255,672
A2 Less Property Taxes Excess	\$0
B Student Enrollment Fees	\$9,123,448
C State General Apportionment	\$10,552,118
D Estimated EPA	\$16,700,255
Available Revenue	\$95,631,494
E Revenue Shortfall	0.9968209590
Total Revenue Plus Shortfall	\$95,936,480

IX Other Allowances and Total Apportionments

A State General Apportionment	\$10,552,118
B Statewide Average Replacement Cost	\$73,057
Number of Faculty Not Hired	0.00
Full-time Faculty Adjustment	\$0
Net State General Apportionment	\$10,552,118

X Unrestored Decline as of July 1st of Current Year

A 1st Year	\$0
B 2nd Year	\$0
C 3rd Year	\$0
Total	\$0

Regular Growth Caps adjusted by a factor of 0.00000000 to match funding.

**Basic Allocation Calculation Before Current Year COLA
College/Center Base Funding Rates (Current Year FTEs Thresholds):**

Single College District Funding Rates: Total FTEs			Multi-College District Funding Rate: Total FTEs				
> 19,293	> 9,647	<= 9,647	Rural	> 19,293	> 9,647	<= 9,647	
\$5,822,823	\$4,498,258	\$3,373,894	\$562,282	\$4,498,258	\$3,835,978	\$3,373,894	Total Colleges
FTEs:							
1	0	0	0	0	0	0	1
Revenue:							Total Colleges Rev.
\$5,822,823	\$0	\$0	\$0	\$0	\$0	\$0	\$5,822,823
State Approved Center: Funding Rates			Total State Approved Centers	Total State Approved Centers Revenue			
1	\$1,124,565		1	\$1,124,565			
Grandfathered or Previously Approved Center: Funding Rates @ FTEs Levels							
> 965	> 724	> 482	> 241	<= 100			
\$1,124,565	\$843,423	\$582,282	\$281,141	\$140,571	Total Grandfathered or Previously Approved Centers	Total Basic Allocation Revenue	
Number of Grandfathered or Previously Approved Centers: @ Total FTEs							
0	0	0	0	0	0	\$5,747,388	
Grandfathered or Previously Approved Center Revenue:					Total Grandfathered or Approved Center		
\$0	\$0	\$0	\$0	\$0	\$0		

**CALIFORNIA COMMUNITY COLLEGES
2014-15 RECALCULATION APPORTIONMENT
PALOMAR COMMUNITY COLLEGE DISTRICT**

EXHIBIT E

Workload measures:	Base Funding	Marginal Funding	Base FTES	11-12 Workload Restoration FTES	Growth FTES	Restored FTES	Stability FTES	Total Funded FTES	Unfunded FTES	Actual FTES
Credit FTES	4,836,492,879	4,875,600,000	17,840,300	\$15,080	0.000	0.000	0.000	18,855,390	0.000	18,855,390
Noncredit FTES	2,768,053,637	2,811,752,093	331,440	-52,880	0.000	0.000	0.000	278,780	0.000	278,780
Noncredit - CDCP FTES	3,282,811,081	3,310,714,955	530,830	-35,240	0.000	0.000	0.000	495,390	0.000	495,390
Total FTES:			18,802,370	827,190	0.000	0.000	0.000	19,829,560	0.000	19,829,560

I Base Revenues +/- Restore or Decline

A Basic Allocation			\$8,747,388
B Basic FTES Revenue Before Workload Reduction		\$85,846,103	
C Workload Reduction		\$0.00	
D Revised Base FTES Revenue			\$85,846,103
1 Credit Base Revenue		\$83,180,073	
2 Noncredit Base Revenue		\$24,072	
3 Career Development College NonCr		\$1,741,958	
E Current Year Decline			\$0
Total Base Revenue Less Decline			\$82,593,491

II Inflation Adjustment

A Statewide Inflation Adjustment		0.85%	
B Inflation Adjustment		\$787,045	
Total Inflation Adjustment			\$787,045

III Basic Allocation & Restoration

A Basic Allocation Adjustment		\$0	
B Basic Allocation Adjustment COLA		\$0	
C Stability Restoration		\$0	
D Restoration of 11-12 Workload Reduction		\$4,014,135	
Total Basic Allocation & Restoration			\$4,014,135

IV Growth

A Unadjusted Growth Rate		0.00%	
B Constrained Growth Rate		0.00%	
C Constrained Growth Cap		\$0	
D Actual Growth		\$0	
E Funded Credit Growth Revenue		\$0	
F Funded Noncredit Growth Revenue		\$0	
G Funded Noncredit CDCP Growth Revenue		\$0	
Total Growth Revenue			\$0

V Other Revenues Adjustments

A Revenue Adjustment		\$0
B Funding of Unfunded FTES		\$0
Total Revenue Adjustments		\$0

VI Stability Adjustment

		\$0
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VII Total Computational Revenue

(sum of II, III, IV, V, & VI)		\$87,394,671
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VIII District Revenue Source

A1 Property Taxes		\$59,311,549
A2 Less Property Taxes Excess		\$0
B Student Enrollment Fees		\$9,104,748
C State General Apportionment		\$12,049,227
D Estimated EPA		\$18,829,147
Available Revenue		\$97,394,671
E Revenue Shortfall	1.0000000000	\$0
Total Revenue Plus Shortfall		\$97,394,671

IX Other Allowances and Total Apportionments

A State General Apportionment		\$12,049,227
B Statewide Average Replacement Cost	\$73,057	
Number of Faculty Not Hired	0.00	
Full-Time Faculty Adjustment		\$0
Net State General Apportionment		\$12,049,227

X Unrestored Decline as of July 1st of Current Year

A 1st Year		\$0
B 2nd Year		\$0
C 3rd Year		\$0
Total		\$0

Regular Growth Caps adjusted by a factor of 0.00000000 to match funding.

**Basic Allocation Calculation Before Current Year COLA
College/Center Base Funding Rates (Current Year FTES Thresholds):**

Single College District Funding Rates: Total FTES			Multi-College District Funding Rate: Total FTES				
> 19,288	> 9,644	<= 9,644	Rural	> 19,288	> 9,644	<= 9,644	
\$5,622,823	\$4,498,258	\$3,373,694	\$562,282	\$4,498,258	\$3,938,976	\$3,373,694	
FTES:							Total Colleges
1	0	0	0	0	0	0	1
Revenue:							Total Colleges Rev.
\$5,622,823	\$0	\$0	\$0	\$0	\$0	\$0	\$5,622,823
State Approved Center: Funding Rates			Total State Approved Centers	Total State Approved Centers Revenue			
1	\$1,124,565		1	\$1,124,565			
Grandfathered or Previously Approved Center: Funding Rates @ FTES Levels							
> 964	> 723	> 482	> 241	<= 100			
\$1,124,565	\$843,423	\$562,282	\$281,141	\$140,871	Total Grandfathered or Previously Approved Centers		Total Basic Allocation Revenue
Number of Grandfathered or Previously Approved Centers: @ Total FTES							
0	0	0	0	0	0		\$8,747,388
Grandfathered or Previously Approved Center Revenue:					Total Grandfathered or Approved Center		
\$0	\$0	\$0	\$0	\$0	\$0		

**CALIFORNIA COMMUNITY COLLEGES
2015-16 FIRST PRINCIPAL APPORTIONMENT
PALOMAR COMMUNITY COLLEGE DISTRICT**

EXHIBIT C

Workload measures:	Base Funding	Marginal Funding	Base FTEs	Growth FTEs	Restored FTEs	Stability FTEs	Total Funded FTEs	Unfunded FTEs	Actual FTEs
Credit FTEs	4,875.903035	4,723.597254	18,855.390	0.000	0.000	-3,013.100	15,842.290	0.000	15,842.290
Noncredit FTEs	2,811.752093	2,840.431965	278.780	0.000	0.000	-22.250	256.530	0.000	256.530
Noncredit - CDCP FTEs	4,875.903043	4,723.597254	495.390	0.000	0.000	28.110	523.500	0.000	523.500
Total FTEs:			19,629.560	0.000	0.000	-3,007.240	16,622.320	0.000	16,622.320

I Base Revenues +/- Restore or Decline

A Basic Allocation	\$8,804,740
B Basic FTEs Revenue Before Workload Reduction	\$91,266,231
C Workload Reduction	\$0.00
D Revised Base FTEs Revenue	\$91,266,231
1 Credit Base Revenue	\$88,185,975
2 Noncredit Base Revenue	\$783,860
3 Career Development College NonCr	\$2,316,396
E Current Year Decline	\$-14,020,086
Total Base Revenue Less Decline	\$84,050,885

V Other Revenue Adjustments

A Misc. Revenue Adjustments	\$0
B Full-Time Faculty Hiring	\$804,284
C Base Increase	\$4,825,554
Total Revenue Adjustments	\$5,529,818

VI Stability Adjustment

	\$14,183,091
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**VII Total Computational Revenue
(sum of II, III, IV, V, & VI)**

	\$104,601,113
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II Inflation Adjustment

A Statewide Inflation Adjustment	1.02%
B Inflation Adjustment	\$857,319
C Current Year Base Revenue + Inflation Adjustment	\$84,908,204

VIII District Revenue Source

A1 Property Taxes	\$62,759,938
A2 Less Property Taxes Excess	\$0
B Student Enrollment Fees	\$8,891,712
C State General Apportionment	\$15,827,048
D Estimated EPA	\$15,781,358
Available Revenue	\$103,280,054
E Revenue Shortfall	0.9871793047
Total Revenue Plus Shortfall	\$104,601,113

III Basic Allocation & Restoration

A Basic Allocation Adjustment	\$0
B Basic Allocation Adjustment COLA	\$0
C Stability Restoration	\$0
D Restoration of 11-12 Workload Reduction	\$0

IX Other Allowances and Total Apportionments

A State General Apportionment	\$15,827,048
B Statewide Average Replacement Cost	\$73,057
Number of Faculty Not Hired	0.00
Full-time Faculty Adjustment	\$0
Net State General Apportionment	\$15,827,048

IV Growth

A Unconstrained Growth Rate	1.86%
B Constrained Growth Rate	1.83%
C Constrained Growth Cap	\$1,822,114
D Actual Growth	\$0
E Funded Credit Growth Revenue	\$0
F Funded Noncredit Growth Revenue	\$0
G Funded Noncredit CDCP Growth Revenue	\$0
Total Growth Revenue	\$0

X Unrestored Decline as of July 1st of Current Year

A 1st Year	\$0
B 2nd Year	\$0
C 3rd Year	\$0
Total	\$0

**Basic Allocation Calculation Before Current Year COLA
College/Center Base Funding Rates (Current Year FTEs Thresholds):**

Single College District Funding Rates: Total FTEs			Multi-College District Funding Rate: Total FTEs				
> 19,880	> 9,940	<= 9,940	Rural	> 19,880	> 9,940	<= 9,940	
\$5,670,817	\$4,836,483	\$3,402,370	\$567,062	\$4,836,483	\$3,969,432	\$3,402,370	Total Colleges
FTEs:							
1	0	0	0	0	0	0	1
Revenue:							Total Colleges Rev.
\$5,670,817	\$0	\$0	\$0	\$0	\$0	\$0	\$5,670,817
State Approved Center: Funding Rates			Total State Approved Centers	Total State Approved Centers Revenue			
1	\$1,134,123		1	\$1,134,123			
Grandfathered or Previously Approved Center: Funding Rates @ FTEs Levels							
> 994	> 744	> 497	> 249	<= 100	Total Grandfathered or Previously Approved Centers	Total Basic Allocation Revenue	
\$1,134,123	\$680,592	\$567,062	\$283,531	\$141,785			
Number of Grandfathered or Previously Approved Centers: @ Total FTEs							
0	0	0	0	0	0	\$8,804,740	
Grandfathered or Previously Approved Center Revenue:					Total Grandfathered or Approved Center		
\$0	\$0	\$0	\$0	\$0	\$0		

**CALIFORNIA COMMUNITY COLLEGES
2015-16 ADVANCE PRINCIPAL APPORTIONMENT
PALOMAR COMMUNITY COLLEGE DISTRICT**

September Revision
EXHIBIT C

Workload measures:	Base Funding	Marginal Funding	Base FTES	Growth FTES	Restored FTES	Stability FTES	Total Funded FTES	Unfunded FTES	Actual FTES
Credit FTES	4,875.903034	4,723.587254	18,537.930	328.828	0.000	0.000	18,866.558	0.000	18,866.558
Noncredit FTES	2,811.752093	2,840.431965	281.370	4.988	0.000	0.000	286.358	0.000	286.358
Noncredit - CDCP FTES	4,875.903043	4,723.587254	501.110	6.290	0.000	0.000	507.400	0.000	507.400
Total FTES:			19,320.410	339.906	0.000	0.000	19,860.318	0.000	19,860.318

I Base Revenues +/- Restore or Decline

A Basic Allocation	\$8,804,740
B Basic FTES Revenue Before Workload Reduction	\$89,815,848
C Workload Reduction	\$0.00
D Revised Base FTES Revenue	\$89,815,848
1 Credit Base Revenue	\$88,981,563
2 Noncredit Base Revenue	\$791,143
3 Career Development College NonCr	\$2,343,142
E Current Year Decline	\$0
Total Base Revenue Less Decline	\$89,820,588

V Other Revenue Adjustments

A Misc. Revenue Adjustments	\$0
B Full-Time Faculty Hiring	\$1,031,876
C Base Increase	\$4,585,058
Total Revenue Adjustments	\$5,616,934

VI Stability Adjustment

	\$0
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VII Total Computational Revenue (sum of II, III, IV, V, & VI)	\$104,819,237
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II Inflation Adjustment

A Statewide Inflation Adjustment	1.02%
B Inflation Adjustment	\$985,530
C Current Year Base Revenue + Inflation Adjustment	\$97,806,118

VIII District Revenue Source

A1 Property Taxes	\$87,480,498
A2 Less Property Taxes Excess	\$0
B Student Enrollment Fees	\$9,334,410
C State General Apportionment	\$11,845,032
D Estimated EPA	\$15,542,474
E Available Revenue	\$104,202,414
F Revenue Shortfall	0.9941153845
Total Revenue Plus Shortfall	\$104,819,237

III Basic Allocation & Restoration

A Basic Allocation Adjustment	\$0
B Basic Allocation Adjustment COLA	\$0
C Stability Restoration	\$0
D Restoration of 11-12 Workload Reduction	\$0
Total Basic Allocation & Restoration	\$0

IX Other Allowances and Total Apportionments

A State General Apportionment	\$11,845,032
B Statewide Average Replacement Cost	\$73,057
Number of Faculty Not Hired	0.00
Full-time Faculty Adjustment	\$0
Net State General Apportionment	\$11,845,032

IV Growth

A Unconstrained Growth Rate	1.85%
B Constrained Growth Rate	1.81%
C Constrained Growth Cap	\$1,596,185
D Actual Growth	\$1,596,185
E Funded Credit Growth Revenue	\$1,552,307
F Funded Noncredit Growth Revenue	\$14,188
G Funded Noncredit CDCP Growth Revenue	\$29,710
Total Growth Revenue	\$1,596,185

X Unrestored Decline as of July 1st of Current Year

A 1st Year	\$0
B 2nd Year	\$0
C 3rd Year	\$0
Total	\$0

**Basic Allocation Calculation Before Current Year COLA
College/Center Base Funding Rates (Current Year FTES Thresholds):**

Single College District Funding Rates: Total FTES			Multi-College District Funding Rate: Total FTES				
> 19,880	> 9,940	<= 9,940	Rural	> 19,880	> 9,940	<= 9,940	
\$5,670,617	\$4,536,493	\$3,402,370	\$567,062	\$4,536,493	\$3,969,432	\$3,402,370	
FTEs:							Total Colleges
1	0	0	0	0	0	0	1
Revenue:							Total Colleges Rev.
\$5,670,617	\$0	\$0	\$0	\$0	\$0	\$0	\$5,670,617
State Approved Center: Funding Rates			Total State Approved Centers	Total State Approved Centers Revenue			
1	\$1,134,123		1	\$1,134,123			
Grandfathered or Previously Approved Center: Funding Rates @ FTES Levels							
> 994	> 746	> 497	> 249	<= 100	Total Grandfathered or Previously Approved Centers		
\$1,134,123	\$850,592	\$567,062	\$283,531	\$141,785	Total Basic Allocation Revenue		
Number of Grandfathered or Previously Approved Centers: @ Total FTES							
0	0	0	0	0	0	\$8,804,740	
Grandfathered or Previously Approved Center Revenue:					Total Grandfathered or Approved Center		
\$0	\$0	\$0	\$0	\$0	\$0		

2015-16 First Principal Apportionment

	Community College	Workload Measure	Rate/FTES	Total Funded FTES	Stability FTES	Stability Adjustment
1	San Francisco	Credit FTES	4,723.60	14,562.38	(7,180.31)	
		Noncredit FTES	2,840.43	1,707.28	(820.05)	
		Noncredit - CDCP FTES	4,723.60	5,021.82	(1,698.40)	
		Total FTES		21,291.48	(9,698.76)	\$ (44,268,718.00)
2	South Orange		BASIC	AID		
		Credit FTES	4,723.60	22,211.67	(3,657.86)	
		Noncredit FTES	2,840.43	2,050.54	283.91	
		Noncredit - CDCP FTES	4,723.60	153.74	(8.93)	
		Total FTES		24,415.95	(3,382.88)	\$ (16,514,012.00)
3	Palomar	Credit FTES	4,723.60	15,842.29	(3,013.10)	
		Noncredit FTES	2,840.43	256.53	(22.25)	
		Noncredit - CDCP FTES	4,723.60	523.50	28.11	
		Total FTES		16,622.32	(3,007.24)	\$ (14,163,091.00)
4	Glendale	Credit FTES	4,723.60	11,633.91	(907.56)	
		Noncredit FTES	2,840.43	321.47	50.08	
		Noncredit - CDCP FTES	4,723.60	2,442.31	(206.70)	
		Total FTES		14,397.69	(1,064.18)	\$ (5,121,067.00)
5	Santa Barbara	Credit FTES	4,723.60	12,862.81	(710.53)	
		Noncredit FTES	2,840.43	185.24	(142.46)	
		Noncredit - CDCP FTES	4,723.60	246.85	(197.94)	
		Total FTES		13,294.90	(1,050.93)	\$ (4,695,894.00)
6	San Mateo	Credit FTES	4,723.60	16,944.03	(904.85)	
		Noncredit FTES	2,840.43	75.48	(50.51)	
		Noncredit - CDCP FTES	4,723.60	-	-	
		Total FTES		17,019.51	(955.36)	\$ (4,417,617.00)
7	Cabrillo	Credit FTES	4,723.60	9,836.54	(878.75)	
		Noncredit FTES	2,840.43	185.96	5.10	
		Noncredit - CDCP FTES	4,723.60	-	-	
		Total FTES		10,022.50	(873.65)	\$ (4,136,375.00)
8	Redwoods	Credit FTES	4,723.60	3,374.13	(515.83)	
		Noncredit FTES	2,840.43	19.82	(50.25)	
		Noncredit - CDCP FTES	4,723.60	26.97	26.97	
		Total FTES		3,420.92	(539.11)	\$ (2,451,910.00)
9	Mendocino-Lake	Credit FTES	4,723.60	2,565.93	(386.17)	
		Noncredit FTES	2,840.43	37.24	(5.84)	
		Noncredit - CDCP FTES	4,723.60	43.36	(7.34)	
		Total FTES		2,646.53	(399.35)	\$ (1,875,371.00)
10	San Jose-Evergreen	Credit FTES	4,723.60	11,935.31	(324.12)	
		Noncredit FTES	2,840.43	96.26	(15.55)	
		Noncredit - CDCP FTES	4,723.60	-	-	
		Total FTES		12,031.57	(339.67)	\$ (1,575,181.00)
11	Allan Hancock	Credit FTES	4,723.60	8,263.00	(285.66)	
		Noncredit FTES	2,840.43	585.90	32.46	
		Noncredit - CDCP FTES	4,723.60	345.87	(27.18)	
		Total FTES		9,194.77	(280.38)	\$ (1,385,529.00)
12	Foothill-De Anza	Credit FTES	4,723.60	26,757.52	(241.10)	
		Noncredit FTES	2,840.43	177.89	(21.46)	
		Noncredit - CDCP FTES	4,723.60	171.04	16.05	
		Total FTES		27,106.45	(246.51)	\$ (1,124,001.00)
13	Shasta-Tehama-Trinity	Credit FTES	4,723.60	6,574.56	(195.62)	
		Noncredit FTES	2,840.43	186.76	36.76	
		Noncredit - CDCP FTES	4,723.60	13.48	(29.74)	
		Total FTES		6,774.80	(188.60)	\$ (960,096.00)
14	Lassen	Credit FTES	4,723.60	1,527.95	(185.82)	
		Noncredit FTES	2,840.43	22.46	(24.69)	
		Noncredit - CDCP FTES	4,723.60	-	-	
		Total FTES		1,550.41	(210.51)	\$ (947,869.00)
15	Marin	Credit FTES	4,723.60	3,432.51	(150.73)	
		Noncredit FTES	2,840.43	220.87	(4.35)	
		Noncredit - CDCP FTES	4,723.60	-	-	
		Total FTES		3,653.38	(155.08)	\$ (724,344.00)
16	Ohlone	Credit FTES	4,723.60	8,105.56	(27.20)	
		Noncredit FTES	2,840.43	-	-	
		Noncredit - CDCP FTES	4,723.60	-	-	
		Total FTES		8,105.56	(27.20)	\$ (128,482.00)
17	Monterey Peninsula	Credit FTES	4,723.60	5,972.98	(10.89)	
		Noncredit FTES	2,840.43	385.56	(11.22)	
		Noncredit - CDCP FTES	4,723.60	120.24	(7.90)	
		Total FTES		6,478.78	(30.01)	\$ (120,626.00)
18	Napa Valley	Credit FTES	4,723.60	5,142.10	(15.88)	
		Noncredit FTES	2,840.43	509.86	35.22	
		Noncredit - CDCP FTES	4,723.60	-	(18.94)	
		Total FTES		5,651.96	0.40	\$ (64,435.00)
19	Chabot-Las Positas	Credit FTES	4,723.60	17,071.39	(3.39)	
		Noncredit FTES	2,840.43	119.49	(2.27)	
		Noncredit - CDCP FTES	4,723.60	-	-	
		Total FTES		17,190.88	(5.66)	\$ (22,461.00)
	Statewide Total					\$ (104,697,079.00)

Loss of FTES

Impact to Apportionment Revenue

FY 15-16 Base FTES	FY 16-17 Budget	Credit Rate	Credit Rate	Estimated Loss Apport. Revenue
19,630	17,500	(2,130)	4,723	(10,057,912)
	17,800	(1,830)	4,723	(8,641,012)
	18,000	(1,630)	4,723	(7,696,412)
	18,200	(1,430)	4,723	(6,751,812)

			PALOMAR COLLEGE				
			RECAP SUMMARY				
			PERIOD ENDING 2016-03-31				
			(RECAP)				
FUND: 11						Run Mar 04, 2016	
PROJECT: 0000000						Layout:	
						RECAP_INTERIM_YEAR	
		BUDGET	EXPENDED	ENCUMBERED	PRE-ENCUMBERED	BALANCE	
PRESIDENT	2300	7,726.00	-	-	-	7,726.00	
	4000	11,011.00	3,546.25	-	200.00	7,264.75	
	5000	500,633.00	324,100.67	18,050.53	73,864.00	84,617.80	
	TOTAL	519,370.00	327,646.92	18,050.53	74,064.00	99,608.55	
INSTRUCTION	2300	635,640.00	316,459.05	-	-	319,180.95	
	2400	432,924.00	242,131.16	-	-	190,792.84	
	4000	198,959.00	70,539.06	4,325.33	-	124,094.61	
	5000	1,385,320.00	926,823.39	47,906.54	4,610.19	405,979.88	
	TOTAL	2,652,843.00	1,555,952.66	52,231.87	4,610.19	1,040,048.28	
STUDENT SERVICES	2300	278,260.00	177,020.75	-	-	101,239.25	
	2400	51,934.00	36,929.41	-	-	15,004.59	
	4000	117,564.00	74,084.47	-	-	43,479.53	
	5000	345,409.00	170,263.57	32,365.02	9,319.56	133,460.85	
	TOTAL	793,167.00	458,298.20	32,365.02	9,319.56	293,184.22	
FINANCE & ADMINISTRATIVE SERVICES	2300	361,360.00	192,994.63	-	-	168,365.37	
	4000	260,944.00	164,077.41	4,724.90	-	92,141.69	
	5000	909,217.00	551,970.67	246,026.80	122.40	111,097.13	
	TOTAL	1,531,521.00	909,042.71	250,751.70	122.40	371,604.19	
HUMAN RESOURCES	2300	53,830.00	25,434.11	-	-	28,395.89	
	4000	19,376.00	17,162.15	-	-	2,213.85	
	5000	90,271.00	50,814.28	38,928.03	-	528.69	
	TOTAL	163,477.00	93,410.54	38,928.03	-	31,138.43	
GRAND TOTALS	2300	1,336,816.00	711,908.54	-	-	624,907.46	
	2400	484,858.00	279,060.57	-	-	205,797.43	
	4000	607,854.00	329,409.34	9,050.23	200.00	269,194.43	
	5000	3,230,850.00	2,023,972.58	383,276.92	87,916.15	735,684.35	
	TOTAL	5,660,378.00	3,344,351.03	392,327.15	88,116.15	1,835,583.67	

**FISCAL YEAR 2014-15 DISCRETIONARY BUDGETS
(RECAP)**

	BUDGET	EXPENDED	BALANCE
<u>PRESIDENT</u>			
2300	6,270	6,269	1
4000	12,511	8,981	3,530
5000	592,477	575,819	16,658
TOTAL	611,258	591,069	20,189

<u>INSTRUCTION</u>			
2300	610,973	608,765	2,208
2400	457,762	457,662	100
4000	198,883	178,391	20,492
5000	1,388,715	1,294,469	94,246
TOTAL	2,656,333	2,539,287	117,046

<u>STUDENT SERVICES</u>			
2300	341,052	340,698	354
2400	47,000	47,000	0
4000	119,589	119,589	0
5000	335,368	327,415	7,953
TOTAL	843,009	834,702	8,307

<u>FINANCE & ADMINISTRATIVE SERVICES</u>			
2300	407,283	393,180	14,103
4000	245,399	237,605	7,794
5000	722,351	682,771	39,580
TOTAL	1,375,033	1,313,556	61,477

<u>HUMAN RESOURCES</u>			
2300	49,351	40,043	9,308
4000	24,470	24,469	1
5000	70,839	58,379	12,460
TOTAL	144,660	122,891	21,769

<u>SUMMARY</u>			
2300	1,414,929	1,388,955	25,974
2400	504,762	504,662	100
4000	600,852	569,035	31,817
5000	3,109,750	2,938,853	170,897
GRAND TOTAL	5,630,293	5,401,505	228,788

							Project Grant View								Run Mar 04, 2016	
															PROJ_GRANT_REPORT	
Fund Code:	11														Scope: BYTFND11	
													</			

INDEPENDENT AUDITOR'S REPORTS



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

Board of Trustees
Palomar Community College District
San Marcos, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the business-type activities, and the aggregate remaining fund information of Palomar Community College District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 18, 2015.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 and Note 15 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompany Schedule of Findings and Questioned Costs, that we consider to be a significant deficiency as item 2015-001.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated December 18, 2015.

Palomar Community College District's Response to the Finding

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

Purpose of This Report

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

Warrick Fine Day & Co. LLP

San Diego, California
December 18, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees
Palomar Community College District
San Marcos, California

Report on Compliance for Each Major Federal Program

We have audited Palomar Community College District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 *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, 2015. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Varunick, Dine, Day & Co. LLP

San Diego, California
December 18, 2015



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Palomar Community College District
San Marcos, California

Report on State Compliance

We have audited Palomar Community College District's (the District) compliance with the types of compliance requirements as identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in August 2014 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in August 2014.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Unmodified Opinion for Each of the Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2015.

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

Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Concurrent Enrollment of K-12 Students in Community College Credit Courses
Section 430	Schedule Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 438	Student Fees – Health Fees and Use of Health Fee Funds
Section 439	Proposition 39 Clean Energy
Section 440	Intersession Extension Programs
Section 474	Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged (TBA) Hours
Section 490	Proposition 1D State Bond Funded Projects
Section 491	Proposition 30 Education Protection Account Funds

The District reports no Instructional Service Agreements/Contracts for Apportionment Funding; therefore, the compliance tests within this section were not applicable.

The District does not offer an Intersession Extension Program; therefore, compliance tests within this section were not applicable.

Varunick, Fine, Day & Co. LLP

San Diego, California
December 18, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PALOMAR COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2015

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<u>No</u>

Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.063, 84.033, 84.007, 84.268</u>	<u>Student Financial Assistance Cluster</u>
<u>84.031S</u>	<u>Strengthening the Palomar to CSUSM STEM Transfer Pathway</u>
<u>84.031C</u>	<u>Determined to Achieve: Successful Pathways to a STEM Degree</u>
<u>84.048</u>	<u>Career and Technical Education Act (CTEA)</u>
<u>84.048A</u>	<u>CTE-Transitions</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>
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PALOMAR COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2015

The following finding represents a significant deficiency related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

2015-001 Financial Reconciliation Process

Criteria or Specific Requirement

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

Condition

Significant Deficiency - Errors were made within the closing process of the District's financial records during the current fiscal year. Material adjustments and reclassifications were required to conform to the BAM. Errors and/or insufficient reconciliations were found in various accounts including, but not limited to:

- Federal and State Categorical Programs

End of the year accrual entries to close Federal and State programs were not properly made. Adjustments were made to reflect deferred revenues and receivables related to the programs.

- Accounts Payable

The District is not reconciling their accounts payable accounts including their payroll related liability accounts in a timely manner. Reconciliations were not prepared during the current fiscal year.

- Long-Term Obligations

The District incorrectly recorded long-term obligations within their individual governmental funds. Only based on District analysis and estimation of the vacation used in the next fiscal year can the current portion of these liabilities be included in the governmental funds.

- Inter-Fund Activity

Amounts owing between funds of the District were not appropriately monitored during the year and reconciled at year end.

Effect

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

PALOMAR COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2015

Cause

The oversight controls over the closing process were not operating effectively, resulting in adjustments and a material weakness.

Recommendation

The District needs to develop a closing procedure calendar at year end to ensure that all information is prepared, reviewed, and reconciled prior to the closing of the general ledger. All inter-fund activity accounts should be examined and investigated to determine the purpose of the inter-fund borrowings and the true amount owed to various funds.

Management's Response and Corrective Action Plan

The District had a closing procedure calendar at year end; however, due to the Supplemental Early Retirement Program (SERP), the Fiscal Department lost key positions, including the Director of Fiscal Services, Accounting Manager, and Internal Auditor at the most crucial time of the fiscal year. The CalPERS regulations do not allow the District to re-hire SERP retirees to assist with the year-end close. The District has replaced the Director position and is in the process of hiring replacements for the Accounting Manager and Internal Auditor positions with an anticipated start date of February 2016. The District will address the 2015-001 financial reconciliation finding by ensuring that the year-end closing calendar and procedures are established, adhered to, and reviewed prior to closing the general ledger next fiscal year.

PALOMAR COMMUNITY COLLEGE DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

PALOMAR COMMUNITY COLLEGE DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

PALOMAR COMMUNITY COLLEGE DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.



To the Board of Trustees
Palomar Community College District
San Marcos, California

In planning and performing our audit of the financial statements of the business-type activities of the Palomar Community College District (the District) as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that may exist that were not identified.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the District's internal control to be control deficiencies:

Observation

It was recognized that the District has an excessive amount of Cal-Cards issued to its staff. As a result of the amount of issued Cal-Cards, there is also a significant amount of available credit for the employees and staff to use. With this amount of available credit, the District is susceptible to unexpectedly exceeding any established budgets of supplies expenses for the fiscal year. The large amount of issued Cal-Cards also increases the likelihood that a card will be lost or stolen.

Cal-Cards are issued to "effectively control and monitor small purchases and reduce time and paperwork". It was found that, due to the vast number of cards that have been issued, the amount of time and paperwork has actually hindered the payable process and made monitoring card activity virtually unattainable. Combining this type of environment in the payment review process, along with the ability of the card holders to circumvent the purchasing controls when using the Cal-Cards, exposes the District to the risk of having unallowable purchases overlooked.

Recommendation

We recommend that the District reevaluate the necessity of each employee who has been issued a Cal-Card and the amount of credit that is available on those cards. The card issuance should initially be measured on a department basis. Only those who have the ability to review and approve department purchases should be card holders. Department heads should have the ability to temporarily issue the cards out to other members within their department for those "small" or "emergency" purchases that the card was intended for. This will limit the amount of card access that is available to bypass the conventional purchasing process and force all other purchases to abide by the regular controls that are already enforced by the District Office. It is also recommended that the District closely monitor the amount of available credit on each individual card.

District Response

The District recognizes the large number of Cal-Cards issued to employees. Management will review the Cal-Card issuance guidelines, purpose of Cal-Cards, credit limits, and at what level Cal-Cards are granted.

Observation

There appears to be a lack of segregation of duties in the Payroll Department. Hourly timesheets are being input into the system manually without an independent management level review.

Recommendation

Someone independent of the payroll technician that inputs the timesheet should review the hours to ensure that the payroll is accurate and complete.

District Response

The District has implemented an internal control process where the Manager of Budget and Payroll will review the work of payroll technicians.

Observation

A physical inventory of capital assets has not been performed in the past three years.

Recommendation

A full physical inventory should be conducted once every three years to ensure that the District's capital assets are properly accounted for.

District Response

The District will establish an inventory control system that involves asset tagging, monitoring, and physical inventory of capital assets.

Observation

One of the revenue sources for the Associated Student Government (ASG) is the purchase and resale to students of movie tickets during the year. The (ASG) has not been provided receipts for the purchase of movie tickets. Also, there is no tracking of the inventory of tickets held for future sale.

Recommendation

A three part receipt of sale (part one given to the purchaser of the tickets, part two is attached to the daily deposit sent to the Cashier's Office, and part three remains in the ASG Office for proof of sale and review) should be used as a control and reconciliation of the ticket sales. Also, an inventory of tickets remaining on hand should be maintained and reconciled to the daily activity to ensure all tickets are accounted for.

District Response

The District will establish a procedure for the Associated Student Government (ASG) to ensure adequate internal controls are followed for the sale of movie tickets to students.

Observation

The transfer fund bank account reconciliation is not being prepared in a timely manner or reviewed by someone independent of the preparer.

Recommendation

The bank account reconciliation should be prepared on a monthly basis, and an individual independent of the preparer should review and approve the transfer fund bank reconciliation to ensure the accuracy.

District Response

The District will ensure timely reconciliation and appropriate level of independent review of monthly bank reconciliations.

We appreciate the time and assistance of the District staff, both in the Business Office and throughout the campus, provided in conducting our audit.

This information is intended solely for the use of the Board of Trustees and management of Palomar Community College District, and is not intended to be and should not be used by anyone other than these specified parties.

Waurick Fine, Day & Co. LLP

San Diego, California
December 18, 2015