
**PALOMAR COMMUNITY COLLEGE DISTRICT
EDUCATIONAL ADMINISTRATOR,
EMPLOYMENT CONTRACT**

This employment contract (hereinafter referred to as the "Agreement") is made and entered into this 13th day January of by and between the Governing Board of the Palomar Community College District (hereinafter referred to as the "Board" and "District") **Jeffrey Higginbotham** (hereinafter referred to as the "Employee").

WHEREAS it is the desire of the Board to employ Employee in the Position of **Director, Disability Resources** (hereinafter referred to as "Position").

NOW, THEREFORE, the parties mutually agree as follows:

1. **EMPLOYMENT.** The Board hereby offers to employ Employee in the above identified Position on the conditions contained in this Agreement. Employee is a member of the Administrative Team as described in the Administrative Team Handbook adopted by the Board, an academic employee as defined by Education Code section 87001(a), an educational administrator as defined in Education Code section 87002(b), and a management employee as defined by Government Code section 3540.1(g). The Employee and the Board agree that this Agreement is not binding or enforceable unless it is ratified by the Board in open session at a regular meeting of the Board.
2. **STATUTORY AUTHORIZATION AND EXTENSION.** This Agreement is a contract of employment entered into pursuant to Education Code section 72411(a). Employee understands upon Employee's execution of this Agreement and its adoption by the Board, this Agreement will automatically renew upon its expiration, and Employee will automatically be reemployed for one (1) additional year upon the expiration of this Agreement, unless the Governing Board provides written notice to Employee on or before March 15, 2017, of its intention not to reemploy Employee in Position for one additional academic year. If the Governing Board provides such written notice to Employee, Employee's employment in Position and this Agreement will terminate effective January 12, 2018, without further action by the Board, subject to the provisions of paragraph 3.
3. **RETREAT/RETURN RIGHTS.** If the Governing Board provides notice to Employee of non-renewal of this Agreement, and Employee has seniority in another administrator or non-administrator education position in the District, such Employee may have the right to return to such position upon the expiration of this Agreement provided that Employee is not termination for cause.
4. **TERM.** The term of this Agreement shall begin on **January 13, 2016** and continue through and including **January 12, 2018** or unless extended pursuant to paragraph 2. Employee shall be required to render full time and regular service to the District during the period

covered by this Agreement. This Agreement shall be renewable or extended only by mutual, written agreement of the parties as set forth in paragraph 2 above. In no event shall this Agreement be interpreted in any way to authorize the renewal or extension of this Agreement for a term of more than twenty-nine (29) months. It is expressly understood, however, that if the position referred to in this Agreement is funded by a grant, categorical program, or other monies not in the District's unrestricted general fund, and if funding is discontinued, the Agreement will terminate on June 30 of the fiscal year in which the funding was discontinued, provided further that the District has given Employee written notice before May 15 of the year in which the funding is not received.

5. **SALARY.** Employee shall be compensated in accordance with the Administrative Salary Schedule as established, approved and revised from time to time by the Board, at Salary Grade 64/1 from January 13, 2016 through June 30, 2016, at salary grade 64/2 from July 1, 2016 through June 30, 2017, and at salary grade 64/3 from July 1, 2017 through January 12, 2018. The Board reserves the right to increase or decrease the schedule including across the board salary reduction or furloughs on the same basis and for the same time as faculty bargaining unit reductions. Any actions to modify the salary schedule shall not be interpreted as a new Agreement for employment or renewal or extension of this Agreement. The Board reserves the right to increase the Employee's salary. However, any action to increase the salary of the Employee shall not be interpreted as a new Agreement for employment or a renewal or extension of this Agreement.
6. **DUTIES.** Employee will perform the duties of the above Position as set forth in any Position description adopted by the Board, and all other duties as shall be assigned or required by the Superintendent/President, or designee, provided that such additional duties shall be consistent with Employee's Position. The Board may adopt or amend the Position description for the Employee's Position at any time as long as the modifications are not inconsistent with the terms of the Agreement. The Board reserves the right to reassign the Employee at any time during the term of this Agreement to another educational or student services administrative Position within the District. Reassignment during the term of this Agreement solely for discretionary reasons will not result in a reduction of the Employee's compensation during the term of this Agreement. Reassignment will be made in compliance with the California Education Code and the Administrative Handbook.
7. **EXCLUSION FROM OVERTIME PROVISIONS.** Employee shall be exempt from the minimum wage and overtime provisions of the Fair Labor Standards Act and the California Education Code, and shall not be entitled to compensatory time off.
8. **VACATION AND SICK LEAVE.** Employee is entitled to accrue twenty-four (24) working days of vacation annually in accordance with the Administrative Vacation Policy set forth in the Administrative Team Handbook as adopted by the Board. Vacation days are exclusive of holidays otherwise granted to twelve (12) month regular administrative employees of the District. Employee is entitled to accrue twelve (12) days of paid sick

leave for illness or injury. Employee is eligible for any leaves authorized by law or provided in the Administrative Association Handbook as adopted by the Board

9. **FRINGE BENEFITS.** Employee shall be afforded all fringe benefits of employment which are provided to the District's regular educational and student services administrators for which they are eligible under the terms of the Administrative Team Handbook.
10. **TRAVEL.** Necessary transportation and travel expenses will be provided in accordance with policies duly adopted by the Board.
11. **SERVICE CLUBS AND COMMUNITY ORGANIZATIONS.** The Board authorizes payment of dues and meals for meetings of one service or community organization. Funds shall be allocated to the appropriate expense accounts in the annual budget approved by the Governing Board.
12. **APPLICABLE LAW.** This Agreement is subject to all applicable laws of the State of California, the rules and regulations of the State Board of Governors, and the rules, regulations, and policies of the Board, all of which are made a part of the terms and conditions of this Agreement as though set forth herein, to the extent that such terms are not inconsistent with the lawful terms of this Agreement.
13. **MAXIMUM CASH SETTLEMENT UPON TERMINATION OF THIS AGREEMENT WITHOUT CAUSE.** Regardless of the term of this Agreement, the Board may terminate this Agreement at any time prior to the date on which the term of this Agreement would have otherwise expired, without cause. In such an event, the maximum cash settlement that the Employee shall receive will be an amount equal to the monthly base salary of the Employee multiplied by the number of months remaining on the unexpired term of this Agreement minus any amount(s) that could have been earned if the Employee has retreat rights, and an instructional Position is offered for the balance of the term of this Agreement. Any cash settlement shall not include any other noncash items except health benefits, which may be continued for the same duration of time as covered in the settlement, or until Employee finds other employment, whichever occurs first. The intent of this provision is to satisfy the requirements of Government Code sections 53260-53264, and this provision shall be interpreted in a manner consistent with those statutes.

The District agrees to pay Employee the lump sum cash payment ("Severance Pay"), less legally required for authorized deductions except contributions to CalSTRS, within fifteen (15) days of the effective date of termination.

In exchange for and as a condition to receipt of the Severance Pay, Employee shall execute a release and waiver, in a form acceptable to the legal counsel for the District, releasing the District, and all of its elected officers, employees, agents, representations, and attorneys, from any claim associated with the termination.

14. TERMINATION OF THIS AGREEMENT DURING ITS TERM WITH CAUSE. The Board may terminate this Agreement during its term and discharge Employee if Employee commits a material and substantial breach of this Agreement and/or for cause. Such breach of Agreement and discharge shall nullify the terms of this Agreement and Employee shall cease to receive any form of compensation upon the effective date of termination. The term “cause” is defined as those actions, omissions, or behaviors which are detrimental to the operations of the District and/or its major instructional, student and administrative divisions, or which impair the District’s mission, purpose, or objectives. Conduct which constitutes a breach of contract and cause for discharge, includes, but is not limited to: unsatisfactory work performance, dishonesty, misconduct, unprofessional conduct, or insubordination. Disciplinary actions, up to and including discharge from employment, shall be carried out in compliance with the disciplinary provisions applicable to administrative employees as set forth in the Administrative Team Handbook as adopted by the Board.

15. PROVISIONS OF GOVERNMENT CODE SECTIONS 53243.3-53243.4.

- (a) In the event that the District provides paid leave to Employee pending an investigation of a crime involving abuse of his office or position covered by Government Code section 53243.4, and should that investigation lead to a conviction, the Employee shall fully reimburse District for any salary provided for that purpose.
- (b) In the event that the District provides funds for the legal criminal defense of Employee pending an investigation of a crime involving an abuse of his office or position covered by Government Code section 53243.4, and should that investigation lead to a conviction, the Employee shall fully reimburse the District for any funds provided for that purpose.
- (c) In the event that the District provides a cash settlement related to the termination of Employee as defined in the terms of this Agreement and Employee subsequently is convicted of a crime involving abuse of office or position covered by Government Code section 53243.4, Employee shall fully reimburse the District for any funds provided for that purpose.
- (d) “Abuse of office or position” is defined in Government Code section 53243.4 to mean either of the following:
 - (i) An abuse of public authority, including, but not limited to, waste, fraud, and violation of the law under color of authority.
 - (ii) A crime against public justice, including, but not limited to, a crime described in Title 5 (commencing with Section 67), Title 6 (commencing with Section 85) or Title 7 (commencing with Section 92) of Part 1 of the Penal Code.

16. **MODIFICATION OF CONTRACT.** This Agreement may be modified by mutual consent of the parties provided, however, that the party seeking such change shall give not less than 45 (forty-five) calendar days, written notice to the other party of the requested modification.
17. **RESIGNATION.** Employee may resign from employment at any time during the term of this Agreement upon ninety (90) days prior written notice to the Board or upon a shorter period of time if approved by the Board.
18. **SAVINGS CLAUSE.** If any provision of this Agreement is held to be contrary to law by a court of competent jurisdiction, such provision shall not be deemed valid or binding except to the extent permitted by law, but all other provisions shall continue to remain in full force and effect.
19. **ENTIRE AGREEMENT.** This Agreement contains and expresses the entire and final agreement of the parties with respect to the matters covered herein, and supersedes all negotiations, prior discussions, prior agreements and preliminary agreements between the parties. No promises or representations, express or implied, concerning this Agreement have been made by the parties other than those contained in this Agreement concerning the offer and acceptance of employment described herein.
20. **NO CONTINUING WAIVER.** No waiver of any term or condition of this Agreement by either party shall be deemed a continuing waiver of such term and condition.
21. **GOVERNING LAW.** This Agreement is delivered in the State of California, concerns employment in the State of California, and the rights and obligations of the parties hereto shall be construed and enforced in accordance with the laws of the State of California.
22. **MISCELLANEOUS PROVISIONS.** This Agreement and applicable provisions of the Administrative Team Handbook contain the entire agreement and understanding between the parties. There are no oral understandings, or terms and conditions not contained or referenced in this Agreement. This Agreement cannot be changed orally. It may be modified in writing by mutual agreement of the parties as set forth above. This Agreement supersedes all Board Policies, rules, regulations, handbooks or practices which are inconsistent with or in conflict with this Agreement.

**ACCEPTANCE OF CLASSIFIED ADMINISTRATOR
EMPLOYMENT CONTRACT**

I have reviewed this Educational Administrator Employment Contract, and I accept this Agreement and the terms and conditions of employment it contains. I have not agreed to employment and/or contracted for employment with the governing board of any other school, university, college, or community college district which will in any way conflict with the satisfactory performance of all of the duties of the Position for which employed.

Please return signed contract to Human Resource Services as soon as possible.

Date: _____

Jeffrey Higginbotham

Approved by the Governing Board of Palomar Community College District in open session at regular Board meeting.

Date: _____

By: _____
Adrian Gonzales, Secretary to the
Governing Board

Copy: Employee

PALOMAR COMMUNITY COLLEGE DISTRICT INTERIM EDUCATIONAL ADMINISTRATOR, EMPLOYMENT CONTRACT

This employment contract (hereinafter referred to as the "Agreement") is made and entered into this 13th day January of by and between the Governing Board of the Palomar Community College District (hereinafter referred to as the "Board" and "District") and **Kathryn Kailikole** (hereinafter referred to as the "Employee").

WHEREAS it is the desire of the Board to employ Employee in the Position of **Interim Dean, Instructional, Mathematics and the Natural and Health Sciences** (hereinafter referred to as "Position").

NOW, THEREFORE, the parties mutually agree as follows:

- 1. EMPLOYMENT.** The Board hereby offers to employ Employee in the above identified Position on the conditions contained in this Agreement. Employee is a member of the Administrative Team as described in the Administrative Team Handbook adopted by the Board, an academic employee as defined by Education Code section 87001(a), an educational administrator as defined in Education Code section 87002(b), and a management employee as defined by Government Code section 3540.1(g). The Employee and the Board agree that this Agreement is not binding or enforceable unless it is ratified by the Board in open session at a regular meeting of the Board.
- 2. STATUTORY AUTHORIZATION AND EXTENSION.** This Agreement is a contract of employment entered into pursuant to Education Code section 72411(d). Employee understands upon Employee's execution of this Agreement and its adoption by the Board, this Agreement is an assignment to an acting Position, and Employee shall have no continuing rights to the Position unless Employee is selected for the Position on a regular basis in an open recruitment, or unless the term of agreement is extended for up to an additional one (1) year and six (6) months term by mutual agreement. Employee further understands that Position terminates upon the expiration of this Agreement unless or as extended, provided that Employee is not terminated for cause and/or material and substantial breach of this Agreement as such terms are defined in paragraph 13 herein.
- 3. TERM.** The term of this Agreement will begin on January 13, 2016, and continues through and including June 30, 2016. Employee shall be required to render full and regular service to the District during the period covered by this Agreement. This Agreement shall be renewable or extended only by mutual, written agreement of the parties as set forth in paragraph 2 above. In no event shall this Agreement be interpreted in any way to authorize a renewal or extension of this Agreement for an additional term of more than one (1) year and six (6) months pursuant to Title 5, California Code of Regulations section 53021(c)(7). Employee further understands that Position terminates when the Position is filled on a permanent basis or upon the expiration of this Agreement, unless it is extended or the Employee is terminated for cause and/or material and substantial breach of this Agreement as such terms are defined in paragraph 13 herein.

4. **SALARY.** Employee shall be compensated in accordance with the Administrative Salary Schedule as established, approved and revised from time to time by the Board, at Salary **Grade 75/2, plus an administrative doctoral stipend** from January 13, 2016 through June 30, 2016. The Board reserves the right to increase or decrease the schedule including across the board salary reduction or furloughs on the same basis and for the same time as faculty bargaining unit reductions. Any actions to modify the salary schedule shall not be interpreted as a new Agreement for employment or renewal or extension of this Agreement. The Board reserves the right to increase the Employee's salary. However, any action to increase the salary of the Employee shall not be interpreted as a new Agreement for employment or a renewal or extension of this Agreement.
5. **DUTIES.** Employee will perform the duties of the above Position as set forth in any Position description adopted by the Board, and all other duties as shall be assigned or required by the Superintendent/President, or designee, provided that such additional duties shall be consistent with Employee's Position. The Board may adopt or amend the Position description for the Employee's Position at any time as long as the modifications are not inconsistent with the terms of the Agreement. The Board reserves the right to reassign the Employee at any time during the term of this Agreement to another educational or student services administrative Position within the District. Reassignment during the term of this Agreement solely for discretionary reasons will not result in a reduction of the Employee's compensation during the term of this Agreement. Reassignment will be made in compliance with the California Education Code and the Administrative Handbook.
6. **EXCLUSION FROM OVERTIME PROVISIONS.** Employee shall be exempt from the minimum wage and overtime provisions of the Fair Labor Standards Act and the California Education Code, and shall not be entitled to compensatory time off.
7. **VACATION AND SICK LEAVE.** Employee is entitled to accrue twenty-four (24) working days of vacation annually in accordance with the Administrative Vacation Policy set forth in the Administrative Team Handbook as adopted by the Board. Vacation days are exclusive of holidays otherwise granted to twelve (12) month regular administrative employees of the District. Employee is entitled to accrue twelve (12) days of paid sick leave for illness or injury. Employee is eligible for any leaves authorized by law or provided in the Administrative Association Handbook as adopted by the Board
8. **FRINGE BENEFITS.** Employee shall be afforded all fringe benefits of employment which are provided to the District's regular educational and student services administrators for which they are eligible under the terms of the Administrative Team Handbook.
9. **TRAVEL.** Reasonable and necessary transportation and travel expenses will be provided in accordance with policies duly adopted by the Board.
10. **SERVICE CLUBS AND COMMUNITY ORGANIZATIONS.** The Board authorizes payment of dues and meals for meetings of one service or community organization. Funds

shall be allocated to the appropriate expense accounts in the annual budget approved by the Governing Board.

11. **APPLICABLE LAW.** This Agreement is subject to all applicable laws of the State of California, the rules and regulations of the State Board of Governors, and the rules, regulations, and policies of the Board, all of which are made a part of the terms and conditions of this Agreement as though set forth herein, to the extent that such terms are not inconsistent with the lawful terms of this Agreement.
12. **MAXIMUM CASH SETTLEMENT UPON TERMINATION OF THIS AGREEMENT WITHOUT CAUSE.** Regardless of the term of this Agreement, the Board may terminate this Agreement at any time prior to the date on which the term of this Agreement would have otherwise expired, without cause. In such an event, the maximum cash settlement that the Employee shall receive will be an amount equal to the monthly base salary of the Employee multiplied by the number of months remaining on the unexpired term of this Agreement minus any amount(s) that could have been earned if the Employee has retreat rights, and an instructional Position is offered for the balance of the term of this Agreement. Any cash settlement shall not include any other noncash items except health benefits, which may be continued for the same duration of time as covered in the settlement, or until Employee finds other employment, whichever occurs first. The intent of this provision is to satisfy the requirements of Government Code sections 53260-53264, and this provision shall be interpreted in a manner consistent with those statutes.

The District agrees to pay Employee the lump sum cash payment ("Severance Pay"), less legally required for authorized deductions except contributions to CalSTRS, within fifteen (15) days of the effective date of termination.

In exchange for and as a condition to receipt of the Severance Pay, Employee shall execute a release and waiver, in a form acceptable to the legal counsel for the District, releasing the District, and all of its elected officers, employees, agents, representations, and attorneys, from any claim associated with the termination.

13. **TERMINATION OF THIS AGREEMENT DURING ITS TERM WITH CAUSE.** The Board may terminate this Agreement during its term and discharge Employee if Employee commits a material and substantial breach of this Agreement and/or for cause. Such breach of Agreement and discharge shall nullify the terms of this Agreement and Employee shall cease to receive any form of compensation upon the effective date of termination. The term "cause" is defined as those actions, omissions, or behaviors which are detrimental to the operations of the District and/or its major instructional, student and administrative divisions, or which impair the District's mission, purpose, or objectives. Conduct which constitutes a breach of contract and cause for discharge, includes, but is not limited to: unsatisfactory work performance, dishonesty, misconduct, unprofessional conduct, or insubordination. Disciplinary actions, up to and including discharge from employment, shall be carried out in compliance with the disciplinary provisions applicable

to administrative employees as set forth in the Administrative Team Handbook as adopted by the Board.

14. PROVISIONS OF GOVERNMENT CODE SECTIONS 53243.3-53243.4.

- (a) In the event that the District provides paid leave to Employee pending an investigation of a crime involving abuse of his office or position covered by Government Code section 53243.4, and should that investigation lead to a conviction, the Employee shall fully reimburse District for any salary provided for that purpose.
- (b) In the event that the District provides funds for the legal criminal defense of Employee pending an investigation of a crime involving an abuse of his office or position covered by Government Code section 53243.4, and should that investigation lead to a conviction, the Employee shall fully reimburse the District for any funds provided for that purpose.
- (c) In the event that the District provides a cash settlement related to the termination of Employee as defined in the terms of this Agreement and Employee subsequently is convicted of a crime involving abuse of office or position covered by Government Code section 53243.4, Employee shall fully reimburse the District for any funds provided for that purpose.
- (d) "Abuse of office or position" is defined in Government Code section 53243.4 to mean either of the following:
 - (i) An abuse of public authority, including, but not limited to, waste, fraud, and violation of the law under color of authority.
 - (ii) A crime against public justice, including, but not limited to, a crime described in Title 5 (commencing with Section 67), Title 6 (commencing with Section 85) or Title 7 (commencing with Section 92) of Part 1 of the Penal Code.

15. MODIFICATION OF CONTRACT. This Agreement may be modified by mutual consent of the parties provided, however, that the party seeking such change shall give not less than 45 (forty-five) calendar days, written notice to the other party of the requested modification.

16. RESIGNATION. Employee may resign from employment at any time during the term of this Agreement upon ninety (90) days prior written notice to the Board or upon a shorter period of time if approved by the Board.

17. SAVINGS CLAUSE. If any provision of this Agreement is held to be contrary to law by a court of competent jurisdiction, such provision shall not be deemed valid or binding except

to the extent permitted by law, but all other provisions shall continue to remain in full force and effect.

18. **ENTIRE AGREEMENT.** This Agreement contains and expresses the entire and final agreement of the parties with respect to the matters covered herein, and supersedes all negotiations, prior discussions, prior agreements and preliminary agreements between the parties. No promises or representations, express or implied, concerning this Agreement have been made by the parties other than those contained in this Agreement concerning the offer and acceptance of employment described herein.
19. **NO CONTINUING WAIVER.** No waiver of any term or condition of this Agreement by either party shall be deemed a continuing waiver of such term and condition.
20. **GOVERNING LAW.** This Agreement is delivered in the State of California, concerns employment in the State of California, and the rights and obligations of the parties hereto shall be construed and enforced in accordance with the laws of the State of California.
21. **MISCELLANEOUS PROVISIONS.** This Agreement and applicable provisions of the Administrative Team Handbook contain the entire agreement and understanding between the parties. There are no oral understandings, or terms and conditions not contained or referenced in this Agreement. This Agreement cannot be changed orally. It may be modified in writing by mutual agreement of the parties as set forth above. This Agreement supersedes all Board Policies, rules, regulations, handbooks or practices which are inconsistent with or in conflict with this Agreement.

**ACCEPTANCE OF INTERIM EDUCATIONAL ADMINISTRATOR
EMPLOYMENT CONTRACT**

I have reviewed this Interim Educational Administrator Employment Contract, and I accept this Agreement and the terms and conditions of employment it contains. I have not agreed to employment and/or contracted for employment with the governing board of any other school, university, college, or community college district which will in any way conflict with the satisfactory performance of all of the duties of the Position for which employed.

Please return signed contract to Human Resource Services as soon as possible.

Date: _____

Kathryn Kailikole

Approved by the Governing Board of Palomar Community College District in open session at regular Board meeting.

Date: _____

By: _____
Adrian Gonzales, Secretary to the
Governing Board

Copy: Employee

**PALOMAR COMMUNITY COLLEGE DISTRICT
INTERIM EDUCATIONAL ADMINISTRATOR,
EMPLOYMENT CONTRACT
FOR RETIRED ANNUITANT (CalPERS)**

This employment contract (hereinafter referred to as the "Agreement") is made and entered into this 13th day January of by and between the Governing Board of the Palomar Community College District (hereinafter referred to as the "Board" and "District") and **Wilma G. Owens** (hereinafter referred to as the "Employee").

WHEREAS, it is the desire of the Board to employ Employee in the Position of **Interim Dean, Instructional, Career Technical and Extended Education**, (hereinafter referred to as "Position").

WHEREAS, Employee retired from the District effective July 1, 2015, from her former position with the District as Dean, Instructional, Career Technical and Extended Education, and is therefore characterized by CalPERS as a retired annuitant effective July 1, 2015;

WHEREAS, Government Code section 21221(h) authorizes Governing Body of District to make an interim appointment to a vacant position during recruitment of a permanent appointment deemed by the Governing Board to require specialized skills without requiring the retired person to reinstate from retirement or suffer a loss or interruption of benefits ("**Retirement Benefits**");

WHEREAS, Government Code section 21221(h) and Government Code section 7522.56(d) impose the following conditions on such an appointment: the retired person shall only be appointed once to this vacant Position; the appointment of the person shall not exceed a total of 960 hours per fiscal year (July 1–June 30) for all CalPERS contracting agencies; the rate of pay for the employment shall not be less than the minimum, nor exceed the maximum, paid by the employer to other employees performing comparable duties, divided by 173.333 to equal an hourly rate; the retired person shall acquire no service credit or retirement rights with respect to the employment unless he or she reinstates from retirement; and the retired person shall not receive any benefits, incentives, compensation in lieu of benefits, or any other forms of compensation in addition to the hourly rate;

WHEREAS, Government Code section 7522.56(e)(1) imposes the further obligation that any retired person shall not be eligible to serve or be employed by a public employer unless the retired person certifies that during the twelve (12)-month period prior to his/her appointment, the retired person did not receive any unemployment insurance compensation arising out of his or her prior employment;

WHEREAS, Government Code section 7522.56(f) prohibits a person from employment with any public retirement system for a period of 180 days following the date of retirement unless he or she meets one of the exceptions which are not herein relevant;

WHEREAS, this is an interim appointment of limited duration during an open recruitment to permanently fill the vacant Position of Dean, Instructional, Career Technical and Extended Education;

WHEREAS, Governing Board finds that Employee's work history establishes that she has the previous experience and skill set needed to perform the desired work; and

WHEREAS, Employee certifies by execution of this Agreement that during the twelve (12)-month period prior to Employee's appointment to Position, Employee received no unemployment insurance compensation arising out of her prior employment with the District.

NOW, THEREFORE, the parties mutually agree as follows:

1. **EMPLOYMENT.** The Board hereby offers to employ Employee in the above identified Position on the conditions contained in this Agreement. Employee is a member of the Administrative Team, an academic employee as defined by Education Code section 87001(a), an educational administrator as defined in Education Code section 87002(b), and a management employee as defined by Government Code section 3540.1(g). The Employee and the Board agree that this Agreement is not binding or enforceable unless it is ratified by the Board in open session at a regular meeting of the Board.
2. **STATUTORY AUTHORIZATION AND EXTENSION.** This Agreement is a contract of employment entered into pursuant to Education Code section 72411(d). Employee understands upon Employee's execution of this Agreement and its adoption by the Board, this Agreement is an assignment to an acting Position, and Employee shall have no continuing rights to the Position. Employee further understands that Position terminates (1) upon Position being filled on a permanent basis, (2) upon the expiration of this Agreement, or (3) Employee is not terminated at the sole discretion of District pursuant to paragraph 11 herein.
3. **TERM.** The term of this Agreement will begin on January 13, 2016, and continue through the completion of 960 hours of work, unless terminated sooner as explained in paragraph 2 above. Employee shall be required to render regular service to the District during the period covered by this Agreement. This Agreement shall not be renewable or extended.
4. **COMPENSATION.** Employee shall be compensated at the hourly rate of \$80.44 (equivalent of \$13,943.09 per month which is based on placement at step 18 of salary grade 75 on the Administrative Salary Schedule) .
5. **DUTIES.** Employee will perform the duties of the above Position as set forth in any Position description adopted by the Board, and all other duties as shall be assigned or required by the Superintendent/President, or designee, provided that such additional duties shall be consistent with Employee's Position. The Board may adopt or amend the Position description for the Employee's Position at any time as long as the modifications are not inconsistent with the terms of the Agreement.
6. **EXCLUSION FROM OVERTIME PROVISIONS.** Employee shall be exempt from the minimum wage and overtime provisions of the Fair Labor Standards Act and the California Education Code, and shall not be entitled to compensatory time off.
7. **NO PAID LEAVE.** Employee shall not be entitled to accrue or be paid for vacation, holidays or sick leave.
8. **NO FRINGE BENEFITS.** Employee shall not be afforded any fringe benefit of employment which is provided to the District's regular educational and student services administrators.

9. **TRAVEL.** Reasonable and necessary transportation and travel expenses will be provided in accordance with policies duly adopted by the Board.
10. **APPLICABLE LAW.** This Agreement is subject to all applicable laws of the State of California, the rules and regulations of the State Board of Governors, and the rules, regulations, and policies of the Board, all of which are made a part of the terms and conditions of this Agreement as though set forth herein, to the extent that such terms are not inconsistent with the lawful terms of this Agreement.
11. **TERMINATION OF THIS AGREEMENT WITH OR WITHOUT CAUSE.** Regardless of the term of this Agreement, the Board may terminate this Agreement at any time prior to the date on which the term of this Agreement would have otherwise expired with or without cause. In such an event, Employee shall only be paid for wages due through the effective date of termination and reimbursement for any unpaid reasonable and necessary travel expenses pursuant to paragraph 9 herein.
12. **PROVISIONS OF GOVERNMENT CODE SECTIONS 53243.3-53243.4.**
- (a) In the event that the District provides paid leave to Employee pending an investigation of a crime involving abuse of his office or position covered by Government Code section 53243.4, and should that investigation lead to a conviction, the Employee shall fully reimburse District for any salary provided for that purpose.
 - (b) In the event that the District provides funds for the legal criminal defense of Employee pending an investigation of a crime involving an abuse of his office or position covered by Government Code section 53243.4, and should that investigation lead to a conviction, the Employee shall fully reimburse the District for any funds provided for that purpose.
 - (c) In the event that the District provides a cash settlement related to the termination of Employee as defined in the terms of this Agreement and Employee subsequently is convicted of a crime involving abuse of office or position covered by Government Code section 53243.4, Employee shall fully reimburse the District for any funds provided for that purpose.
 - (d) "Abuse of office or position" is defined in Government Code section 53243.4 to mean either of the following:
 - (i) An abuse of public authority, including, but not limited to, waste, fraud, and violation of the law under color of authority.
 - (ii) A crime against public justice, including, but not limited to, a crime described in Title 5 (commencing with Section 67), Title 6 (commencing with Section 85) or Title 7 (commencing with Section 92) of Part 1 of the Penal Code.
13. **MODIFICATION OF CONTRACT.** This Agreement may be modified by mutual consent of the parties provided, however, that the party seeking such change shall give not less than thirty (30) calendar days, written notice to the other party of the requested modification.

14. **RESIGNATION.** Employee may resign from employment at any time during the term of this Agreement upon thirty (30) days prior written notice to the Board or upon a shorter period of time if approved by the Board.
15. **SAVINGS CLAUSE.** If any provision of this Agreement is held to be contrary to law by a court of competent jurisdiction, such provision shall not be deemed valid or binding except to the extent permitted by law, but all other provisions shall continue to remain in full force and effect.
16. **ENTIRE AGREEMENT.** This Agreement contains and expresses the entire and final agreement of the parties with respect to the matters covered herein, and supersedes all negotiations, prior discussions, prior agreements and preliminary agreements between the parties. No promises or representations, express or implied, concerning this Agreement have been made by the parties other than those contained in this Agreement concerning the offer and acceptance of employment described herein.
17. **NO CONTINUING WAIVER.** No waiver of any term or condition of this Agreement by either party shall be deemed a continuing waiver of such term and condition.
18. **GOVERNING LAW.** This Agreement is delivered in the State of California, concerns employment in the State of California, and the rights and obligations of the parties hereto shall be construed and enforced in accordance with the laws of the State of California.
19. **MISCELLANEOUS PROVISIONS.** This Agreement contains the entire agreement and understanding between the parties. There are no oral understandings, or terms and conditions not contained or referenced in this Agreement. This Agreement cannot be changed orally. It may be modified in writing by mutual agreement of the parties as set forth above. This Agreement supersedes all Board Policies, rules, regulations, handbooks or practices which are inconsistent with or in conflict with this Agreement.

**ACCEPTANCE OF INTERIM EDUCATIONAL ADMINISTRATOR
EMPLOYMENT CONTRACT**

I have reviewed this Interim Educational Administrator Employment Contract, and I accept this Agreement and the terms and conditions of employment it contains. I have not agreed to employment and/or contracted for employment with the governing board of any other school, university, college, or community college district which will in any way conflict with the satisfactory performance of all of the duties of the Position for which employed.

Please return signed contract to Human Resource Services as soon as possible.

Date: _____

Wilma G. Owens

Approved by the Governing Board of Palomar Community College District in open session at regular Board meeting.

Date: _____

By: _____
Adrian Gonzales, Secretary to the
Governing Board

Copy: Employee

MONTHLY BOARD REPORT: January 12, 2016

SHORT-TERM PERSONNEL ACTION REQUEST

	Employee Name	Start Date	End Date	Job Code	Hourly	Job Description
Department	Behavioral Sciences Department					
	Alten, Pauline	12/15/15	05/31/16	Technical/Paraprofessional	\$10.00	Assistant I
Department	Counseling Department					
	Zamora, Elizabeth	12/10/15	06/30/16	Technical/Paraprofessional	\$14.00	Assistant III
Department	Early Childhood Education Lab School					
	Begg, Jamie	12/18/15	06/30/16	Technical/Paraprofessional	\$10.00	Assistant I
Department	Emergency Medical Education Department					
	Espinosa, Jonathan	12/02/15	06/30/16	Technical/Paraprofessional	\$22.53	Assistant (professional)
	Stinson, Cameron	12/09/15	06/30/16	Technical/Paraprofessional	\$22.53	Assistant (professional)
Department	Financial Aid, Veterans and Scholarship Services					
	Velasquez, Jonathan	12/25/15	06/30/16	Technical/Paraprofessional	\$12.00	Assistant II
Department	Grant Funded Student Programs					
	Adamsel, Louis	11/30/15	06/30/16	Technical/Paraprofessional	\$10.00	Peer Tutor
	Alex, Austin	12/11/15	01/12/16	Technical/Paraprofessional	\$22.60	Assistant (professional)
	Arredondo, Javier	12/09/15	06/30/16	Technical/Paraprofessional	\$16.00	Assistant (professional)
	Cortez, Mayra	12/16/15	06/30/16	Technical/Paraprofessional	\$12.00	Assistant II
	Guerra, Danielle	12/07/15	06/30/16	Technical/Paraprofessional	\$20.00	Assistant (professional)
	Munoz, Denise	12/03/15	06/30/16	Technical/Paraprofessional	\$10.00	Peer Tutor
	Redona, Damaris	12/10/15	06/30/16	Technical/Paraprofessional	\$10.00	Peer Tutor
	Velazquez, Arleen	12/04/15	06/30/16	Technical/Paraprofessional	\$10.00	Peer Tutor

	Employee Name	Start Date	End Date	Job Code	Hourly	Job Description
Department	Grounds Services					
	Shifflett, Jeremy	01/04/16	06/30/16	Service/Maintenance	\$14.00	Assistant III
	Taylor, Larry	01/04/16	06/30/16	Service/Maintenance	\$14.00	Assistant III
Department	Health-Kinesiology-Recr Mngmnt					
	Neill, Angel	01/19/16	06/30/16	Technical/Paraprofessional	\$12.00	Lifeguard
	Wimsatt, Lauren	12/04/15	06/30/16	Technical/Paraprofessional	\$12.00	Lifeguard
Department	Human Resources Services					
	Yzerman, Patricia	01/05/16	06/30/16	Technical/Paraprofessional	\$20.00	Assistant (professional)
Department	Life Sciences Department					
	Movilla-Diago, Chelsea	12/02/15	06/30/16	Technical/Paraprofessional	\$10.00	Assistant I
Department	Palomar College Police Department					
	Lopez Barnett, Ethan	12/04/15	06/30/16	Technical/Paraprofessional	\$14.00	Assistant III

PeopleSoft
PAL PERSONNEL ACTIONS HISTORY

Page No. 1
Run Date 01/04/2016
Run Time 08:57:15

Report ID: PAL015ST
Personnel Action: HIR--
For the period 12/01/2015 through 12/31/2015

Effective Date	Action Reason	Employee Name	Employee ID	Hire Date	Emp Typ	Reg/ Tmp	Full/ Part	Job Code	Job Title	Salary Grade	Comp Rate	Supervisor
Department BEHAVSCI Behavioral Sciences Department SETID - PALMR												
12/15/2015		Cummins,Jacob Patrick	006947559	12/15/2015	0.0	H	T	P	900STU Student EE	STU/ASTU	10.000000	H
Department CHEMIST Chemistry Department SETID - PALMR												
12/01/2015		Kambashi,Rika	010822575	12/01/2015	0.0	H	T	P	900STU Student EE	STU/ STU	10.000000	H
Department EOP&S Extended Opportunity Prog&Svc SETID - PALMR												
12/08/2015		Figueroa,Karla I	010905931	12/08/2015	0.0	H	T	P	900STU Student EE	STU/ASTU	14.000000	H
Department GFSP Grant Funded Stu Support Prgms SETID - PALMR												
12/04/2015		Lagdaan,Annamae Gonzales	010767767	12/04/2015	0.0	H	T	P	900STU Student EE	STU/ASTU	10.000000	H
12/02/2015		Seanez,Katrianna	011032447	12/02/2015	0.0	H	T	P	900STU Student EE	STU/ASTU	10.000000	H
Department LIBRARY Library SETID - PALMR												
12/09/2015		Sedillo,Megan Michelle	007725001	12/09/2015	0.0	H	T	P	900STU Student EE	STU/ASTU	12.000000	H
Department PERARTS Performing Arts Department SETID - PALMR												
12/04/2015		Hansen,Christina Louise	010871273	12/04/2015	0.0	H	T	P	900STU Student EE	STU/ASTU	12.000000	H

End of Report

PALOMAR COLLEGE CURRICULUM

SUBJECT:

Governing Board approval of curriculum changes effective Fall 2016

SUMMARY:

California Community Colleges are required to maintain evidence documenting that district governing board approval and college consensus has been secured for each curriculum proposal (new, substantial change, non-substantial change, and active/inactive status).

New course and program proposals, as well as substantial and non-substantial changes, recommended by the Curriculum Committee and the Faculty Senate to be included in the Palomar College Curriculum Inventory effective Fall 2016 are outlined in the attached "CURRICULUM ACTION ITEMS" documents dated: September 2, September 16, October 21, November 4, November 18 and December 2, 2015.

Substantial course changes typically include: TOP code, Course Credit Status, Maximum Units, Minimum Units, Course Basic Skills Status, Course SAM priority code, Course Prior to College Level, and Course Noncredit Category.

Non-substantial course changes typically include: Subject/Catalog Number, Course Title, Transfer Status, Cooperative Work Experience Education Status, Course Classification Status, Repeatability, Special Status, CAN Code, CAN Sequence Code, Funding Agency Category, Course Program Status.

Substantial program changes typically include: new certificate under same TOP code, new degree under same TOP code, new major/area of emphasis under same TOP code, TOP code change to a different TOP code discipline.

Non-substantial program changes typically include: title change, TOP code change within the same TOP code discipline, total unit change, addition/removal of courses.

DETAILS:

See the attached summary "CURRICULUM ACTION ITEMS" documents for detailed information regarding curriculum changes.

**Palomar College
Curriculum Actions**
Wednesday, September 2, 2015

I. Technical Updates

- A. **GCMW 221** – TOP Code change from 0936.00 Printing and Lithography to **0614.60* - Computer Graphics and Digital Imagery**.
- B. **TA 106** must be removed from Palomar's Associate in Arts in Theatre Arts for Transfer degree until C-ID approval is received.
- C. The **CB24** status of **KINE 117A**, **KINE 155A**, and **KINE 155C** was changed from Standalone to Program Applicable at the direction of the Chancellor's Office. These courses are included in Palomar's Associate in Arts in Kinesiology for Transfer degree.
- D. Removing the note "*corresponds to two years of high school study*" from the courses listed below in the college's catalog. This information is unique to every high school district, is difficult to maintain and could be misleading to students. The American Indian Studies, American Sign Language and World Languages department approves the REMOVAL of this note from the following courses:
 - 1. AIS 107A Elementary Luiseño IA
 - 2. AIS 107B Elementary Luiseño IB
 - 3. AIS 108A Elementary Luiseño IIA
 - 4. AIS 108B Elementary Luiseño IIB
 - 5. AIS 151 Elementary Cupeño IA
 - 6. AIS 152 Elementary Cupeño IB
 - 7. AIS 153 Elementary Cupeño IIA
 - 8. AIS 154 Elementary Cupeño IIB
 - 9. ASL 100 American Sign Language I
 - 10. ARAB 101 Arabic I
 - 11. ARAB 101B Arabic IB
 - 12. CHIN 101 Chinese I
 - 13. FL 107A Elementary Luiseño IA
 - 14. FL 107B Elementary Luiseño IB
 - 15. FL 108A Elementary Luiseño IIA
 - 16. FL 108B Elementary Luiseño IIB
 - 17. FREN 101 French I
 - 18. GERM 101 German I
 - 19. ITAL 101 Italian I
 - 20. SPAN 101 Spanish I
 - 21. SPAN 101B Spanish IB
 - 22. SPAN 102 Spanish II
 - 23. SPAN 201 Spanish III

**Palomar College
Curriculum Actions**
October 21, 2015

II. ACTION - SECOND READING

The following curriculum changes, pending appropriate approvals, will be effective **Fall 2016**:

A. Credit Course Deactivations

- 1. Course Number and Title: CSWB 140 Ruby on Rails Programming
Discipline: Computer Science and Information Technology - Web Technology (CSWB)
Recommended Prep: A minimum grade of B in CSWB 110
Course Included in the following programs:
 - A. Information Technology, A.S. Degree Major/Cert. AchievementTransfer Acceptability: CSU
Distance Learning Offering(s): Online
Reason for Deactivation: Course is not being offered.
Stephen R. Perry

Palomar College
Curriculum Actions
September 16, 2015

I. **SECOND READING – ACTION**

The following curriculum changes, pending appropriate approvals, will be effective **Fall 2016**:

A. **Credit Course Changes** (*Designated new courses due to Chancellor's Office Guidelines*)

1. Course Number and Title: CSIT 270 Visual Basic II
Discipline: Computer Science and Information Technology - Information Technology (CSIT)
Prerequisites: CSIT 170
Course Included in the following programs:
 - A. Information Technology, A.S. Degree Major/Cert. AchievementTransfer Acceptability: CSU
Distance Learning Offering(s): Online, ~~computer-assisted instruction, television course~~
Decreased units from 4 to 3, decreased lecture from 3.5 to 2, increased lab from 1.5 to 3, removed Lec/Lab method of instruction, added method of assessment, removed computer assisted instruction and TV course delivery methods, changed SAM code from C to B.
Ronald Burgher
2. Course Number and Title: FASH 135 Introductory Sewing for Apparel
Short Title: Intro Sewing for Apparel
Discipline: Fashion (FASH)
Course Included in the following programs:
 - A. University Studies: Emphasis in Fine and Performing Arts, A.A. Degree Major
 - B. Costume Design, A.S. Degree Major/Cert. Achievement
 - C. Visual Merchandising, A.S. Degree Major/Cert. Achievement
 - D. Family and Consumer Science-General, A.S. Degree Major/Cert. Achievement
 - E. Entertainment Technology, A.A. Degree Major/Cert. Achievement
 - F. Technical Theatre, A.A. Degree Major/Cert. AchievementTransfer Acceptability: CSU
Decreased units from 4 to 3, decreased lab from 6 to 3, updated textbooks.
Rita Campo Griggs
3. Course Number and Title: FASH 136 Advanced Sewing for Apparel
Discipline: Fashion (FASH)
Prerequisites: FASH 135
Course Included in the following programs:
 - A. University Studies: Emphasis in Fine and Performing Arts, A.A. Degree Major
 - B. Costume Design, A.S. Degree Major/Cert. Achievement
 - C. Fashion Design, A.S. Degree Major/Cert. Achievement
 - D. Family and Consumer Science-General, A.S. Degree Major/Cert. AchievementTransfer Acceptability: CSU
Decreased units from 4 to 3, decreased lecture from 2 to 1.5, decreased lab from 6 to 4.5 and updated textbooks.
Rita Campo Griggs
4. Course Number and Title: GCMW 123 Audio for the Internet
Discipline: Graphic Communications - Multimedia and Web (GCMW)
Course Included in the following programs:
 - A. Interactive Web Multimedia and Audio, A.S. Degree Major/Cert. Achievement
 - B. New Media Compositing, Authoring, and Distribution, A.S. Degree Major/Cert. AchievementTransfer Acceptability: CSU
Distance Learning Offering(s): Telecourse, Online

Decreased units from 4 to 3, decreased lecture from 3 to 1.5, increased lab from 3 to 4.5, updated methods of instruction, textbooks, updated required reading, critical thinking, and methods of assessment, removed suggested reading and distance learning.

Grace A. Fowler

B. Credit Course Changes

1. Course Number and Title: FASH 141 Advanced Pattern Making/Draping
Short Title: Adv Pattern Making/Draping
Discipline: Fashion (FASH)
Prerequisites: FASH 139
~~Co-requisites: FASH 167~~
~~Recommended Prep: FASH 135~~
Transfer Acceptability: CSU
Updated title, removed FASH 167 as co-requisite and FASH 135 as recommended prep.

Rita Campo Griggs

C. Credit Course Deactivations

1. Course Number and Title: ACCT 205 Cost Accounting
Discipline: Accounting (ACCT)
Prerequisites: ACCT 202
Transfer Acceptability: CSU
Reason for Deactivation: Course has not been taught for some time.
Carol Bruton
2. Course Number and Title: ART 167 History of Modern Art I: 19th Century Europe and America
Short Title: History of Modern Art I
Discipline: Art (ART)
Course Included in the following programs:
 - A. General Studies: Emphasis in Arts and Humanities, A.A. Degree Major
 - B. University Studies: Emphasis in Fine and Performing Arts, A.A. Degree MajorAssociate Degree General Education - C: Humanities
CSU GE Area C: Arts and Humanities - C1: Arts
IGETC Area 3: Arts and Humanities - 3A: Arts
Transfer Acceptability: UC, CSU
Distance Learning Offering(s): Computer Assisted, Telecourse
Reason for Deactivation: To meet C-ID descriptors, and AA in Art History program requirements, this class has been reconfigured into (pending class) Art 169.
Mark J. Hudelson
3. Course Number and Title: ART 168 History of Modern Art II: 20th Century Europe and America
Short Title: History of Modern Art II
Discipline: Art (ART)
Course Included in the following programs:
 - A. General Studies: Emphasis in Arts and Humanities, A.A. Degree Major
 - B. University Studies: Emphasis in Fine and Performing Arts, A.A. Degree MajorAssociate Degree General Education - C: Humanities
CSU GE Area C: Arts and Humanities - C1: Arts
IGETC Area 3: Arts and Humanities - 3A: Arts
Transfer Acceptability: UC, CSU
Distance Learning Offering(s): Computer Assisted, Telecourse
Reason for Deactivation: To meet C-ID descriptors, and AA in Art History program requirements, this class has been reconfigured into (pending class) Art 169 (Survey of

Modern Art).

Mark J. Hudelson

4. Course Number and Title: ARTI 230 Illustration Techniques III - Experimental Techniques
Short Title: Illustration Techniques III
Discipline: Art-Illustration (ARTI)
Prerequisites: ARTI 220
Transfer Acceptability: CSU
Reason for Deactivation: No longer part of degree program.
Lily Glass
5. Course Number and Title: FASH 165 Sewing Laboratory
Discipline: Fashion (FASH)
Transfer Acceptability: CSU
Grading Basis: Pass/No Pass Only
Reason for Deactivation: Not offering anymore. No longer necessary.
Rita Campo Griggs
6. Course Number and Title: FASH 166 Tailoring Laboratory
Discipline: Fashion (FASH)
Transfer Acceptability: CSU
Reason for Deactivation: Lab is integrated into the course.
Rita Campo Griggs
7. Course Number and Title: FASH 167 Pattern-Making Laboratory
Discipline: Fashion (FASH)
Co-requisites: FASH 139, or FASH 141
Transfer Acceptability: CSU
Reason for Deactivation: Lab is integrated into the course.
Rita Campo Griggs
8. Course Number and Title: LS 295 Directed Study in Legal Studies
Short Title: DIRECTED STUDY/LEGAL STUDIES
Discipline: Legal Studies (LS)
Prerequisites: Approval of project or research by department chairperson/director
Course Included in the following programs:
 A. Legal Studies, A.A. Degree Major
Transfer Acceptability: CSU
Distance Learning Offering(s): Video Two Way, Video One Way, Telecourse
Reason for Deactivation: Not offered in 10 years, does not fit the curriculum.
Angelo J. Corpora
9. Course Number and Title: PSYC 205L / SOC 205L Data Analysis in Psychology and Sociology
Short Title: DATA ANALYSIS IN PSYC AND SOC
Discipline: Psychology (PSYC) / Sociology (SOC)
Co-requisites: PSYC 205 / SOC 205
Course Included in the following programs:
 A. University Studies: Emphasis in Mathematics and Science, A.S. Degree Major
 B. University Studies: Emphasis in Social Sciences, A.A. Degree Major
Transfer Acceptability: UC, CSU
Reason for Deactivation: Course no longer offered and no longer necessary. This content is now covered in Psychology and Sociology 205 which has been expanded to a 4 unit class.
Susan A. Miller

D. **Distance Learning**

The following courses may be offered as distance learning and meet Title 5 Regulations 55200-55210, effective Fall 2015.

<u>Catalog/Subject Number</u>	<u>Learning Offerings</u>
CSIT 270	Online, Computer Assisted Instruction, Television Course
GCMW 123	Telecourse, Online

E. **Requisites and Advisories**

The establishment of the following advisories meets Title 5 Regulations 55003, effective Fall 2015.

<u>Catalog Number</u>	<u>Type</u>	<u>Description</u>	<u>Proposal Type</u>
CSIT 270	Prerequisite	CSIT 170	Change (New)
FASH 136	Prerequisite	FASH 135	Change (New)
FASH 141	Prerequisite	FASH 139	Change
FASH 141	Co-Requisite	FASH 167	Change
FASH 141	Recommended Prep	FASH 135	Change

II. **Technical Updates**

- A. **TA 106** must be removed from Palomar's Associate in Arts in Theatre Arts for Transfer degree because it was deactivated (changed to TA 106A).

Palomar College
Curriculum Actions
Wednesday, November 4, 2015

I. **ACTION - SECOND READING**

The following curriculum changes, pending appropriate approvals, will be effective **Fall 2016**:

A. **New Credit Programs**

1. Program Title: Art History
Discipline: Art (ART)
Award Type: AA-T Transfer Major (18 units or more)
Total Units: 18.00
Justification: Currently no AA program in art history. Our aim is to provide an AA in art history that also meets the TMC requirements for students moving on to the university level.
Mark Hudelson
2. Program Title: CAD/CAM Design and Manufacturing
Discipline: Industrial Technology (IT)
Award Type: A.S. Degree Major
Total Units: 28.00 - 30.00
Justification: This program is the next step from our 3D modeling program in drafting. This will take our students from 3D Design to actual CNC Manufacturing.
Dennis C. Lutz
3. Program Title: Studio Arts
Discipline: Art (ART)
Award Type: AA-T Transfer Major (18 units or more)
Total Units: 24.00
Justification: Associate degree for transfer to provide transfer opportunities for students.
Lily Glass

B. **New Credit Courses**

1. Course Number and Title: IT 190 Manufacturing I Introduction to MasterCAM
Short Title: Intro MasterCAM/Manufacturing
Discipline: Industrial Technology (IT)
Course Included in the following programs:
 A. CAD/CAM Design and Manufacturing, A.S. Degree Major
Standalone Course
Justification: New advanced manufacturing program. First of 3 MasterCAM machining/programming courses for the proposed CAD/CAM certificate.
2. Course Number and Title: IT 191 Manufacturing II Advanced MasterCAM
Short Title: Adv. MasterCAM/Manufacturing
Discipline: Industrial Technology (IT)
Prerequisites: IT 190
Course Included in the following programs:
 A. CAD/CAM Design and Manufacturing, A.S. Degree Major
Standalone Course
Justification: Part of the proposed Advanced Manufacturing Degree.
Dennis C. Lutz

C. **Credit Course Changes**

1. Course Number and Title: ARTD 150 Digital Concepts and Techniques in Art
Short Title: Digital Concepts/Tech in Art
Discipline: Art-Design (ARTD)

Transfer Acceptability: UC, CSU

Removed ARTD 100 prerequisite, updated textbook, updated CB11 to Credit Course.

Jay T. Schultz

2. Course Number and Title: CHDV 152A Environmental Rating Scale for Early Childhood Settings
Short Title: Env Rating Scale: Early Child
Discipline: Child Development (CHDV)
Transfer Acceptability: CSU
Distance Learning Offering(s): Online
Updated terminology in objectives, description, outside assignments, critical thinking and required writing, updated content, textbooks, methods of assessment, changed CB11 to Occupational Education.
Diane C. Studinka
3. Course Number and Title: CHDV 99 Preparation for Child Development Majors
Short Title: Prep for Child Dev Majors
Discipline: Child Development (CHDV)
Minor updates to description, objectives and content, changed CB11 to Occupational Education.
Diane C. Studinka
4. Course Number and Title: DA 50 Introduction to Dental Sciences and Dental Occupations
Short Title: Intro Dental Science/Occupatns
Discipline: Dental Assisting (DA)
Grading Basis: Grade Only
Updated textbooks and required reading, changed CB11 to Credit Course.
Denise E. Rudy
5. Course Number and Title: GEOG 100 Earth's Dynamic Environment: Introduction to Physical Geography
Short Title: Earth's Dynamic Environment
Discipline: Geography (GEOG)
Course Included in the following programs:
 - A. Environmental Studies, Certificate of Proficiency
 - B. Environmental Studies and Sustainability Planning, A.S. Degree/C.A.Associate Degree General Education - B: Natural Sciences
CSU GE Area B: Scientific Inquiry and Quantitative Reasoning - B1: Physical Science
IGETC Area 5: Physical and Biological Sciences - 5A: Physical Science
Transfer Acceptability: UC, CSU
Distance Learning Offering(s): Online
Changed title, changed CB11 to Credit Course.
Catherine M. Jain
6. Course Number and Title: GEOG 115 / ES 115 Natural Disasters and Environmental Hazards
Short Title: Ntrl Disasters/Envrmtl Hazards
Discipline: Geography (GEOG) / Earth Sciences (ES)
Associate Degree General Education - B: Natural Sciences
CSU GE Area B: Scientific Inquiry and Quantitative Reasoning - B1: Physical Science
IGETC Area 5: Physical and Biological Sciences - 5A: Physical Science
Transfer Acceptability: UC, CSU
Updated description, content and textbooks.
Catherine M. Jain
7. Course Number and Title: GEOG 120 Digital Earth: Introduction to Geographic Information Systems
Short Title: Digital Earth: Intro to GIS

Discipline: Geography (GEOG)

Course Included in the following programs:

A. Environmental Studies, Certificate of Proficiency

Transfer Acceptability: UC, CSU

Changed title, removed recommended prep., updated textbooks, updated CB11 to Credit Course.
Wing H. Cheung

8. Course Number and Title: ZOO 145 Introduction to Anatomy and Physiology

Short Title: INTRO TO ANATOMY/PHYSIOLOGY

Discipline: Zoology (ZOO)

Associate Degree General Education - B: Natural Sciences

CSU GE Area B: Scientific Inquiry and Quantitative Reasoning - B2: Life Science

IGETC Area 5: Physical and Biological Sciences - 5B: Biological Science

Transfer Acceptability: UC, CS

Distance Learning Offering(s): Telecourse, Online

Updated methods of instruction, textbooks and required writing, updated CB11 to Credit Course,
added distance learning.

Gene Gushansky

D. Credit Course Deactivations

1. Course Number and Title: ARCH 106 Intermediate Architectural Drafting

Short Title: Inter Architectural Drafting

Discipline: Architecture (ARCH)

Prerequisites: ARCH 105

Transfer Acceptability: CSU

Reason for Deactivation: Course no longer offered not required.

Dennis C. Lutz

2. Course Number and Title: ARCH 129 Basic Architectural Drafting with AutoCAD

Short Title: Bsic Arch Drafting w/AutoCAD

Discipline: Architecture (ARCH)

Transfer Acceptability: CSU

Reason for Deactivation: Course no longer offered not required.

Dennis C. Lutz

3. Course Number and Title: DT 100 Basic Mechanical Drawing

Discipline: Drafting Technology (DT)

Course Included in the following programs:

A. Drafting Technology: Technical, A.S. Degree/C.A.

Transfer Acceptability: CSU

Reason for Deactivation: Course no longer needed due to new technology.

Dennis C. Lutz

4. Course Number and Title: ESL 34 Intermediate ESL I

Discipline: English as a Second Language (ESL)

Prerequisites: Eligibility determined through the English as a Second Language placement process

Reason for Deactivation: Course no longer needed.

Nimoli Madan

E. Distance Learning

The following courses may be offered as distance learning and meet Title 5 Regulations 55200-55210, effective Fall 2015.

Catalog/Subject Number
CHDV 152A

Learning Offerings
Online

GEOG 100
ZOO 145

Online
Telecourse, Online

F. **Requisites and Advisories**

The establishment of the following advisories meets Title 5 Regulations 55003, effective Fall 2015.

<u>Catalog Number</u>	<u>Type</u>	<u>Description</u>	<u>Proposal Type</u>
ARTD 150	Recomm. Prep.	ARTD 100	Change
IT 191	Prerequisite	<u>IT 190</u>	New

Palomar College
Curriculum Actions
November 18, 2015

I. **ACTION - SECOND READING**

The following curriculum changes, pending appropriate approvals, will be effective **Fall 2016**:

A. **New Credit Courses**

1. Course Number and Title: AMS 121 / AIS 121 Pacific Islanders
Discipline: American Studies (AMS) / American Indian Studies (AIS)
Associate Degree General Education - D: Social and Behavioral Sciences
Associate Degree Multicultural Requirement - Yes
CSU GE Area D: Social Sciences - D3: Ethnic Studies
CSU GE Area D: Social Sciences - D6: History
IGETC Area 4: Social and Behavioral Sciences - 4C: Ethnic Studies
IGETC Area 4: Social and Behavioral Sciences - 4F: History
IGETC Area 4: Social and Behavioral Sciences - 4G: Interdisciplinary, Social or Behavioral Science
Transfer Acceptability: UC, CSU
Distance Learning Offering(s): Video Two Way, Online
Justification: We study and explore the indigenous communities of the Americas with an emphasis on mainland United States. The unique experiences of the Pacific Island communities is lacking in our department.
Patricia A. Dixon
2. Course Number and Title: ART 169 Survey of Modern Art
Discipline: Art (ART)
Course Included in the following programs:
 - A. Art History, AA-T Transfer Major
 - B. Studio Arts, AA-T Transfer MajorAssociate Degree General Education - C: Humanities
CSU GE Area C: Arts and Humanities - C1: Arts
IGETC Area 3: Arts and Humanities - 3A: Arts
Transfer Acceptability: UC, CSU
Justification: This course is intended to satisfy a requirement for the proposed AA in Art History degree program. It would be transferable to CSU and UC, and align with the C-ID descriptors.
Mark J. Hudelson
3. Course Number and Title: HIST 160 / MCS 160 History of the Middle East from 600 to the Present
Short Title: Hist/Middle East 600-Present
Discipline: History (HIST) / Multicultural Studies (MCS)
Recommended Prep: HIST 107
Associate Degree General Education - D: Social and Behavioral Sciences
CSU GE Area D: Social Sciences - D6: History
IGETC Area 4: Social and Behavioral Sciences - 4F: History
Transfer Acceptability: UC, CSU
Justification: Bring Palomar into line with what other regional colleges are offering. Better prepare students to transfer for history degree in area with impacted classes at 4-year level.
Travis Ritt
4. Course Number and Title: READ 31 Developmental Reading Skills
Discipline: Reading (READ)
Distance Learning Offering(s): Computer Assisted
Always offered Open Entry/Open Exit
Standalone Course (Permitted for Basic Skills)

Justification: Students will improve their basic reading and comprehension skills through independent practice monitored by instructor including lectures.

Melinda D. Carrillo

5. Course Number and Title: READ 32 Intermediate Reading Skills

Discipline: Reading (READ)

Distance Learning Offering(s): Computer Assisted

Always offered Open Entry/Open Exit

Standalone Course (Permitted for Basic Skills)

Justification: Students will develop intermediate reading comprehension and be introduced to critical thinking skills on an independent basis with instructor provided lectures.

Melinda D. Carrillo

B. Credit Course Changes (*Designated new courses due to Chancellor's Office Guidelines*)

1. Course Number and Title: DNCE 151 Latin Social Dance I

Discipline: Dance (DNCE)

Course Included in the following programs:

A. Dance: Emphasis in Euro-Western, A.A. Degree/Cert. of Achievement

B. Dance: Emphasis in General Dance, A.A. Degree/Cert. of Achievement

C. Dance: Emphasis in World Dance, A.A. Degree/Cert. of Achievement

Transfer Acceptability: UC, CSU

Added .5 unit option, removed 2 unit option, removed lecture hours, added 4.5 lab hour option, updated description, objectives, methods of instruction, outline, textbook and methods of assessment, added CB11 Liberal Arts and Sciences.

Patriceann J. Mead

2. Course Number and Title: DNCE 152 Latin Social Dance II

Discipline: Dance (DNCE)

Course Included in the following programs:

A. Dance: Emphasis in General Dance, A.A. Degree/Cert. of Achievement

B. Dance: Emphasis in World Dance, A.A. Degree/Cert. of Achievement

Transfer Acceptability: UC, CSU

Added .5 unit option, removed 2 unit option, removed lecture hours, added 4.5 lab hour option, updated description, objectives, methods of instruction, outline, textbook, required writing and methods of assessment, added CB11 Liberal Arts and Sciences.

Patriceann J. Mead

3. Course Number and Title: DNCE 251 Latin Social Dance III

Discipline: Dance (DNCE)

Course Included in the following programs:

A. Dance: Emphasis in General Dance, A.A. Degree/Cert. of Achievement

B. Dance: Emphasis in World Dance, A.A. Degree/Cert. of Achievement

Transfer Acceptability: UC, CSU

Added .5 unit option, removed 2 unit option, removed lecture hours, added 4.5 lab hour option, updated description, objectives, methods of instruction, outline, textbook, and outside assignments, added CB11 Liberal Arts and Sciences.

Patriceann J. Mead

4. Course Number and Title: DNCE 252 Latin Social Dance IV

Discipline: Dance (DNCE)

Course Included in the following programs:

A. Dance: Emphasis in General Dance, A.A. Degree/Cert. of Achievement

B. Dance: Emphasis in World Dance, A.A. Degree/Cert. of Achievement

Transfer Acceptability: UC, CSU

Added .5 unit option, removed 2 unit option, removed lecture hours, added 4.5 lab hour option,

updated description, objectives, methods of instruction, outline, textbook, outside assignments, required writing and methods of assessment, added CB11 Liberal Arts and Sciences.

Patriceann J. Mead

5. Course Number and Title: DNCE 281 Summer Dance Workshop

Discipline: Dance (DNCE)

Course Included in the following programs:

- A. Dance: Emphasis in General Dance, A.A. Degree/Cert. of Achievement

Transfer Acceptability: UC, CSU

Added .5 and 1.5 unit options, removed 2 unit option, removed lecture hours, added 4.5 lab hour option, removed limitation on enrollment, updated textbook, added CB11 Liberal Arts and Sciences.

Margaret M. Faulkner

6. Course Number and Title: DNCE 296 Independent Projects in Dance

Discipline: Dance (DNCE)

Transfer Acceptability: UC, CSU

Added .5 unit option, removed 2 unit option, removed lecture hours, added 1.5, 2, 3, and 4.5 lab hours, updated textbooks, added CB11 Liberal Arts and Sciences..

Margaret M. Faulkner

7. Course Number and Title: DNCE 297 Experimental Projects in Dance

Discipline: Dance (DNCE)

Transfer Acceptability: UC, CSU

Added .5 unit option, removed 2 unit option, removed lecture hours, added 4.5 lab hour option, updated textbook, added CB11 Credit Course.

Margaret M. Faulkner

C. Credit Course Changes

1. Course Number and Title: PSYC 100 Introduction to Psychology

Discipline: Psychology (PSYC)

Course Included in the following programs:

- A. Administration of Justice, A.S.-T Degree
- B. Alcohol and Other Drug Studies, A.S. Degree/Cert. of Achievement
- C. General Studies: Emphasis in Social and Behavioral Sciences, A.D. Degree Major
- D. University Studies: Emphasis in Business, A.S. Degree
- E. University Studies: Emphasis in Health and Fitness A.S. Degree
- F. University Studies: Emphasis in Social Sciences, A.A. Degree
- G. Family and Consumer Science-General, A.S. Degree/Cert. of Achievement
- H. Adult Fitness and Health, Certificate of Achievement
- I. Kinesiology, A.A. Degree
- J. Nutrition and Dietetics, A.S.-T Degree
- K. Psychological and Social Services, A.A. Degree/Cert. of Achievement
- L. Psychology, A.A.-T Degree

Associate Degree General Education - D: Social and Behavioral Sciences

CSU GE Area D: Social Sciences - D9: Psychology

IGETC Area 4: Social and Behavioral Sciences - 4I: Psychology

Transfer Acceptability: UC, CSU

Distance Learning Offering(s): Computer Assisted, Telecourse, Online

Removed prerequisite ENG 50 or eligibility for ENG 100 as determined through the English placement process, updated textbook, changed CB11 from Liberal Arts and Sciences to Credit Course.

Kathy Young

D. Distance Learning

The following courses may be offered as distance learning and meet Title 5 Regulations 55200-55210, effective Fall 2015.

<u>Catalog/Subject Number</u>	<u>Learning Offerings</u>
AMS/AIS 121	<u>Video Two Way, Online</u>
READ 31	<u>Computer Assisted</u>
READ 32	<u>Computer Assisted</u>
PSYC 100	<u>Computer Assisted, Telecourse, Online</u>

E. **Requisites and Advisories**

The establishment of the following advisories meets Title 5 Regulations 55003, effective Fall 2015.

<u>Catalog Number</u>	<u>Type</u>	<u>Description</u>	<u>Proposal Type</u>
HIST/MCS 160	Recomm. Prep.	<u>HIST 107</u>	New
PSYC 100	Prerequisite	ENG 50 or eligibility for ENG 100 as determined through the English placement process	Change

Palomar College
Curriculum Actions
December 2, 2015

I. **ACTION - SECOND READING**

The following curriculum changes, pending appropriate approvals, will be effective **Fall 2016**:

A. **New Credit Programs**

1. Program Title: Unmanned Aircraft Systems (UAS) Technician
Discipline: Geography (GEOG)
Award Type: Certificate of Proficiency
Total Units: 14
Less than 50% of courses approved for Distance Education
Justification: To help students gain employment in fields that employ aerial images and videos by giving students a thorough understanding of techniques used to process, disseminate, and integrate UAS data.
Wing H. Cheung
2. *Postponed*
3. Program Title: Web Development (*Chancellor's Office Approval Needed*)
Discipline: Computer Science and Information Technology - Web Technology (CSWB)
Award Type: Certificate of Achievement
Total Units: 18
More than 50% of courses approved for Distance Education
Justification: This is a new CA program that will be used to replace the two CP programs for Web Development.
Stephen R. Perry
4. Program Title: Web Design and Development (*Chancellor's Office Approval Needed*)
Discipline: Computer Science and Information Technology - Web Technology (CSWB)
Award Type: A.S. Degree Major/Cert. Achievement 18 units/more
Total Units: 30
More than 50% of courses approved for Distance Education
Justification: Creates a new Web Design and Development Program so that students can get the skills to be gainfully employed as Web Designers/Developers for small to mid-size business who need Web Technologists that understand both Design and Programming for the Web.
Stephen R. Perry

B. **Credit Program Changes**

1. Program Title: Computer Science with Emphasis in Video Gaming
Discipline: Computer Science and Information Technology - Computer Science (CSCI)
Award Type: A.S. Degree Major/Cert. Achievement 18 units/more
Total Units: 31
Removed Video Game Block, integrated CSCI 160 and CSCI 161 into program requirement block, removed CSCI 261, updated total units.
Anthony W. Smith

C. **New Credit Courses**

1. Course Number and Title: GEOG 197 Geography Topics
Discipline: Geography (GEOG)
Justification: To provide students with an overview of emerging topics in Geography.
Wing Cheung

2. Course Number and Title: IT 120 Blueprint Reading for Machinists
Short Title: Machinist Blueprint Reading
Discipline: Industrial Technology (IT)
Course Included in the following programs:
 A. CAD/CAM Design and Manufacturing, A.S. Degree Major
Distance Learning Offering(s): Online
Justification: The manufacturing students do not need to learn how to make shop drawings in our drafting classes. They need to know how to "Read" drawings. This Machine blueprint reading class is for the CAD/CAM Manufacturing certificate.
Dennis C. Lutz
3. Course Number and Title: IT 192 Manufacturing III Multi-Axis Programming and Machining
Short Title: Adv. Manufacturing Multi-Axis
Discipline: Industrial Technology (IT)
Prerequisites: IT 191
Course Included in the following programs:
 A. CAD/CAM Design and Manufacturing, A.S. Degree Major
Justification: Last class in machining using 4- and 5-axis techniques in MasterCAM for the CAD/CAM Design and Manufacturing degree.
Dennis C. Lutz

D. **Credit Course Changes (Designated new courses due to Chancellor's Office Guidelines)**

1. Course Number and Title: AIS 165 Native Women in the Americas
Discipline: American Indian Studies (AIS)
Associate Degree General Education - D: Social and Behavioral Sciences
Associate Degree Multicultural Requirement - Yes
CSU GE Area D: Social Sciences - D3: Ethnic Studies
CSU GE Area D: Social Sciences - D4: Gender Studies
IGETC Area 4: Social and Behavioral Sciences - 4C: Ethnic Studies
IGETC Area 4: Social and Behavioral Sciences - 4D: Gender Studies
Transfer Acceptability: UC, CSU
Distance Learning Offering(s): Online
Updated content outline, textbooks, required and suggested reading, outside assignments, critical thinking and required writing, removed television course distance learning, changed CB11 from Liberal Arts and Sciences to Credit Course, changed T.O.P. Code from 2201.20 American Studies to 2203.00 Ethnic Studies.
Patricia A. Dixon
2. Course Number and Title: AS 100 Introduction to African American Studies
Short Title: Intro African American Studies
Discipline: Africana Studies (AS)
Associate Degree General Education - D: Social and Behavioral Sciences
Associate Degree Multicultural Requirement - Yes
CSU GE Area D: Social Sciences - D3: Ethnic Studies
IGETC Area 4: Social and Behavioral Sciences - 4C: Ethnic Studies
Transfer Acceptability: UC, CSU
Distance Learning Offering(s): Online
Updated description, objectives, content outline, textbooks, required reading, suggested reading, critical thinking and required writing, changed CB11 from Liberal Arts and Sciences to Credit Course, changed T.O.P. Code from 2202.00 Anthropology to 2203.00 Ethnic Studies, added multicultural requirement approval.
Martin Japtok

E. **Credit Course Changes**

1. Course Number and Title: AIS 107A Elementary Luiseno IA
Discipline: American Indian Studies (AIS)
Associate Degree General Education - C: Humanities
CSU GE Area C: Arts and Humanities - C2: Humanities
IGETC Area 3: Arts and Humanities - 3B: Humanities
IGETC Area 6: Language other than English (101 level only) - 6A: Language other than English
Transfer Acceptability: UC, CSU
Distance Learning Offering(s): Computer Assisted, Video Two Way, Video One Way, Telecourse, Online
Removed FL cross-listing, updated textbooks, suggested reading, outside assignments, critical thinking and methods of assessment, changed CB11 from Liberal Arts and Sciences to Credit Course.
Patricia A. Dixon
2. Course Number and Title: AIS 110 History of the Plains Indian
Discipline: American Indian Studies (AIS)
Associate Degree General Education - D: Social and Behavioral Sciences
Associate Degree Multicultural Requirement - Yes
CSU GE Area D: Social Sciences - D3: Ethnic Studies
CSU GE Area D: Social Sciences - D6: History
IGETC Area 4: Social and Behavioral Sciences - 4C: Ethnic Studies
IGETC Area 4: Social and Behavioral Sciences - 4H: Political Science, Government and Legal Institutions
Transfer Acceptability: UC, CSU
Distance Learning Offering(s): Computer Assisted, Online
Updated objectives, methods of instruction, content outline, textbooks, required and suggested reading, outside assignments, critical thinking, required writing and methods of assessment, removed television course distance learning, changed CB11 from Liberal Arts and Sciences to Credit Course.
Patricia A. Dixon
3. Course Number and Title: AJ 95B Basic Police Academy Module IB
Discipline: Administration of Justice (AJ)
Prerequisites: Admission to the Police Academy
Grading Basis: Grade Only
Updated objectives and content outline.
Kevin Barrett
4. Course Number and Title: AS 101 African-American History I
Discipline: Africana Studies (AS)
Associate Degree General Education - D: Social and Behavioral Sciences
Associate Degree Multicultural Requirement - Yes
American History & Institutions - Sequence - AS 102
CSU GE Area D: Social Sciences - D3: Ethnic Studies
CSU GE Area D: Social Sciences - D6: History
IGETC Area 4: Social and Behavioral Sciences - 4C: Ethnic Studies
Transfer Acceptability: UC, CSU
Distance Learning Offering(s): Telecourse, Online
Updated description, objectives, content outline, textbooks, required reading, suggested reading, and methods of assessment, changed CB11 from Liberal Arts and Sciences to Credit Course, added multicultural requirement approval.
Martin Japtok
5. Course Number and Title: AS 102 African-American History II
Discipline: Africana Studies (AS)

Associate Degree General Education - D: Social and Behavioral Sciences

Associate Degree Multicultural Requirement - Yes

American History & Institutions - Sequence - AS 101

CSU GE Area D: Social Sciences - D3: Ethnic Studies

CSU GE Area D: Social Sciences - D6: History

IGETC Area 4: Social and Behavioral Sciences - 4C: Ethnic Studies

Transfer Acceptability: UC, CSU

Distance Learning Offering(s): Telecourse, Online

Updated description, objectives, content outline, textbooks, required reading, suggested reading, and methods of assessment, changed CB11 from Liberal Arts and Sciences to Credit Course, added multicultural requirement approval.

Martin Japtok

6. Course Number and Title: CHEM 104 General Organic and Biochemistry

Short Title: General Organic/Biochemistry

Discipline: Chemistry (CHEM)

Associate Degree General Education - B: Natural Sciences

CSU GE Area B: Scientific Inquiry and Quantitative Reasoning - B1: Physical Science

CSU GE Area B: Scientific Inquiry and Quantitative Reasoning - B3: Laboratory Activity

IGETC Area 5: Physical and Biological Sciences - 5A: Physical Science

Transfer Acceptability: UC, CSU

Increased lecture hours from 3 to 4, decreased lab hours from 6 to 3, updated objectives and textbooks, changed CB11 from Liberal Arts and Sciences to Credit Course.

Natarajan Geetha

7. Course Number and Title: CS 101 United States History from a Chicano Perspective I

Short Title: U.S. Hist/Chicano Prspctv I

Discipline: Chicano Studies (CS)

Associate Degree General Education - D: Social and Behavioral Sciences

Associate Degree Multicultural Requirement - Yes

American History & Institutions - Sequence - CS 102

CSU GE Area D: Social Sciences - D3: Ethnic Studies

CSU GE Area D: Social Sciences - D6: History

CSU GE Area D: Social Sciences - D8: Political Science, Government, and Legal Institutions

IGETC Area 4: Social and Behavioral Sciences - 4C: Ethnic Studies

IGETC Area 4: Social and Behavioral Sciences - 4F: History

IGETC Area 4: Social and Behavioral Sciences - 4H: Political Science, Government and Legal Institutions

Transfer Acceptability: UC, CSU

Distance Learning Offering(s): Online

Updated objectives and outline, changed CB11 from Liberal Arts and Sciences to Credit Course, added multicultural requirement approval.

Rodolfo Jacobo

8. Course Number and Title: CS 102 United States History from a Chicano Perspective II

Short Title: U.S. Hist/Chicano Prspctv II

Discipline: Chicano Studies (CS)

Associate Degree General Education - D: Social and Behavioral Sciences

Associate Degree Multicultural Requirement - Yes

American History & Institutions - Sequence - CS 101

CSU GE Area D: Social Sciences - D3: Ethnic Studies

CSU GE Area D: Social Sciences - D6: History

CSU GE Area D: Social Sciences - D8: Political Science, Government, and Legal Institutions

IGETC Area 4: Social and Behavioral Sciences - 4C: Ethnic Studies

IGETC Area 4: Social and Behavioral Sciences - 4F: History
IGETC Area 4: Social and Behavioral Sciences - 4H: Political Science, Government and Legal Institutions
Transfer Acceptability: UC, CSU
Distance Learning Offering(s): Online
Changed CB11 from Liberal Arts and Sciences to Credit Course, added multicultural requirement approval.

Rodolfo Jacobo

9. Course Number and Title: CSWB 120 JavaScript and jQuery
Discipline: Computer Science and Information Technology - Web Technology (CSWB)
Recommended Prep: CSWB 110
Course Included in the following programs:
A. Web Design and Development, A.S. Degree Major/Cert. Achievement 18 units/more
B. Web Development, Certificate of Achievement
Transfer Acceptability: CSU
Distance Learning Offering(s): Online
Updated title, description, textbook and required writing, added CB11 Occupational Education.
Stephen R. Perry

10. Course Number and Title: CSWB 130 Mobile Web Application Development
Short Title: Mobile Web App Development
Discipline: Computer Science and Information Technology - Web Technology (CSWB)
Recommended Prep: CSWB 120 JavaScript
Transfer Acceptability: CSU
Distance Learning Offering(s): Online
Increased lecture hours from 2 to 2.5, decreased lab hours from 3 to 1.5, updated required writing.
Stephen R. Perry

11. Course Number and Title: DNCE 102 Survey of Dance on Film
Discipline: Dance (DNCE)
Associate Degree General Education - C: Humanities
Associate Degree Multicultural Requirement - Yes
CSU GE Area C: Arts and Humanities - C1: Arts
IGETC Area 3: Arts and Humanities - 3A: Arts
Transfer Acceptability: UC, CSU
Changed title, updated objectives, outline, textbook, suggested reading and methods of assessment, changed CB11 from Liberal Arts and Sciences to Credit Course, added multicultural requirement approval.
Margaret M. Faulkner

12. Course Number and Title: MATH 56 Beginning/Intermediate Algebra
Discipline: Mathematics (MATH)
Prerequisites: MATH 50, or MATH 50B, or MATH 53, or eligibility determined through the math placement process
Associate Degree General Education - A2: Communication and Analytical Thinking
Removed lab hours, updated methods of instruction, textbooks and methods of assessment, removed distance education, changed CB11 from Developmental Preparatory to Credit Course.
Wendy R. Metzger

F. **Distance Learning**

The following courses may be offered as distance learning and meet Title 5 Regulations 55200-55210, effective Fall 2015.

Catalog/Subject Number

Learning Offerings

IT 120	<u>Online</u>
AIS 165	Online, Television
AS 100	Online
AIS 107A	Computer Assisted, Video Two Way, Video One Way, Telecourse, Online
AIS 110	Computer Assisted, Online, Television
AS 101	Telecourse, Online
AS 102	Telecourse, Online
CS 101	Online
CS 102	Online
CSWB 120	Online
CSWB 130	Online
MATH 56	Computer Assisted Instruction

G. **Requisites and Advisories**

The establishment of the following advisories meets Title 5 Regulations 55003, effective Fall 2015.

<u>Catalog Number</u>	<u>Type</u>	<u>Description</u>	<u>Proposal Type</u>
IT 192	Prerequisite	IT 191	New
AJ 95B	Prerequisite	Admission to the Police Academy	Change
CSWB 120	Recomm. Prep.	CSWB 110	Change
CSWB 130	Recomm. Prep.	CSWB 120	Change
MATH 56	Prerequisite	MATH 50, or MATH 50B, or MATH 53, or eligibility determined through the math placement process	Change

**BUSINESS & CONTRACT SERVICES
REVIEW & RATIFICATION BY
GOVERNING BOARD
PALOMAR COMMUNITY COLLEGE DISTRICT
FY 2015-2016**

EXHIBIT J-15

BOARD DATE: January 12, 2016

REPORTING PERIOD: 11/1/15- 12/31/15

#.	REQUESTED BY	VENDOR	DESCRIPTION	TERM	AMOUNT	PROP "M"
71.	P. Ordille EME	City of San Diego and Rural/Metro	New affiliation agreement for field experience and ride-a-longs for the EMT-Paramedic students.	11/2/2015 – 10/31/2020	N/C	
72.	O. Diaz Student Success and Equity	Alex Montoya	Agreement with independent contractor to speak to students on student equity related issues.	11/17/2015	\$1,000.00	
73.	N. Manea Academic Technology	Instructure, Inc.	Master subscription services agreement for a Canvas pilot program on learning management system software services.	1/1/2016 – 5/27/2016	\$7,500.00	
74.	N. Rose Alcohol and Other Drug Studies	Hemet Center for Change	Service-Learning memorandum of understanding to provide student-focused learning experience.	11/3/2015 – 11/2/2016	N/C	
75.	"	Choices in Recovery	Service-Learning memorandum of understanding to provide student-focused learning experience.	11/3/2015 – 11/2/2020	N/C	
76.	R. Perez Finance & Administrative Services	Butte-Glenn Community College District	Memorandum of understanding to define roles and responsibilities as it relates to California Community Colleges online electronic admissions application system and federated student account systems.	Effective through: June 30, 2018	N/C	
77.	N. Rose Alcohol and Other Drug Studies	MHS, North Inland Regional Recovery Center	Service-Learning memorandum of understanding to provide student-focused learning experience.	11/17/2015 – 6/30/2016	N/C	
78.	D. Rudy Dental Assisting	Escondido Endodontics	Extern agreement for clinical externship experience for our dental assisting students.	11/18/2015 – 11/17/2020	N/C	
79.	"	Walker 3D Orthodontics	Extern agreement for clinical externship experience for our dental assisting students.	11/2/2015 – 11/1/2020	N/C	
80.	O. Diaz Student Success & Equity Counseling Services	North County Transit District	Letter of agreement for District to provide, free of charge, one-day transit passes for the Sprinter Breeze to District's students or clients.	Effective 11/24/2015	\$45.00/10-pack	
81.	R. Perez Finance & Administrative Services	West Coast Clippers Baseball Club	Memorandum of understanding for use of District's Myers Field baseball facility for year around youth program.	1/6/2016 – 12/31/2018	Use Fee Schedule less offsets	
82.	P. Deen Earth, Space, and Aviation Sciences	Ocean Institute	Program agreements for the Human Impacts lab/cruise for up to 45 adults each program.	11/4/2016, 11/8/2016, and 11/10/2016	\$1,650.00/program	
83.	R. Bianchi TTIP South	Mt. San Jacinto Community College District	Memorandum of Understanding to provide training and certifications for stakeholders in the California Community Colleges through the TTIP South grant, funded by the Chancellor's Office of the California Community Colleges.	12/1/2015 – 6/30/2016	Not to Exceed: \$650,000.00	
84.	S. Garland CTE Transitions	Grossmont-Cuyamaca Community College District Auxiliary Organization	Subcontract agreement for CTE Pathways grant for the purpose of performing work for the online enrollment system under CATEMA Outreach program to facilitate ambassador visits to articulated courses and assist with signing students up for CATEMA.	11/1/2015 – 10/31/2016	Paid to District – Not to Exceed: \$8,000.00	
85.	K. Magnuson Enrollment Services	Hyland Global Services	Professional services agreement to provide analysis, software solutions, implementation, and project coordination for graduation petition e-form and workflow solution.	Estimated project hours: 162	Estimated: \$33,110.00	
86.	R. Williams Camp Pendleton Education Center	OIC Field Supply & Maintenance Analysis Office – West of Camp Pendleton	Use of facilities agreement for use of Building 16047T, classroom for Spring 2016 Fast Track 1 & 2 classes.	1/19/2016 – 5/23/2016	N/C	

**BUSINESS & CONTRACT SERVICES
REVIEW & RATIFICATION BY
GOVERNING BOARD
PALOMAR COMMUNITY COLLEGE DISTRICT
FY 2015-2016**

BOARD DATE: January 12, 2016

REPORTING PERIOD: 11/1/15- 12/31/16

#.	REQUESTED BY	VENDOR	DESCRIPTION	TERM	AMOUNT	PROP "M"
87.	O. Diaz Counseling Services	San Diego State University Research Foundation, Minority Male Community College Collaborative	Fixed price agreement to assess the needs and experiences of historically underrepresented and underserved men of color at District during the Spring 2016 term.	12/1/2015 – 11/30/2016	Paid to District: \$45,000.00	
88.	S. Cathcart Athletics	Kathco Video	Professional services agreement to provide video services commencing with and including pre-season practices and regular games for the entire 2015 football season.	August 2015 – End of 2015 Season	\$4,160.00	
89.	M. Smith Occupational & Non-Credit Programs	Riverside / San Bernardino Joint Electrical Apprenticeship & Journeyman Training Committees	Renewal of agreement for the continued educational support the Apprenticeship program.	7/1/2015 - 6/30/2016	District retains 15% of reimbursable apprenticeship activities.	
90.	H. Farquharson Nursing	Tri-City Medical Center	Renewal agreement for clinical education for the nursing students.	12/15/2015 – 12/14/2018	N/C	
91.	R. Williams Camp Pendleton Education Center	Naval Hospital Camp Pendleton	Use of facilities agreement for use of classroom 1 in Room 4D09 at the Navy medical Center for Spring 2016 Fast Track 1 for EMT classes.	1/19/2016 – 3/19/2016	N/C	
92.	"	Wounded Warriors Battalion – Camp Pendleton	Use of facilities agreement for use of classroom in Building 27847 (Rotunda Room) for Spring 2016 Fast Track 1 & 2 classes and Special Session EMT class.	1/19/2016 – 5/23/2016	N/C	
93.	"	Weapon's & Field Training Battalion – Camp Pendleton	Use of facilities agreement for use of classroom in Building 31A30 (DOJO) and 31506 for Spring 2016 Fast Track 1 & 2 classes.	1/19/2016 – 5/23/2016	N/C	
94.	"	Academy of Camp Pendleton	Use of facilities agreement for use of classroom in Building 524103 for Spring 2016 Fast Track 1 & 2 classes.	1/19/2016 – 5/23/2016	N/C	
95.	"	Military Personnel Office – Camp Pendleton	Use of facilities agreement for use of classroom in Building 130132, G-1, MCIWEST-NCB for Spring 2016 Fast Track 1 & 2 classes.	1/19/2016 – 5/23/2016	N/C	
96.	D. Astl Facilities	Blue Coast Consulting	Amendment 1 to agreement for DSA inspection services on Bid 102-16 Temporary Parking Lot project.	Effective: 12/7/2015	\$21,760.00	X
97.	"	"	Amendment 2 to agreement for DSA inspection services on Bid 101-16 STEM Center Expansion project.	Effective: 12/7/2015	\$32,640.00	
98.	R. Bianchi TTIP South	GES (Global Experience Specialist)	Agreement for vendor to provide tradeshow / exhibitor services needs at the San Diego Convention Center for the 2016 Online Teaching Conference on June 15 – 17, 2016. .	1/11/2016 – 6/17/2016	Estimated Cost: \$13,401.25	
99.	N. Puccio Extended Education	San Marcos University Corporation	Agreement for use of California State University San Marcos Campus Mangrum Track and Field	1/11/2016 – 5/16/2016	\$2,000.00	
100.	"	Escondido Union High School District	Use of facilities application / permit to hold College Success Skills classes at the Valley Continuation High School site.	1/19/2016 – 5/23/2016	\$1,020.00	
101.	"	"	Use of facilities application / permit to hold College Success Skills classes at the San Pasqual High School site.	1/19/2016 – 5/23/2016	\$1,020.00	
102.	"	Ramona Unified School District	Agreement for use of 4 classrooms to hold Literacy and ESL classes at Ramona High School.	1/19/2016 – 5/18/2016	N/C	

**BUSINESS & CONTRACT SERVICES
REVIEW & RATIFICATION BY
GOVERNING BOARD
PALOMAR COMMUNITY COLLEGE DISTRICT
FY 2015-2016**

BOARD DATE: January 12, 2016

REPORTING PERIOD: 11/1/15- 12/31/16

#.	REQUESTED BY	VENDOR	DESCRIPTION	TERM	AMOUNT	PROP "M"
101.	N. Puccio Extended Education	Fallbrook Union High School District	Facility use request for Spring 2016 for 530 uses to hold English, History, Math ESL and Spanish classes.	1/19/2016 – 5/23/2016	\$27,560.00	
102.	"	Escondido Union School District	Use of facilities permit to hold Basic adult Literacy classes at the Pioneer school site.	1/19/2016 – 5/17/2016	\$4,608.00	
103.	"	"	Use of facilities permit to hold Basic adult Literacy classes at the Mission school site.	1/19/2016 – 5/17/2016	\$4,608.00	
104.	"	"	Use of facilities permit to hold Basic adult Literacy classes at the Felicita school site.	1/19/2016 – 5/17/2016	\$4,608.00	
105.	R. Perez Finance & Administrative Services	Compass Energy Solutions, LB	Energy services agreement to furnish all labor, materials and equipment to upgrade to a new Energy Management System (EMS) in the TLC, PAC, P, ITC, HS, and T Buildings	Effective: 12/15/2015	\$1,107,204.00	
106.	D. Rudy Dental Assisting	Dr. Jerrold A. Hennes	Extern agreement for clinical externship experience for our dental assisting students.	11/17/2015 – 11/16/2020-	N/C	
107.	W. Cheung Earth, Space, and Aviation Sciences	Alliance for Regional Solutions	Service-Learning memorandum of understanding to provide student-focused learning experience and internship opportunities for GIS students.	Fall 2015 Semester	N/C	
108.	H. Farquharson Nursing	Grand Canyon University	Field experience agreement for university students to fulfill their preceptorship requirements.	12/16/2015 – 12/15/2020	N/C	
109.	S. Sebring Instruction	Grossmont-Cuyamaca Community College District Auxiliary Organization	Subcontract agreement for District to provide personnel, services, equipment and facilities to conduct work for CTE Regional Pathways project.	9/1/2015 – 11/30/2016	Paid to District Not to exceed: \$75,000.00	
110.	R. Bianchi TTIP	Pro Audio Video Event Services	Agreement to provide audio visual needs for the TTIP South hosted 2015 Online Teaching Conference in multiple conference rooms and dates.	6/15/2016 – 6/17/2016	\$38,966.32	
111.	C. Moise Information Services	Highstreet IT Solutions, LLC	Master agreement for consulting services with a scope of work for time and materials for general ledger & commitment control, accounts payable and purchasing departments.	Effective: 1/04/2016	Not to exceed: \$26,080.00	

PALOMAR COLLEGE

SUBJECT: Board Policies

DESCRIPTION: Throughout the academic year the Policies and Procedures Committee monitors, reviews, and amends District Policies and Procedures. Following Committee approval they are submitted to the Strategic Planning Council for additional review and approval prior to being submitted to the Governing Board for review and final approval.

The following Board Policies have undergone review through the Shared Governance Process. These items are presented here for **second reading and adoption:**

Policy Number	Title	Comments
BP 4021	Discontinuance of Programs	First reading 5/12/15
BP 5500	Standards of Student Conduct	First reading 12/8/15
BP 6700	Civic Center and Other Facilities Use	First reading 12/8/15
BP 7700	Whistle blower Protection	First reading 5/12/15

INSTRUCTIONAL SERVICES

DRAFT REV 1/28/15**BP 4021 DISCONTINUANCE OF PROGRAMS****References:**

Education Code Section 78016;
Title 5 Sections 51022 and 55130;
Accreditation Standard II.A.6.b.

The Governing Board will rely primarily on the Faculty Senate through the Curriculum Committee and other appropriate committees to review and make recommendations for the discontinuance of programs. The procedures for review and recommendations for discontinuance shall adhere to Education Code Section 78016.

Date Adopted:

STUDENT SERVICES
REV11/6/15**BP 5500 STANDARDS OF STUDENT CONDUCT****References:**

Education Code Sections 66300 and 66301;
ACCJC Accreditation Standards I.C.8 and 10 (*formerly II.A.7.b*)

The Superintendent/President shall establish procedures for the imposition of discipline on of students in accordance with the requirements for due process of the federal and state law and regulations.

These procedures shall clearly define the conduct that is subject to discipline (academic matters being spelled out in AP 5500 Standards of Student Conduct) and shall identify potential disciplinary actions, including but not limited to the removal, suspension, or expulsion of a student.

The Board shall consider any recommendation from the Superintendent/President for expulsion. The Board shall consider an expulsion recommendation in closed session unless the student requests that the matter be considered in a public meeting. Final action by the Board on the expulsion shall be taken at a public meeting.

The procedures shall be made widely available to students through the college catalog, class schedule, website, and other means.

BP 305 ACADEMIC INTEGRITY CODE OF CONDUCT (92-15739)

~~Academic Integrity is a code of conduct for students that requires honest and ethical academic endeavor. It is an integral part of the spirit embodied in an academic community. Violations of this code of conduct are considered serious and may result in penalties ranging from failing a test or assignment to expulsion from the College. The Governing Board of the Palomar Community College District supports the principles of the Academic Integrity Code and supports the efforts of faculty and staff to ensure that these principles are upheld. GB 5-25-93~~

RULES AND REGULATIONS FOR STUDENT CONDUCT (81-8778)**BP 420.1 GENERAL APPLICATION**

~~Palomar College students are responsible for regulating their own conduct and for respecting the rights and privileges of others. They are expected to conduct themselves in a manner compatible with the function of the College as an educational institution and~~

NOTE: This policy is **legally required**. The text in **blue** is recommended by the CCLC The text in **black** is current policy/procedure. **Highlighted** text suggested by OSA or Faculty Senate. **Aqua** from P&P 11/6/15.

Date Adopted: BP 305 adopted 5-25-93; BP 420, 420.2, 421, BP 422, BP 423, BP 423.1 adopted 1-12-82, AP 305 no date. **Revised:** MM/DD/YYYY

(Replaces Palomar College Policies 305, 420.1, 420.2, 421, 422, 423, 423.1 and Procedure 305)

respect and obey all civil and criminal laws. Failure to abide by the standards as set forth by Palomar College is cause for disciplinary action. EC 66300, 66017, 87708, 76030 et seq; 5 CAC 41301, 41302; PC 415.5; GB 1-12-82

BP 420.2 APPLICATION OF POLICY TO CONDUCT OF APPLICANTS FOR ADMISSION OR READMISSION

Admission or readmission may be denied to any person who, while not enrolled as a student, commits such acts which, were he/she enrolled as a student, would be the basis for disciplinary proceedings under this policy. In addition, admission or readmission may be denied to any person who, while a student, commits acts which are subject to disciplinary action pursuant to this policy. Any conduct for which admission or readmission may be denied must be College related. 5 CAC 41303

BP 421 CONFIDENTIALITY

Unless the student and the College determine otherwise, proceedings under this policy shall be confidential and all hearings held hereunder shall be closed to everyone other than the person(s) conducting the hearing, the student charged, the College representative, a single advisor of the person(s) conducting the hearing, an advisor for each of the parties, a witness while presenting evidence, and a person designated to record or otherwise make a record of the proceeding.

BP 422 DELEGATION

Whenever a power or duty is granted to an employee or officer by this policy, the power or duty may be exercised or performed by another officer or employee who is authorized to do so by delegation from the first officer or employee. Notwithstanding this provision, the authority of an instructor to suspend a student from a class may not be delegated to any other person.

BP 423 RECORD OF DISCIPLINARY ACTION

The fact of disciplinary action and the reasons therefor shall be recorded on the student discipline records subject to access, review, and comment by the student as authorized by the Federal Family Educational Rights and Privacy Act [20 U.S.C. 1232 (g)] and the administrative regulations adopted thereto (45 CFR Sections 99 et seq.) and similar provisions of state law (Education Code Section 76200 et seq.) and the administrative regulations adopted pursuant thereto. 5 CAC 54600 et seq.

The information shall remain recorded on the student records unless expunged in accordance with state or federal law but shall not be released to prospective employers

NOTE: This policy is **legally required**. The text in **blue** is recommended by the CCLC. The text in **black** is current policy/procedure. **Highlighted** text suggested by OSA or Faculty Senate. **Aqua** from P&P 11/6/15.

Date Adopted: BP 305 adopted 5-25-93; BP 420, 420.2, 421, BP 422, BP 423, BP 423.1 adopted 1-12-82, AP 305 no date. **Revised:** MM/DD/YYYY

(Replaces Palomar College Policies 305, 420.1, 420.2, 421, 422, 423, 423.1 and Procedure 305)

unless the student consents in writing to such release. EC 76210, 76220 et seq.; 5 CAG 54600 et seq.

In addition, such information will be released to other third parties, including law enforcement agencies, as required or authorized by the state and federal law referred to above.

For a period of two calendar years after the recording of such information, the information may be used by appropriate College officials in determining the appropriate sanction of any subsequent disciplinary action or for any other College-related purposes.

BP 423.1 TECHNICAL DEPARTURES

Technical departures from this policy and errors in their application shall not be grounds to void the College's right to take disciplinary action against a student unless, in the opinion of the College President or designees, the technical departure or error prevented a fair determination of the issue.

AP 305 ACADEMIC INTEGRITY CODE OF CONDUCT

Academic Integrity is a code of conduct for students that requires honest and ethical academic endeavor.

Violations

Violations of the Academic Integrity Code include:

- Cheating, plagiarism or false representation of another's work as one's own.
- Forgery, alteration, or misuse of college documents or records.
- Use of false identification.
- Knowingly furnishing false information to the District.
- Unauthorized use or misuse of District equipment.
- Unauthorized access, use, or alteration of computer hardware, software, or data.
- Obstruction or disruption of the educational process.
- Soliciting or assisting another to do any of the above.

Consequences

Consequences for violating this code may result in any or all of the following:

- A. At the discretion of the instructor the student may receive:
 1. A failing grade for the assignment
 2. A failing grade for the course

NOTE: This policy is **legally required**. The text in **blue** is recommended by the CCLC. The text in **black** is current policy/procedure. **Highlighted** text suggested by OSA or Faculty Senate. **Aqua** from P&P 11/6/15.

Date Adopted: BP 305 adopted 5-25-93; BP 420, 420.2, 421, BP 422, BP 423, BP 423.1 adopted 1-12-82, AP 305 no date. **Revised:** MM/DD/YYYY

(Replaces Palomar College Policies 305, 420.1, 420.2, 421, 422, 423, 423.1 and Procedure 305)

3. ~~Short-term suspension as described in Section IV A of the Rules and Regulations for Student Behavior~~

B. ~~Long-term suspension or expulsion may be applied following the procedures described in the Rules and Regulations for Student Behavior.~~

~~In the event that District-level sanctions, including suspension or expulsion, are applied, the procedures described in the Rules and Regulations for Student Behavior will be employed. The code of conduct that details the standards is administered by the Director of Student Affairs.~~

NOTE: This policy is **legally required**. The text in **blue** is recommended by the CCLC. The text in **black** is current policy/procedure. **Highlighted** text suggested by OSA or Faculty Senate. **Aqua** from P&P 11/6/15.

Date Adopted: BP 305 adopted 5-25-93; BP 420, 420.2, 421, BP 422, BP 423, BP 423.1 adopted 1-12-82, AP 305 no date. **Revised:** MM/DD/YYYY

(Replaces Palomar College Policies 305, 420.1, 420.2, 421, 422, 423, 423.1 and Procedure 305)

FINANCE AND ADMINISTRATIVE SERVICES

REV 12/8/15

BP 6700 CIVIC CENTER AND OTHER FACILITIES USE**References:**

Education Code Sections 82537 and 82542

The Superintendent/President shall establish procedures regarding the use of District property and facilities by community groups, outside contractors, and others.

The administrative procedures shall include reasonable rules regarding the time, place, and manner of use of District facilities. They shall assure that persons or organizations using District property are charged such fees as are authorized by law. Public use of District property shall not interfere with scheduled instructional programs or other activities.

~~No group or organization may use District property for purposes that discriminate on the basis of race, color, religion, ancestry, national origin, disability, sex (i.e., gender), or sexual orientation, or the perception that a person has one or more of the foregoing characteristics.~~

No group or organization may use District property to unlawfully discriminate on the basis of race, color, religion, ancestry, national origin, military or veteran status, disability, gender, gender identity, gender expression, or sexual orientation, or the perception that a person has one or more of the foregoing characteristics, or because a person associates with a person or group with one or more of these actual or perceived characteristics, or on any basis prohibited by law.

Use of the District's Civic Centers will be only for the purposes described by the California Legislature in Education Code Section 82537(a). These purposes include use by associations "formed for recreational, educational, political, economic, artistic, or moral activities of the public school districts" in order to "engage in supervised recreational activities" or "meet and discuss, from time to time, as they may desire, any subjects and questions which in their judgment appertain to the educational, political, economic, artistic, and moral interests of the citizens of the communities in which they reside" (Education Code Section 82537(a)). In granting permission to use the Civic Centers, the District will not discriminate on the basis of viewpoint with regard to organizations engaging in expressive activities on the topics and subject matters articulated above.

See AP 6700 titled Civic Center and Other Facilities Use **and AP 3900 Speech, Time, Place, and Manner.**

Underlined text represents suggested CCLC language. Other text is current PCCD policy language. Text in yellow **highlight** added at the 12/8/15 SPC meeting.

Date Adopted: 5/13/2008, Revised: MM/DD/YYYY

HUMAN RESOURCES

REV 2/19/15

BP 7700 WHISTLEBLOWER PROTECTION**References:**

Education Code Sections 87160-87164;
California Labor Code Section 1102.5;
Government Code Section 53296;
Private Attorney General Act of 2004 (Labor Code Section 2698)
[Affordable Care Act \(29 U.S.C. 218C\)](#)

The Superintendent/President shall establish procedures regarding the reporting and investigation of suspected unlawful activities by District employees, and the protection from retaliation of those who make such reports with reasonable cause and/or assist in the investigation of such reports. For the purposes of this policy and any implementing procedures, “unlawful activity” refers to any activity—intentional or negligent—that violates state or federal law, local ordinances, or Board Policy.

The procedures shall provide that individuals are encouraged to report suspected incidents of unlawful activities without fear of retaliation, that such reports are investigated thoroughly and promptly, remedies are applied for any unlawful practices and protections are provided to those employees who, with reasonable cause, report these activities and/or assist the District in its investigation.

Furthermore, District employees shall not: (1) retaliate against an employee or applicant for employment who has made a protected disclosure, assisted in an investigation, or refused to obey an illegal order; or (2) directly or indirectly use or attempt to use the official authority or influence of his or her position for the purpose of interfering with the right of an applicant or an employee to make a protected disclosure to the District. The District will not tolerate retaliation and will take whatever action may be needed to prevent and correct activities that violate this policy, including discipline of those who violate it up to and including termination.

The text in blue is the only proposed change.

Date Adopted: 07/8/08



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

We have audited the financial statements of the Palomar Community College District (the District) for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 3, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. As described in Note 2 and Note 15 to the financial statements, the District changed accounting practices related to pension obligations by adopting Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Revenues, Expenses, and Change in Net Position - Primary Government. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the cost of capital assets net of accumulated depreciation. Depreciation is the recognition of the use of the capital assets over time. Conditions may exist that result in assets having a longer or shorter useful life than is reflected within these statements. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole. This information is disclosed in Note 5 to the financial statements.

Additionally, the estimate of the future costs of postemployment benefits provided to retirees is based upon current information about the District's employees, benefit plans, and health care rates. These factors are considered by the actuary in determining both the estimated liability and the current year required contribution to the plan. Note 10 to the financial statements provides additional information about the actuarial methods and assumptions used, and the required supplementary information provides the schedule of progress toward funding this liability.

Lastly, the estimate of the future costs of pension plan benefits provided to retirees is based upon employee members' final compensation, age and years of service credit, District contributions to the plans, and projected retirement pension benefit pay-outs. These factors are considered by the actuary in determining both the estimated liability, as well as deferred inflows and outflows of resources associated with the liability. Note 12 to the financial statements provides additional information about the actuarial methods and assumptions used, and the required supplementary information provides the schedule of progress toward funding this liability.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

1. The disclosure of the change in accounting principles disclosed in Note 2 to the financial statements. This change required a restatement in the amount of \$100,650,211 to the beginning net position to properly account for the District's proportionate share of pension related liabilities.
2. The disclosure of the Restatement of Prior Year Net Position disclosed in Note 15 to the financial statements. The restatement was required to properly account for the Other Postemployment Benefit Plan obligation, Cash with Fiscal Agent held within a trust, and the District's General Obligation Bonds which were required to be restated as of July 1, 2014.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 18, 2015.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention. We have provided a Schedule of Findings and Question Costs which includes management's responses within the Annual Financial Report. In addition, we have issued a management letter which provides suggestions for improvements in internal control.

Other Matters

We applied certain limited procedures to management's discussion and analysis, other postemployment benefit information, schedule of the District's proportionate share of the net pension liability, and the schedule of District contributions to pension plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

Vaivarik Fine, Day & Co. LLP

San Diego, California
December 18, 2015

PALOMAR COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

PALOMAR COMMUNITY COLLEGE DISTRICT

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JUNE 30, 2015

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Palomar Community College District
San Marcos, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of 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 as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of an Error

As discussed in the notes to the financial statements, the accompanying financial statements reflect certain changes as a result of a correction to the beginning Other Postemployment Benefit Obligation, Bonds Payable Obligation, Capital Assets, and Cash with Fiscal Agent accounts for the year ended June 30, 2015. These changes require a restatement of the beginning net position of the District as discussed in Note 15. Our opinion is not modified with respect to this matter.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 and Note 15 and to the financial statements, in 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board (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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 21, the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 69, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 70, and the Schedule of District Contributions on page 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vaurnick Fine, Day & Co. LLP

San Diego, California
December 18, 2015



Adrian Gonzales

Interim Superintendent/President

Governing Board

Nancy C. Chadwick, M.S.W., M.P.A.

Mark R. Evilsizer, M.A.

John J. Halcón, Ph.D.

Nancy Ann Hensch, B.A.

Paul P. McNamara, B.A.

Student Trustee:

ASG President

The Management's Discussion and Analysis (MD&A) of Palomar Community College District of San Marcos, California (d/b/a Palomar College, the District, or the College) provides an overview of the District's financial activities and results of operations for the years ended June 30, 2015 and 2014. The District's administration prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Readers of the financial statements, including the MD&A, are encouraged to review the notes to the basic financial statements to enhance their understanding of the District's financial performance. Responsibility for the completeness and fairness of this information rests with the District's administration.

The California Community College Chancellor's Office, through its Fiscal Standards and Accountability Committee, has recommended that all State community college districts follow the Business-Type Activity (BTA) model for financial statement reporting purposes. The District is following the BTA model, which presents the financial statements using the full accrual basis of accounting.

As required by the Governmental Accounting Standards Board (GASB) reporting standards, the annual report consists of the following components that provide information on the District as a whole:

- Management's Discussion and Analysis
- Basic financial statements including the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows
- Notes to Financial Statements

THE COLLEGE

The California community colleges is the largest system of higher education in the nation composed of 72 districts and 113 colleges serving 2.1 million students per year. Community colleges supply certificate and degree programs, basic skills, and preparation for transfer to four-year institutions.

Palomar Community College District is a comprehensive single-college district and is the largest single community college district in San Diego County. The main campus is situated on 200 acres located in the City of San Marcos, about 30 miles from the City of San Diego. Other than the main campus, the District operates an education center in the City of Escondido, and four outreach sites throughout the northern communities of San Diego County: Camp Pendleton, Fallbrook, Mt. Carmel, and Pauma Valley. In addition, the College has instructional sites at the Public Safety Training Center in San Marcos, San Diego Carpenters Training Center, San Diego Electrical Training Center, San Diego Sheet and Metal Training Center, and Riverside and San Bernardino Joint Electrical Apprenticeship Training Center. In June 2010, the District purchased the South Education Center in the community of Rancho Bernardo, a future site to serve the southern portion of the District's geographic boundary.

PALOMAR COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

Palomar College has been an important provider of higher education and training to the 2,555 square miles of the District's service area. The District is a public, two-year community college serving approximately 26,000 students per semester. Full-Time Equivalent Student (FTES) for 2014-2015 was 19,629. Approximately 31 percent of the students are enrolled full-time, while about 62 percent are enrolled part-time in credit courses, and 7 percent are enrolled in noncredit courses. About 65 percent of our students are 24 and under, while 35 percent are 25 and older. These students take a variety of courses and programs offered through face-to-face, distance education, or in a hybrid format that lead to associate degrees, certificates of achievement, and/or transfer to four-year institutions.

The College is organized into five instructional divisions: 1) Arts, Media, Business and Computer Science; 2) Career, Technical, and Extended Education; 3) Languages and Literature; 4) Mathematics and the Natural and Health Sciences; and 5) Social and Behavioral Sciences. Within those five divisions, the College offers 162 associate degrees and 155 certificates of achievement programs that meet the California Education Code of Regulations, Title 5 curriculum requirements. It also provides noncredit community development and personal entitlement courses for lifelong learning.

A community-elected five-member Board governs Palomar Community College District. Trustees are elected for four-year staggered terms. The Governing Board also seats an elected student trustee as a non-voting member. The Governing Board establishes policies, assures fiscal stability, and monitors the institutional performance and educational quality consistent with the mission and goals of the College. The Board appoints the Superintendent/President of the College, and all administrators are selected using appropriate State Chancellor's Office guidelines and District policies.

The College's mission statement, consisting of the vision, mission, and values, was last revised in 2013 and adopted by the Board in January 2014. Palomar College's vision is "***Learning for Success***". The District's mission is "*to provide an engaging teaching and learning environment for students of diverse origins, experiences, needs, abilities, and goals. As a comprehensive community college, we support and encourage our students who are pursuing transfer-readiness, general education, basic skills, career and technical training, aesthetic and cultural enrichment, and lifelong education*". Palomar College is dedicated to empowering students to succeed and cultivating an appreciation of learning. In March 2010, the Strategic Planning Council and Budget Committee formulated and Integrated Planning, Evaluation, and Resource Allocation Decision-Making Model (IPM) and a Resource Allocation Model (RAM). All fiscal and budget decisions have been made with the College's core mission in mind.

Palomar College is accredited through the Accrediting Commission for Community and Junior Colleges (ACCJC) and the Western Association of Schools and Colleges. The College has transfer agreements with the California State University and University of California systems, and its high-level coursework in transferable classes fully prepares students for success at four-year colleges and universities. In June 2015, the ACCJC reaffirmed Palomar College's accreditation, recognizing how well the College is achieving its stated purpose and meeting the Commission standards.

PALOMAR COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

In August 2003, Palomar Community College District completed the comprehensive Educational and Facilities Master Plan 2022 containing the identified needs of the District: construction of new instructional and support buildings, modernization of existing buildings, infrastructure upgrades, and the development of two educational centers. In the November 2006 General Election, voters approved Proposition M, a \$694 million educational facilities improvement bond. The total proposition is funded through the sale of several series of bonds with the first three series sold in May 2007 (Series A), November 2010 (Series B), and April 2015 (Series C), respectively. An Independent Citizens' Oversight Committee (ICOC) reviews the expenditure of funds to ensure that bond revenues are expended only for projects to be conducted in completion of Master Plan 2022. The College leverages the bond funds with State capital construction program funds to implement new and renovation construction projects.

The District's primary funding source is the "State Apportionment Funding" received from the State of California through the State Chancellor's Office. This funding represents 90 percent of the total revenue in the District's operating fund. The Apportionment consists of three primary components: State apportionment, local property taxes, and student enrollment fees, which were \$46 per unit in the year ended June 30, 2015. The primary basis of this apportionment is the calculation of FTES. In October 2015, a revised CCFS-320 Apportionment Attendance Report was submitted to the Chancellor's Office. The total apportionment eligible FTES reported was 19,629 for the fiscal year 2014-2015. The Chancellor's Office calculates the Base Revenue three times each year and retroactively for one fiscal year. Each district does not know the final recalculation until as late as the First Principal Apportionment (P1), which is usually released in February following the end of the fiscal year.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2014-2015

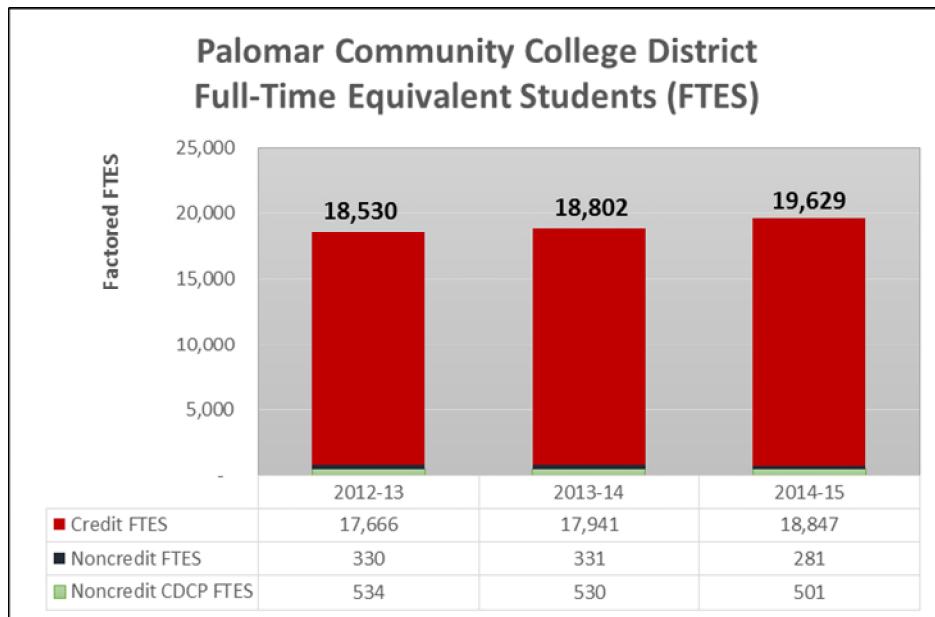
- Using the authority provided by the voters through Proposition 25 in November 2010, the legislature passed the Budget Act (SB 852) in June 2014. Passage of the fiscal year 2014-2015 State Budget Act provided 2.75 percent for enrollment growth/restoration, allowing the District to earn up to \$2.5 million the following year, \$3.75 million in Student Success and Equity funding, \$787 thousand or 0.85 percent for a Cost of Living Allowance (COLA), \$1.1 million for Disabled Student Programs and Services (DSPS), and a one-time increase of \$2.5 million for physical plant and instructional equipment.
- Under AB 1469, the CalSTRS employer contribution rate for fiscal year 2014-2015 was 8.88 percent, an increase of 0.63 percent over fiscal year 2013-2014.
- The District is funding its Other Postemployment Benefit (OPEB) obligation through its Annual Required Contribution (ARC) in accordance with GASB Statement No. 45. The District uses an Actuary to determine its funding. This represents the cost of providing postemployment health and dental benefits to eligible employees through a closed single employer defined benefit plan.
- Mandated block grant continued at \$28 per FTES.
- The District met or exceeded all Federal and State mandate requirements including the 50% Law and Faculty Obligation Numbers (FON).

PALOMAR COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

- The District met all of its repayment obligations for Proposition M General Obligation Bonds.
- The District has consistently maintained a five percent Governing Board reserve level for contingencies and expansion.

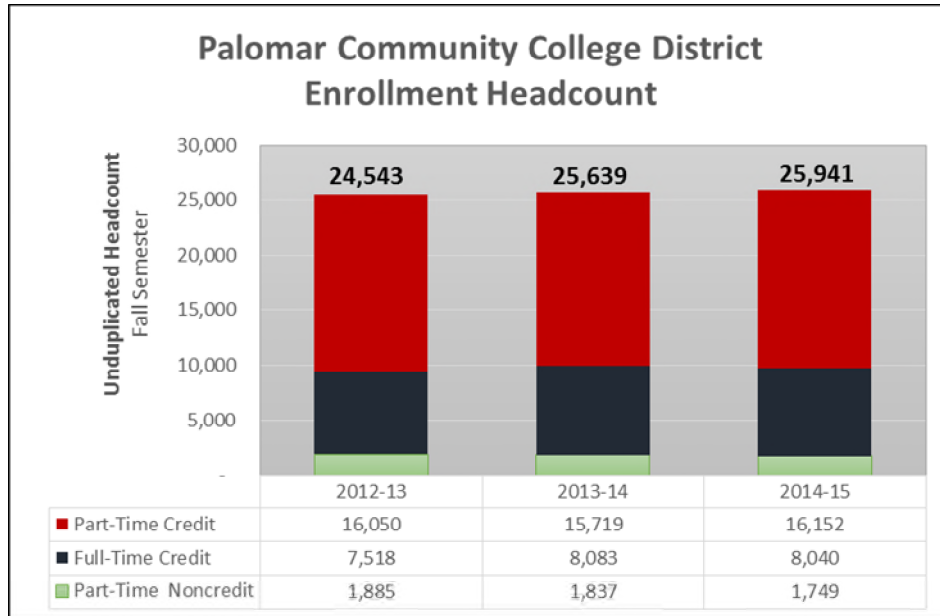
ENROLLMENT TRENDS



During fiscal year 2014-2015, total FTES increased by approximately 827 or 4.4 percent from the previous year. While the credit and noncredit FTES, along with a per college and per center allocation, are the basis of State apportionment, State-established growth caps provide a ceiling on the level of FTES funding possible. Fiscal year 2014-2015 total FTES is reported at 19,629; however, the final FTES will not be known at the district level until February 2016, when all the final FTES have been reported by the 72 districts and calculated system-wide within the constraints of the State approved budget.

PALOMAR COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015



OVERVIEW OF THE FINANCIAL STATEMENTS

Palomar Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. These entity-wide financial statements focus on the District as a whole, whereby all of the District's overall financial activities and results of operations are consolidated into one total rather than the traditional presentation of individual fund groups.

Effective for the year ended June 30, 2015, the District adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These standards introduce and define *deferred outflows of resources* and *deferred inflows of resources* as elements of the annual financial report and incorporate these elements in the computation of the District's net position, previously referred to as net assets. These elements represent the consumption (deferred outflow) or acquisition (deferred inflow) of resources by the District that are applicable to a future reporting period, but do not require any further exchange of goods or services. As prescribed by GASB Statements No. 63 and No. 65, certain prior period amounts have been reclassified to conform to the current year's presentation.

Effective for the year ended June 30, 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These new statements require that the District reflect its proportionate share of pension liabilities in the financial statements. Previously, these pension liabilities were only reflected in the State of California's financial statements. As a result, most K-14 districts will show a negative net position on their financial statements.

PALOMAR COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

Included in this discussion is an analysis of the District's Statement of Net Position, which presents the assets, liabilities, and net position of the District and, when applicable, deferred outflows of resources and deferred inflows of resources as of the end of the fiscal years June 30, 2015 and 2014. The Statement of Revenues, Expenses, and Changes in Net Position reflects revenues and expenses recognized during the fiscal year. Further, the Change in Cash Position provides information about cash receipts and cash payments during the fiscal year.

STATEMENT OF NET POSITION

The Statement of Net Position presents all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District as a whole. It is prepared using the full accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position provides a snapshot of the District's overall financial condition as of June 30, 2015.

Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally measured using current values. One exception is capital assets, which are stated at historical cost less an allowance for depreciation. Deferred outflows and deferred inflows of resources are recognized through the consumption or acquisition of resources by the District that is applicable to a future reporting period.

Assets

The District's assets consist of cash, investments, net accounts receivable, capital assets, and other assets. These assets are resources with present capability to enable the College to provide services and continue its operations.

Cash and investments increased \$227.6 million from \$121.1 million to \$348.8 million primarily due to the issuance of \$220 million Proposition M - Series C bonds in April 2015 and the aggregate increases in the Unrestricted and Restricted General Funds. Partially offsetting these amounts was the spending of Series A and Series B bond proceeds, issued in 2007 and 2010, respectively, consistent with their restricted purpose. Palomar leverages the Proposition M dollars through energy efficiency, conservation, and sustainability. Further, the District has participated in energy design and savings programs. The Statement of Cash Flows included in these financial statements provides greater detail of the sources and uses of District's cash during fiscal year 2014-2015.

Accounts receivables consist mainly of receivables from Federal and State sources for grant and entitlement programs and local sources for all other purposes.

Deferred Outflows of Resources

Deferred outflows of resources include amounts associated with the refunding of debt and pension contributions made during the fiscal year that are removed from expenses, compensated absences, and load banking that are not generally due and payable in the current period.

PALOMAR COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

Liabilities

The liabilities of the District consist of current liabilities and long-term obligations. The increase in the liabilities was related to increased construction activities in the Proposition M Bond building program, an additional liability for the Other Postemployment Benefits (OPEB) obligation, and current portion of long-term debt and long-term liabilities for the Proposition M bonds that are not due and payable in the current period.

Deferred Inflows of Resources

Deferred inflows of resources represent pension costs, resulting from the difference between projected and actual earnings on pension plan investments. This amount is deferred and amortized over five years.

Net Position

The total net position is one indicator of the District's financial health. Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The change in net position reveals whether the overall financial condition has improved or worsened during the year.

Net position represents residual District assets and deferred outflows after liabilities and deferred inflows are deducted. The net position is categorized between net investment in capital assets, restricted net assets, and unrestricted net assets. The net investment in capital assets represents the equity amount in property, plant, and equipment owned by the District. Restricted net position represents funds that are limited in terms of the purpose and time for which the funds can be spent. It is subject to externally imposed restrictions governing their use. Unrestricted net position is defined by GASB Statements No. 34 and No. 35 as those assets that do not have external legal restrictions against them, including any amounts designated by the Governing Board.

Due to the first-year implementation of GASB Statements No. 68 and No. 71, the District's net position decreased \$14.1 million from a deficit \$10.6 million to a deficit \$24.7 million. GASB Statements No. 68 and No. 71 require all governmental agencies to report their proportional shares of net pension liabilities, resulting to a negative net position for the District. Over time, increases or decreases in net position will point out the improvement or erosion of the District's financial health when considered with nonfinancial facts, such as enrollment levels, State changes in funding, facility changes, etc.

PALOMAR COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

STATEMENT OF NET POSITION FOR FISCAL YEARS 2015 AND 2014

A summarized comparison of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2015 and 2014, is presented below:

THE DISTRICT AS A WHOLE

Net Position

(Amounts in thousands)

	2015	2014 (as restated)	Change
ASSETS			
Current Assets			
Cash and investments	\$ 348,784	\$ 121,146	\$ 227,638
Accounts receivable (net)	7,801	11,535	(3,734)
Other current assets	187	396	(209)
Total Current Assets	<u>356,772</u>	<u>133,077</u>	<u>223,695</u>
Capital Assets (net)	<u>340,792</u>	<u>320,656</u>	<u>20,136</u>
Total Assets	<u>697,564</u>	<u>453,733</u>	<u>243,831</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	13,271	-	13,271
Current year pension contribution	7,122	6,742	380
Net change in proportionate share of net pension obligation	68	-	68
Total Deferred Outflows	<u>\$ 20,461</u>	<u>\$ 6,742</u>	<u>\$ 13,719</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 20,294	\$ 13,407	\$ 6,887
Unearned revenue	3,550	1,165	2,385
Current portion of long-term debt	5,839	7,286	(1,447)
Total Current Liabilities	<u>29,683</u>	<u>21,858</u>	<u>7,825</u>
Long-Term Obligations	<u>689,267</u>	<u>449,181</u>	<u>240,086</u>
Total Liabilities	<u>718,950</u>	<u>471,039</u>	<u>247,911</u>
DEFERRED INFLOWS OF RESOURCES			
Difference between projected and actual earnings on pension plan investments	<u>23,833</u>	<u>-</u>	<u>23,833</u>
NET POSITION			
Net investment in capital assets	2,241	85,661	(83,420)
Restricted	43,895	20,700	23,195
Unrestricted	(70,894)	(116,925)	46,031
Total Net Position	<u>\$ (24,758)</u>	<u>\$ (10,564)</u>	<u>\$ (14,194)</u>

PALOMAR COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position presents the District's financial results of operations for the fiscal year. The revenues and expenses are categorized as operating and nonoperating, and expenses are reported by natural classification. The purpose of this statement is to report the operating and nonoperating 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 Revenues and Expenses

Generally, operating revenues are earned for providing educational and programmatic services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire goods or provide services in return for the operating revenues used to fulfill the mission of the District.

The operating revenues are generated by the resident enrollment fees, non-resident, and out-of-State tuition paid by students, including fees such as health fees, parking fees, and other related fees. The increase in amount is directly related to the increase in FTES. The District's reported FTES in fiscal year 2014-2015 increased 827, from 18,802 to 19,629.

The primary operating expenses of the District are for the salaries and benefits of academic, classified, and administrative personnel, comprising of \$121.3 million or 66.7 percent of the total operating expenses from a District-wide full accrual perspective. This amount includes the activity from all District funds. These costs increased \$6.9 million from the previous fiscal year, from \$114.4 million to \$121.3 million. The net increase is primarily due to the increases in the number of faculty, classified, and management positions, the cost of health and benefits for covered employees, and the employer share of the State Teachers' Retirement System (CalSTRS) contributions.

Given all community colleges' dependency on revenues such as State appropriations, property taxes, sales taxes and other revenues, and investment income, which are prescribed by GASB as nonoperating revenues, operating expenses exceed operating revenues, resulting in a loss on operations.

Nonoperating Revenues and Other Revenues

Nonoperating revenues and other State and local revenues are those received or pledged for which goods and services are not provided to the entity providing the revenues. Total nonoperating revenues or expenses are an integral component in determining the increases or decreases in net position.

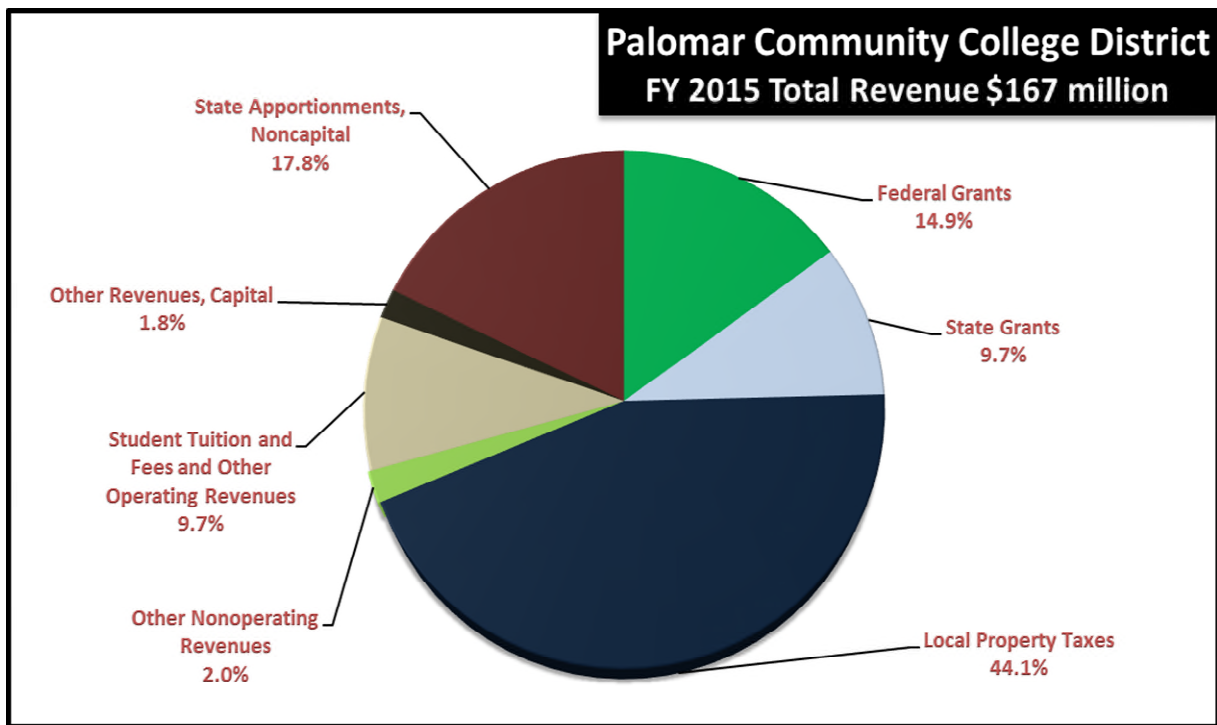
Total Revenue

Total operating, nonoperating, and other revenues increased \$20.9 million, a 14.6 percent increase from \$143.5 million to \$164.5 million mainly due to increases in Federal and State categorical programs, our share of enrollment growth/restoration funds, and COLA. Grants and contracts are received from Federal, State, and local sources and are used for instructional and student support activities. Property taxes received through the Auditor-Controller's Office for San Diego County also increased by \$5.9 million or 8.75 percent; however, the amount received for property taxes is deducted from the total State general apportionment amount calculated by the State for the District.

PALOMAR COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

The following chart shows the sources of revenue to the District. The largest sources are Property Taxes (44.1 percent), Federal and State Grants – Noncapital (combined 24.6 percent) and State Apportionment, Noncapital (17.8 percent), which is derived from the State's funding formula for community colleges.



As presented in the Statement of Revenues, Expenses, and Changes in Net Position, total revenues were \$167.6 million while total expenditures were \$181.8 million. The cumulative effect of the GASB Statements No. 68 and No. 71 change in accounting principles resulted in a \$14.2 million decrease to the District's net position as of June 30, 2015.

PALOMAR COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

A summarized comparison of the District's revenues, expenses, and changes in net position for the years ended June 30, 2015 and 2014, is presented below:

Operating Results for Fiscal Years 2015 and 2014

(Amounts in thousands)

	2015	2014	Change
Operating Revenues			
Tuition and fees, net	\$ 16,061	\$ 15,380	\$ 681
Auxiliary sales and charges	93	-	93
Total Operating Revenues	<u>16,154</u>	<u>15,380</u>	<u>774</u>
Operating Expenses			
Salaries and benefits	121,286	114,425	6,861
Supplies, maintenance, and equipment	35,302	30,590	4,712
Student financial aid	19,508	19,633	(125)
Depreciation	5,681	7,388	(1,707)
Total Operating Expenses	<u>181,777</u>	<u>172,036</u>	<u>9,741</u>
Loss on Operations	<u>(165,623)</u>	<u>(156,656)</u>	<u>(8,967)</u>
Nonoperating Revenues			
State apportionments, noncapital	29,780	17,595	12,185
Property taxes	73,820	67,879	5,941
Grants and contracts, noncapital	41,163	36,626	4,537
State taxes and other revenues	5,146	19,765	(14,619)
Investment income	779	994	(215)
Other nonoperating revenues (expenses), net	(2,348)	(14,728)	12,380
Total Nonoperating Revenue	<u>148,340</u>	<u>128,131</u>	<u>20,209</u>
Other Revenues			
State and local capital income	<u>3,089</u>	<u>2,816</u>	<u>273</u>
Net Change in Net Position	<u>\$ (14,194)</u>	<u>\$ (25,709)</u>	<u>\$ 11,515</u>

PALOMAR COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

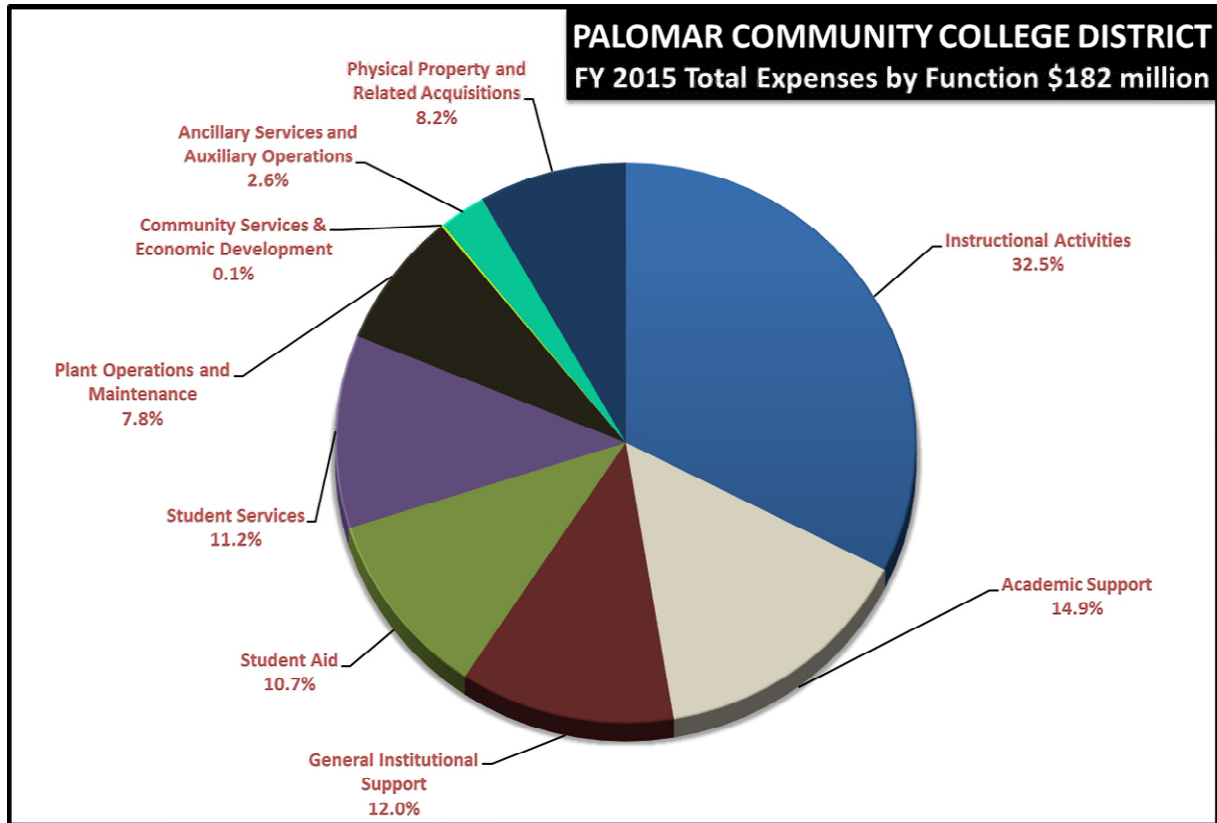
The following represents the fiscal year 2015 operating expenses by function:

		Employee	Supplies, Material, and Other Expenses and Services	Equipment, Maintenance, and Repairs	Student Financial Aid	Depreciation	Total
	Salaries	Benefits					
Instructional activities	\$38,959	\$20,618	\$ 2,266	\$ 1,655	\$ -	\$ -	\$ 63,498
Academic support	14,264	5,294	4,990	1,287	-	-	25,835
Student services	12,231	4,716	2,150	108	-	-	19,205
Plant operations and maintenance	3,600	2,167	4,437	3,547	-	-	13,751
Instructional support services	8,904	6,477	3,456	1,475	-	-	20,312
Community services and economic development	122	35	11	2	-	-	170
Ancillary services and auxiliary operations	2,821	1,077	1,048	23	-	-	4,969
Student aid	-	-	-	-	20,070	-	20,070
Physical property and related acquisitions	-	-	5,209	3,077	-	-	8,286
Unallocated depreciation	-	-	-	-	-	5,681	5,681
Total	<u>\$80,901</u>	<u>\$40,384</u>	<u>\$ 23,567</u>	<u>\$ 11,174</u>	<u>\$ 20,070</u>	<u>\$ 5,681</u>	<u>\$ 181,777</u>

PALOMAR COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

Functional Expenses



STATEMENT OF CASH FLOWS

The Statement of Cash Flows is presented using the direct method and provides analysis related to cash inflows and outflows, summarized by operating, capital and noncapital financing, and investing activities, and illustrates the sources and uses of cash. This statement allows the reader to assess the District's ability to generate positive cash flows, meet obligations as they become due, and evaluate the need for external financing. The Statement of Cash Flows as of June 30, 2015, is presented below:

PALOMAR COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

(Amounts in thousands)

	2015	2014 (as restated)	Change
Cash Provided by (Used in)			
Operating activities	\$ (143,852)	\$ (118,094)	\$ (25,758)
Noncapital financing activities	142,883	115,707	27,176
Capital financing activities	227,828	(42,637)	270,465
Investing activities	779	920	(141)
Net Increase (Decrease) in Cash	227,638	(44,104)	271,742
Cash, Beginning of Year	121,146	165,250	(44,104)
Cash, End of Year	<u>\$ 348,784</u>	<u>\$ 121,146</u>	<u>\$ 227,638</u>

Cash receipts from operating activities are from student tuition and from Federal, State, and local grants. Uses of cash are payments to employees, vendors, and students related to instructional programs. The increase was due mostly to payments to vendors, related to increases in Federal and State program expenditures, construction related costs, and STRS payments made on behalf of the District to the State. COLA payments received from the State explains the majority of the increase in noncapital financing activities.

In January 2015, the District successfully refinanced \$127.9 million in Proposition M General Obligation bonds. The original general obligation bonds were sold with an average interest rate of 4.497 percent and final maturity in 2032. The new rate is 2.710 percent with the same maturity date. The District also issued Series C bonds in April 2015 in the amount of \$220 million.

Cash from investing activities consists of interest earned on cash in bank and cash invested through the San Diego County Treasury.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the District had \$340.7 million invested in net capital assets. The District continues to implement its long-range plan to modernize and renew its instructional and support services facilities to fulfill its mission. Construction in progress reflects multi-year projects which, once completed and placed into service, are generally categorized as capital assets. Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. However, capital assets, net of accumulated depreciation, are added to total net position.

Projects completed during the fiscal year 2014-2015 include:

- Baseball Field (Completion Date: June 2015)

Projects in progress during the fiscal year 2014-2015 include:

- Parking Structure/Police Substation
- Learning Resource Center
- Early Childhood Education Program Lab School (formerly Child Development Center)

PALOMAR COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

Note 5 to the financial statements provides additional information on capital assets. A summary of the District's investment in capital assets, net of depreciation, is presented below:

(Amounts in thousands)

	Balance Beginning of Year (as restated)	Additions	Deletions	Balance End of Year
Land and construction in progress	\$ 149,039	\$ 22,827	\$ (40,632)	\$ 131,234
Buildings and improvements	203,820	41,998	(181)	245,637
Furniture and equipment	18,843	1,635	(159)	20,319
Subtotal	371,702	66,460	(40,972)	397,190
Accumulated depreciation	(51,046)	(5,681)	329	(56,398)
	<u>\$ 320,656</u>	<u>\$ 60,779</u>	<u>\$ (40,643)</u>	<u>\$ 340,792</u>

Obligations

As of June 30, 2015, the District had \$695.1 million in debt primarily made up of general obligation and lease revenue bonds. Note 9 to the financial statements provides additional information on long-term obligations. A summary of long-term obligations is presented below:

(Amounts in thousands)

	Balance Beginning of Year (as restated)	Additions	Deletions	Balance End of Year
General obligation and lease revenue bonds	\$ 345,283	\$ 393,216	\$ (138,901)	\$ 599,598
Aggregate net pension obligation	107,301	-	(22,890)	84,411
Other liabilities	3,883	13,101	(5,887)	11,097
Total Long-Term Obligations	<u>\$ 456,467</u>	<u>\$ 406,317</u>	<u>\$ (167,678)</u>	<u>\$ 695,106</u>
Amount due within one year				<u>\$ 5,839</u>

BUDGETARY HIGHLIGHTS

- The Governor signed the 2015-2016 State Budget, AB 93/SB97, on June 24, 2015. The 2015-2016 Budget Act provides \$68.4 billion in Proposition 98, which guarantees minimum funding levels for K-12 schools and community colleges. This is an increase of \$7.6 billion over the 2014-2015 fiscal year.

PALOMAR COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

- The major components of the 2015-2016 State Budget Act includes:
 - \$156.5 million or 3.0 percent for enrollment growth/restoration.
 - \$47.3 million or 1.02 percent for a Cost of Living Allowance (COLA).
 - Over \$200 million for Categorical programs, including EOPS, DSPS, CalWorks, SSSP and Student Equity, Childcare Tax Bailout programs, Institutional Effectiveness Partnership Initiative, and Apprenticeship programs.
 - Continuance of Mandated Block grant at \$28 per FTES.
 - \$38.7 million for Energy Efficiency through Proposition 39.
 - \$62.3 million to support full-time faculty hiring (FON).
 - \$49 million for the equalization for the Career Development and College Preparation (CDCP). Base funding for Noncredit CDCP FTES will increase from \$3,232.06 per FTES to \$ 4,636.49 per FTES.
 - \$632 million for paying down mandated obligations (one-time).
- Enrollment fee for California resident students will remain at \$46 per unit.

ECONOMIC OUTLOOK

The State's economic recovery, prior budget cuts, and the additional, temporary taxes provided by Proposition 30 have combined to bring California to a promising possible end of a decade of acute budget challenges. The State's job gains continue to outpace the nation, the unemployment rate drops below six percent. Housing and construction are up substantially. California has a diversified and innovative economy. Contributing to the strength of the economy of California and Southern California are strong and well developed technology, manufacturing, entertainment, and tourism sectors. Assuming steady economic growth and restraint in augmenting current program funding levels, there is an improved fiscal outlook in the years ahead.

While the State's economic recovery is progressing upward, California community colleges face future risks, and appropriate caution when increasing expenditures must be exercised as we move forward:

- Revenues from Proposition 30 are temporary – Proposition 30 established the Education Protection Account (EPA), which receives funding from increased taxes approved by initiative. The sales tax rate increase began in 2013 and lasts through 2016. The income taxes increase began in 2012 and will last through 2018. Unless the tax rate increases are extended at some later date, the State will begin to experience the loss of EPA revenues in fiscal year 2016-2017, and those revenues will be completely gone in fiscal year 2019-2020.
- Alternate revenue sources generated by the EPA and dissolution of Redevelopment Agencies (RDAs) are less reliable than general fund revenues. The California Community College funding system is based on estimated revenues, including student fees and property taxes. The lack of stability in the source of funding makes it difficult to budget, as colleges are not guaranteed that predicted revenues will materialize at the end of the fiscal year. If revenues do not come in at the level expected, the colleges are left with shortfalls in their budgets, which in turn requires colleges to make painful reductions to course offerings or services that affect students.

PALOMAR COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- Recently passed legislation, AB 1469 (2014), set in place a plan to close the \$74 billion gap in unfunded California State Teachers' Retirement System (CalSTRS) liabilities over the next 30 years. The funding plan stipulates that the costs will be shared, with the State paying approximately 20 percent toward the amount unfunded, instructors paying 10 percent, and the remaining 70 percent is the responsibility of community colleges. Under AB 1469, the CalSTRS employer contribution rate for fiscal year 2014-2015 was 8.88 percent, an increase of 0.63 percent over fiscal year 2013-2014. The additional cost to districts from fiscal year 2015-2016 through fiscal year 2019-2020 will grow by an additional 1.85 percent annually. This represents an unfunded expense of the District's General Fund and will significantly impact our budget.
- The College's average productivity ratio declined from 470 in fiscal year 2012-2013 to 438 in fiscal year 2013-2014 to 424 in fiscal year 2014-2015. Increased course offerings impacted class fill rates, FTES, and productivity levels. Productivity ratio is a measure of operational efficiency, derived by dividing the Weekly Student Contact Hours (WSCH) by the Full-Time Equivalent (FTE) faculty member. The greater the number representing the productivity ratio (WSCH/FTE), the lower the per student cost to the College for instruction. The lower the productivity ratio, the more costly it is to teach a course. While the credit and noncredit FTES, along with a per college and per center allocation, are the basis for the District's State apportionment, State-established growth caps provide a ceiling on the level of FTES funding possible. The College recognizes the need to develop a comprehensive District-wide Enrollment Management Plan to ensure enhanced student success and maintain the fiscal viability and integrity of the District. The College's Enrollment Management Plan is intended to integrate marketing, outreach, program, scheduling, retention, persistence, research, intake, and staff development efforts to increase college enrollment in a cost effective manner.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Palomar Community College District, 1140 West Mission Road, San Marcos, California, 92069.

PALOMAR COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT JUNE 30, 2015

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,561,388
Investments - unrestricted	35,063,367
Investments - restricted	312,159,454
Accounts receivable	6,869,565
Student loans receivable, net	931,075
Prepaid expenses	187,317

Total Current Assets	356,772,166
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Noncurrent Assets

Nondepreciable capital assets	131,233,626
Depreciable capital assets, net of depreciation	209,557,886

Total Noncurrent Assets	340,791,512
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TOTAL ASSETS	697,563,678
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DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on refunding	13,270,434
Current year pension contribution	7,122,107
Net change in proportionate share of net pension obligation	68,141

Total Deferred Outflows of Resources	20,460,682
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LIABILITIES

Current Liabilities

Accounts payable	17,282,297
Accrued interest payable	3,011,367
Unearned revenue	3,549,940
General obligation payable - current portion	4,045,000
Lease revenue bond payable - current portion	525,000
PARS supplemental early retirement obligation - current portion	1,269,126

Total Current Liabilities	29,682,730
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Noncurrent Liabilities

Compensated absences liability	2,640,131
Load banking	522,348
General obligation bonds - noncurrent portion	591,203,207
Lease revenue bond payable - noncurrent portion	3,825,000
PARS supplemental early retirement obligation - noncurrent portion	5,076,504
Net other postemployment benefits (OPEB) obligation	1,588,689
Aggregate net pension obligation	84,411,063

Total Noncurrent Liabilities	689,266,942
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TOTAL LIABILITIES	718,949,672
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DEFERRED INFLOWS OF RESOURCES

Difference between projected and actual earnings on pension plan investments	23,832,725
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NET POSITION

Net investment in capital assets	2,240,931
Restricted for:	
Debt service	33,863,286
Capital projects	9,819,258
Educational programs	212,943
Unrestricted	(70,894,455)

TOTAL NET POSITION	\$ (24,758,037)
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The accompanying notes are an integral part of these financial statements.

PALOMAR COMMUNITY COLLEGE DISTRICT

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2015**

OPERATING REVENUES

Student Tuition and Fees	\$ 26,971,986
Less: Scholarship discount and allowance	(10,910,740)
Net tuition and fees	16,061,246
Other Operating Revenues	93,191
TOTAL OPERATING REVENUES	16,154,437

OPERATING EXPENSES

Salaries	80,901,353
Employee benefits	40,384,426
Supplies, materials, and other operating expenses and services	23,566,666
Student financial aid	20,069,828
Equipment, maintenance, and repairs	11,173,581
Depreciation	5,681,183
TOTAL OPERATING EXPENSES	181,777,037

OPERATING LOSS

(165,622,600)

NONOPERATING REVENUES (EXPENSES)

State apportionments, noncapital	29,779,740
Local property taxes, levied for general purposes	58,826,507
Taxes levied for other specific purposes	14,993,817
Federal grants	25,007,748
State grants	16,155,242
State taxes and other revenues	5,145,514
Investment income	778,590
Interest expense on capital related debt	(7,366,472)
Investment income on capital asset-related debt, net	57,565
Transfer from fiduciary funds	197,580
Transfer to fiduciary funds	(34,265)
Other nonoperating revenue	4,797,729

TOTAL NONOPERATING REVENUES (EXPENSES)

148,339,295

LOSS BEFORE OTHER REVENUES

(17,283,305)

State revenues, capital	532,456
Local revenues, capital	2,556,469

TOTAL OTHER REVENUES

3,088,925

CHANGE IN NET POSITION

(14,194,380)

NET POSITION, BEGINNING OF YEAR, AS RESTATED

(10,563,657)

NET POSITION, END OF YEAR

\$ (24,758,037)

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

PALOMAR COMMUNITY COLLEGE DISTRICT

**STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 19,185,352
Payments to or on behalf of employees	(111,443,681)
Payments to vendors for supplies and services	(32,178,722)
Payments to students for scholarships and grants	(19,507,775)
Other operating receipts	93,191
Net Cash Flows From Operating Activities	(143,851,635)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State apportionments	29,779,740
Property taxes - nondebt related	58,826,507
Grant and contracts	40,382,490
State taxes and other revenues	10,046,176
Other nonoperating	3,847,577
Net Cash Flows From Noncapital Financing Activities	142,882,490

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchase of capital assets	(23,336,732)
State revenue, capital projects	532,456
Local revenue, capital projects	2,556,469
Property taxes - related to capital debt	14,993,817
Proceeds from capital debt	393,216,002
Principal paid on capital debt	(138,901,273)
Interest paid on capital debt	(21,289,924)
Interest received on capital asset-related debt	57,565
Net Cash Flows From Capital Financing Activities	227,828,380

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received from investments	778,590
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NET CHANGE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR, AS RESTATED

CASH AND CASH EQUIVALENTS, END OF YEAR

227,637,825
121,146,384
<u>\$ 348,784,209</u>

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

PALOMAR COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, CONTINUED FOR THE YEAR ENDED JUNE 30, 2015

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

Operating Loss	<u>\$ (165,622,600)</u>
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities	
Depreciation expense	5,681,183
Changes in Assets, Liabilities, Deferred Inflows and Deferred Outflows of Resources:	
Receivables	947,222
Prepaid expenses	208,371
Current year pension contribution	(471,146)
Net change in proportionate share of net pension obligation	22,714
Accounts payable and accrued liabilities	5,048,675
Unearned revenue	2,176,884
Difference between projected and actual earnings on pension plan investments	23,832,725
Aggregate net pension obligation	(22,890,109)
Net OPEB obligation	1,603,449
PARS supplemental early retirement obligation	6,345,630
Load banking	11,649
Compensated absences	<u>(746,282)</u>
Total Adjustments	<u>21,770,965</u>
Net Cash Flows From Operating Activities	<u><u>\$ (143,851,635)</u></u>

CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:

Cash in banks	\$ 1,561,388
Cash in county treasury	<u>347,222,821</u>
Total Cash and Cash Equivalents	<u><u>\$ 348,784,209</u></u>

NONCASH TRANSACTIONS

On behalf payments for benefits	<u><u>\$ 2,396,838</u></u>
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The accompanying notes are an integral part of these financial statements.

PALOMAR COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2015

	<u>Trust</u>
ASSETS	
Cash and cash equivalents	\$ 138,236
Investments	1,702,781
Accounts receivable	2,595
Student loan receivable, net	8,673
Total Assets	<u>1,852,285</u>
 LIABILITIES	
Accounts payable	10,018
Unearned revenue	90,097
Total Liabilities	<u>100,115</u>
 NET POSITION	
Unreserved	<u>\$ 1,752,170</u>

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

PALOMAR COMMUNITY COLLEGE DISTRICT

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Trust</u>
ADDITIONS	
Local revenues	<u>\$ 886,156</u>
DEDUCTIONS	
Classified salaries	1,180
Services and operating expenditures	<u>74,458</u>
Total Deductions	<u>75,638</u>
OTHER FINANCING SOURCES (USES)	
Transfer from primary government	34,265
Transfer to primary government	(197,580)
Other uses	<u>(562,424)</u>
Total Other Financing Sources (Uses)	<u>(725,739)</u>
Change in Net Position	84,779
Net Position - Beginning	<u>1,667,391</u>
Net Position - Ending	<u><u>\$ 1,752,170</u></u>

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

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1 - ORGANIZATION

Palomar Community College District (the District) was established in January 1946 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected five 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, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one college and five education sites located within North San Diego County. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District has considered all potential component units in determining how to define the reporting entity using criteria set forth in accounting principles generally accepted in the United States of America. The basic criteria for including a component unit are (1) the economic resources held or received by the other entity are entirely or almost entirely for the direct benefit of the District, (2) the District is entitled to, or has the ability to otherwise access, a majority of the economic resources held or received by the other entity, and (3) the other entity's resources to which the District is entitled or has the ability to otherwise access are significant to the District. If any of these criteria are not met, the final criterion for including a component unit is whether the other entity is closely related to, or financially integrated with, the District. The District identified no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

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

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, grants, entitlements, and donations. Federal and State grants received to provide direct grants to students are classified as nonoperating revenues because the District does not generally receive any direct benefit from the grants. Property tax revenue is recognized in the fiscal year in which they are received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated.

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

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after that date.

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

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of one year or less from the date of acquisition. Cash equivalents also include unrestricted cash with the County treasury for purposes of the Statement of Cash Flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2015, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Investments

Restricted investments arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted investments also represent investments required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff; the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at \$1,939,446 for the year ended June 30, 2015.

Prepaid Expenses

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

Capital Assets and Depreciation

Capital assets are recorded at cost at the date of acquisition or fair value at the date of gift. The District's capitalization policy includes all items with a unit cost of \$5,000 (for equipment) and an estimated useful life of greater than one year. Buildings, renovations to buildings, and infrastructure, that cost more than \$150,000, and land improvements that cost more than \$100,000, and significantly increase the value, or extend the useful life of the structure, are capitalized. Routine repair and maintenance costs are charged to operating expenses in the year in which the expense is incurred. Depreciation of equipment and vehicles, facilities, and other physical properties is provided using the straight-line method over the estimated useful lives of the respective assets, or in the case of assets acquired under capital leases, the shorter of the lease term or useful life. Costs for construction in progress are capitalized when incurred.

The following estimated useful lives are used to compute depreciation:

Land improvements	50 years
Buildings and improvements	50 years
Machinery and equipment	5-20 years

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Debt Issuance Costs, Premiums, and Discounts

Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for the unamortized charges on the refunding of general obligation bonds, current year pension contributions, and net change in proportionate share of net pension obligation.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for the difference between projected and actual earnings on pension plan investments specific to the net pension liability.

Pensions

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

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned revenue includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

Noncurrent Liabilities

Noncurrent liabilities include general obligation and lease revenue bonds, compensated absences, load banking, PARS supplemental early retirement, OPEB obligation, and the aggregate net pension obligation with maturities greater than one year.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Compensated Absences

Compensated absences are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year end as liabilities of the District. The District also participates in and accrues "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for eligible employees when they retire.

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represent the difference between assets and liabilities. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

Net Investment in Capital Assets: Net position consists of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component invested in capital assets – 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. The entity-wide financial statements report \$43,895,487 of restricted net position.

State Apportionments

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

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Property Taxes

Property taxes are assessed and levied by the County of San Diego on the fourth Monday of September of each year, and they become an enforceable lien on real property on January 1 of the same year. Secured taxes are payable to the District in two installments, on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. Tax remittances are paid net of a County administrative charge.

The District has reported property tax revenue only for taxes levied and due within the fiscal year. The District participates in the San Diego County Teeter Plan and is paid all current year taxes in the year levied. The Teeter Plan allows the County to follow the accrual method of accounting to allocate property tax revenues based on the total amount of property taxes billed, but not yet collected. A receivable has not been recognized in the basic financial statements for property taxes due to the fact that any receivable would be offset by a payable to the State for State apportionment purposes.

The voters of the District passed a General Obligation Bond in November 2006 for the acquisition, construction, and rehabilitation of facilities. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected by the San Diego County and remitted to the District.

Board of Governors Grants (BOGG) and Fee Waivers

Student tuition and fee revenue is 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 represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf. 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 Programs

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 either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the related *Compliance Supplement*.

Estimates

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

Interfund Activity

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

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Change in Accounting Principles

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for pensions. It also improves information provided by State and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of State and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes, but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled, and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a State or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement No. 68 requires a State or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a State or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a State or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

As the result of implementing GASB Statement No. 68, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2014, by \$100,650,211. The decrease results from recognizing the net pension liability, net of related deferred outflows of resources. The restatement does not include deferred inflows of resources, as this information was not available.

New Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of State and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

This Statement also clarifies the application of certain provisions of Statements No. 67 and No. 68 with regard to the following issues:

- Information that is required to be presented as notes to the ten-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.
- Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions.
- Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

PALOMAR COMMUNITY COLLEGE DISTRICT

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- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of State and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of State and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier implementation is permitted.

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Summary of Deposits and Investments

Deposits and investments of the Primary Government as of June 30, 2015, consist of the following:

Primary government	\$ 348,784,209
Fiduciary funds	1,841,017
Total Deposits and Investments	<u>\$ 350,625,226</u>

Deposits and investments of the Fiduciary Funds as of June 30, 2015, consist of the following:

Cash on hand and in banks	\$ 1,678,666
Cash in revolving	20,958
Investments	348,925,602
Total Deposits and Investments	<u>\$ 350,625,226</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County of San Diego Investment Pool.

Specific Identification

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

Investment Type	Fair Value	Weighted Average to Maturity
County of San Diego Investment Pool	<u>\$ 348,968,726</u>	356

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County of San Diego Investment Pool is not required to be rated. However, as of year end, the County of San Diego Investment Pool reflected an AAAs/S1 rating by Standard and Poor's Rating Service.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2015, the District's bank balance of \$5,273,795 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable are as follows:

	Primary Government	Fiduciary Funds
Federal Government		
Categorical aid	\$ 1,647,462	\$ -
State Government		
Categorical aid	79,800	-
Lottery	1,660,210	-
Other State sources	2,357,417	-
Local Sources		
Property taxes	147,253	-
Interest	321,370	-
Other local sources	656,053	2,595
Total	<u>\$ 6,869,565</u>	<u>\$ 2,595</u>
Student receivables	\$ 2,870,521	\$ 8,673
Less: Allowance for doubtful accounts	(1,939,446)	-
Total	<u>\$ 931,075</u>	<u>\$ 8,673</u>

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2015, was as follows:

	Balance Beginning of Year (as restated)	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 63,014,087	\$ -	\$ -	\$ 63,014,087
Construction in progress	85,946,170	22,826,828	40,632,509	68,140,489
Works of art	79,050	-	-	79,050
Total Capital Assets Not Being Depreciated	149,039,307	22,826,828	40,632,509	131,233,626
Capital Assets Being Depreciated				
Land improvements	15,854,167	2,669,287	-	18,523,454
Buildings and improvements	187,965,735	39,328,541	181,020	227,113,256
Furniture and equipment	18,842,872	1,635,402	159,337	20,318,937
Total Capital Assets Being Depreciated	222,662,774	43,633,230	340,357	265,955,647
Total Capital Assets	371,702,081	66,460,058	40,972,866	397,189,273
Less Accumulated Depreciation				
Land improvements	12,009,419	432,861	-	12,442,280
Buildings and improvements	23,333,750	4,249,469	181,020	27,402,199
Furniture and equipment	15,702,557	998,853	148,128	16,553,282
Total Accumulated Depreciation	51,045,726	5,681,183	329,148	56,397,761
Net Capital Assets	\$ 320,656,355	\$ 60,778,875	\$ 40,643,718	\$ 340,791,512

Depreciation expense for the year was \$5,681,183.

Interest expense on capital related debt for the year ended June 30, 2015, was \$8,681,436. Of this amount, \$1,314,964 was capitalized.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	Primary Government	Fiduciary Funds
Accrued payroll	\$ 4,954,791	\$ -
Apportionment	3,247,921	-
Construction	6,726,634	-
Other	2,352,951	10,018
Total	<u>\$ 17,282,297</u>	<u>\$ 10,018</u>

NOTE 7 - UNEARNED REVENUE

Unearned revenue consisted of the following:

	Primary Government	Fiduciary Fiduciary
State categorical aid	\$ 208,584	\$ -
Enrollment fees	3,341,356	90,097
Total	<u>\$ 3,549,940</u>	<u>\$ 90,097</u>

NOTE 8 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2015, there were no amounts owed between the primary government and the fiduciary funds.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2015 fiscal year, the amount transferred to the primary government from the fiduciary fund amounted to \$197,580. The amount transferred to the fiduciary funds from the primary government amounted to \$34,265.

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2015 fiscal year consisted of the following:

	Balance Beginning of Year (as restated)	Additions	Deductions	Balance End of Year	Due in One Year
Bonds Payable					
General obligation bonds	\$ 340,428,478	\$ 393,216,002	\$ 138,396,273	\$ 595,248,207	\$ 4,045,000
Lease revenue bonds	4,855,000	-	505,000	4,350,000	525,000
Total Bonds	345,283,478	393,216,002	138,901,273	599,598,207	4,570,000
Other Obligations					
Compensated absences liability	3,386,413	-	746,282	2,640,131	-
Load banking	510,699	11,649	-	522,348	-
PARS Supplemental early retirement obligation	-	6,345,630	-	6,345,630	1,269,126
Net OPEB Obligation (Asset)	(14,760)	6,743,920	5,140,471	1,588,689	-
Aggregate Net Pension Obligation	107,301,172	-	22,890,109	84,411,063	-
Total Other Liabilities	111,183,524	13,101,199	28,776,862	95,507,861	1,269,126
Total Long-Term Obligations	\$ 456,467,002	\$ 406,317,201	\$ 167,678,135	\$ 695,106,068	\$ 5,839,126

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Description of Debt

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The lease revenue bonds will be paid by the other debt service fund. The compensated absences and load banking liability will be paid by the fund for which the employee worked. The pay-as-you-go portion of the Net OPEB obligation will be paid by the Internal Service Fund. The PARS supplemental early retirement obligation will be paid by the unrestricted general fund. Pension expense related to the Aggregate net pension obligation will be paid by the fund for which the employee works. See Note 12 for further details of the Aggregate net pension obligation.

Bonded Debt

On November 7, 2006 the voters of the District approved the issuance of \$694,000,000 general obligation bonds to be used to finance the acquisition, construction, and modernization of certain property and District facilities.

General Obligation Bonds, Election 2006, Series A

On April 17, 2007 the District issued General Obligation Bonds, Election 2006, Series A in the aggregate principal amount of \$160,000,000. Bonds were issued with a final maturity date of May 1, 2032, and interest rates ranging from 4.00 percent to 5.00 percent, depending on the maturity of the related bonds. Interest is payable semiannually on May 1 and November 1 of each year. The outstanding principal balance of these bonds at June 30, 2015, was \$7,925,000.

General Obligation Bonds, Election 2006, Series B

On October 28, 2010 the District issued General Obligation Bonds, Election 2006, Series B in the aggregate principal amount of \$91,498,901. The Bonds consisted of \$1,500,000 in Current Interest Serial Bonds, \$27,883,490 in Capital Appreciation Serial Bonds, and \$62,115,411 in Convertible Capital Appreciation Term Bonds. Bonds were issued with a final maturity date of August 1, 2045, and interest rates ranging from 2.36 percent to 6.72 percent, depending on the maturity of the related bonds. Interest is payable semiannually on August 1 and February 1 of each year. The outstanding principal balance of these bonds at June 30, 2015, was \$118,983,053.

General Obligation Bonds, Election 2006, Series B-1

On October 28, 2010 the District issued General Obligation Bonds, Election 2006, Series B-1 (federally taxable) in the aggregate principal amount of \$83,500,000. Bonds were issued with a final maturity date of August 1, 2045, with a current interest 7.94 percent. Interest is payable semiannually on August 1 and February 1 of each year. The outstanding principal balance of these bonds at June 30, 2015, was \$83,500,000.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

2015 General Obligation Refunding Bonds

On January 13, 2015 the District issued 2015 General Obligation Refunding Bonds in the aggregate principal amount of \$115,675,000. Bonds were issued with a final maturity date of May 1, 2032, and interest rates ranging from 2.00 percent to 5.00 percent, depending on the maturity of the related bonds. The Bonds were issued to advance refund and defease a portion of the District's obligation related to the General obligation Bonds, 2006 Series A. Interest is payable semiannually on May 1 and November 1 of each year. The outstanding principal balance of these bonds at June 30, 2015, was \$114,100,000.

General Obligation Bonds, Election 2006, Series C

On March 17, 2015 the District issued General Obligation Bonds, Election 2006, Series C in the aggregate principal amount of \$220,000,000. Bonds were issued with a final maturity date of August 1, 2044, and interest rates ranging from 4.00 percent to 5.00 percent, depending on the maturity of the related bonds. Interest is payable semiannually on August 1 and February 1 of each year. The outstanding principal balance of these bonds at June 30, 2015, was \$220,000,000.

Debt Maturity

General Obligation Bonds

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Restated Bonds		Accretion	Redeemed	Bonds
					Outstanding July 1, 2014	Issued			Outstanding June 30, 2015
2006 A	4/17/2007	5/1/2017	4.00%-5.00%	\$ 160,000,000	\$139,270,000	\$ -	\$ -	\$131,345,000	\$ 7,925,000
2006 B	10/28/2010	8/1/2045	2.36%-6.72%	91,498,901	111,925,392	-	7,057,661	-	118,983,053
2006 B-1	10/28/2010	8/1/2045	7.94%	83,500,000	83,500,000	-	-	-	83,500,000
2006 C	3/17/2015	8/1/2044	4.00%-5.00%	220,000,000	-	220,000,000	-	-	220,000,000
Subtotal Election 2006					<u>\$334,695,392</u>	<u>\$220,000,000</u>	<u>\$ 7,057,661</u>	<u>\$131,345,000</u>	<u>\$430,408,053</u>
2015 Refunding	1/13/2015	5/1/2032	2.00%-5.00%	115,675,000	\$ -	\$115,675,000	\$ -	\$ 1,575,000	\$114,100,000
					Premium on Debt	5,733,086	50,483,341	-	5,476,273
Total General Obligation Bonds					<u>\$340,428,478</u>	<u>\$386,158,341</u>	<u>\$ 7,057,661</u>	<u>\$138,396,273</u>	<u>\$595,248,207</u>

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

The General Obligation Bonds, Election 2006, Series A bonds mature through 2017 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2016	\$ 3,765,000	\$ 396,250	\$ 4,161,250
2017	4,160,000	208,000	4,368,000
Total	<u>\$ 7,925,000</u>	<u>\$ 604,250</u>	<u>\$ 8,529,250</u>

The General Obligation Bonds, Election 2006, Series B bonds mature through 2046 as follows:

<u>Fiscal Year</u>	<u>Principal (Including accreted interest to date)</u>	<u>Accreted Interest</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2016	\$ 276,732	\$ 3,268	\$ -	\$ 280,000
2017	412,615	17,385	-	430,000
2018	812,249	67,751	-	880,000
2019	1,032,073	142,927	-	1,175,000
2020	1,309,187	265,813	-	1,575,000
2021-2025	10,918,537	6,941,463	-	17,860,000
2026-2030	6,542,549	7,267,451	24,232,080	38,042,080
2031-2035	11,840,427	27,309,573	49,927,650	89,077,650
2036-2040	55,796,311	52,523,689	45,227,037	153,547,037
2041-2045	28,554,101	44,640,899	12,981,731	86,176,731
2046	1,488,272	2,326,728	243,206	4,058,206
Total	<u>\$ 118,983,053</u>	<u>\$ 141,506,947</u>	<u>\$ 132,611,704</u>	<u>\$ 393,101,704</u>

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

The General Obligation Bonds, Election 2006, Series B-1 bonds mature through 2046 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2016	\$ -	\$ 6,006,990	\$ 6,006,990
2017	-	6,006,990	6,006,990
2018	-	6,006,990	6,006,990
2019	-	6,006,990	6,006,990
2020	-	6,006,990	6,006,990
2021-2025	-	30,034,950	30,034,950
2026-2030	-	30,034,950	30,034,950
2031-2035	-	30,034,950	30,034,950
2036-2040	-	30,034,950	30,034,950
2041-2045	50,500,000	27,768,840	78,268,840
2046	33,000,000	2,374,020	35,374,020
Total	<u>\$ 83,500,000</u>	<u>\$ 180,317,610</u>	<u>\$ 263,817,610</u>

The 2015 General Obligation Refunding Bonds mature through 2032 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2016	\$ -	\$ 5,665,900	\$ 5,665,900
2017	-	5,665,900	5,665,900
2018	3,910,000	5,665,900	9,575,900
2019	4,265,000	5,509,500	9,774,500
2020	4,715,000	5,296,250	10,011,250
2021-2025	30,995,000	22,468,250	53,463,250
2026-2030	46,325,000	13,272,250	59,597,250
2031-2032	23,890,000	1,813,000	25,703,000
Total	<u>\$ 114,100,000</u>	<u>\$ 65,356,950</u>	<u>\$ 179,456,950</u>

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

The General Obligation Bonds, Election 2006, Series C bonds mature through 2045 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2016	\$ -	\$ 8,044,030	\$ 8,044,030
2017	6,430,000	9,819,150	16,249,150
2018	7,105,000	9,648,275	16,753,275
2019	1,060,000	9,525,800	10,585,800
2020	180,000	9,506,300	9,686,300
2021-2025	3,835,000	47,130,200	50,965,200
2026-2030	10,140,000	45,422,250	55,562,250
2031-2035	19,250,000	41,900,150	61,150,150
2036-2040	42,575,000	36,023,100	78,598,100
2041-2045	129,425,000	16,345,250	145,770,250
Total	<u>\$ 220,000,000</u>	<u>\$ 233,364,505</u>	<u>\$ 453,364,505</u>

Lease Revenue Bonds 2001 Series

The District issued Lease Revenue Bonds Series 2001 on July 18, 2001, in the amount of \$3,095,000 to be used to remodel and expand the Student Center. Interest rates on the bonds range from 5.0 percent to 5.625 percent depending on the maturity of the related bonds. The bonds will mature on April 1, 2031. The source of revenue to pay off the debt will come from the Student Center Fee Fund. Future principal and interest payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2016	\$ 90,000	\$ 113,875	\$ 203,875
2017	95,000	109,600	204,600
2018	100,000	104,850	204,850
2019	105,000	99,850	204,850
2020	110,000	94,600	204,600
2021-2025	645,000	380,031	1,025,031
2026-2030	835,000	183,456	1,018,456
2031	195,000	9,994	204,994
Total	<u>\$ 2,175,000</u>	<u>\$ 1,096,256</u>	<u>\$ 3,271,256</u>

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Lease Revenue Bonds 2010B Series

The District issued Lease Revenue Refunding Bonds, Series 2010B in the amount of \$3,780,000 on September 16, 2010. The proceeds were used to refund the District's Certificates of Participation (COPs). The principal amount paid was \$4,320,000 with the remaining proceeds deposited in an escrow account for future repayments. The refunding was considered an in-substance defeasance and, therefore, amounts held in escrow are not reported as District assets. Interest rates on the bonds range from 3.0 percent to 4.0 percent for the length of issuance. The bonds will mature on October 1, 2019. The source of revenue to pay off the debt will come from the General Fund. Future principal and interest payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2016	\$ 435,000	\$ 60,900	\$ 495,900
2017	450,000	45,450	495,450
2018	460,000	31,800	491,800
2019	475,000	1,775	476,775
2020	355,000	5,325	360,325
Total	<u>\$ 2,175,000</u>	<u>\$ 145,250</u>	<u>\$ 2,320,250</u>

PARS Supplemental Early Retirement Obligation

In June 2015, the District has entered into a PARS Supplemental Early Retirement Plan for employees retiring as of June 30, 2015, and met certain eligibility requirements. The District will pay the liability over five year periods per the agreement as follows

<u>Fiscal Year</u>	<u>Payment</u>
2016	\$ 1,269,126
2017	1,269,126
2018	1,269,126
2019	1,269,126
2020	1,269,126
Total	<u>\$ 6,345,630</u>

Compensated Absences

The compensated absences liability outstanding at June 30, 2015, was \$2,640,131.

Load Banking

The load banking liability outstanding at June 30, 2015, was \$522,348.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Other Postemployment Benefits Obligation

The District's annual required contribution for the year ended June 30, 2015, was \$6,845,177, and contributions made by the District during the year were \$5,140,471. Interest on the net OPEB asset was \$101,257, which resulted in increase to the net OPEB obligation of \$1,603,449. As of June 30, 2015, the net OPEB obligation was \$1,588,689. See Note 10 for additional information regarding the OPEB obligation and the postemployment benefits plan.

Aggregate Net Pension Obligation

The Aggregate Net Pension Obligation outstanding at June 30, 2015, was \$84,411,063. See Note 12 for additional information regarding the Aggregate Net Pension Obligation.

NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

Plan Description

The Plan is a single-employer defined benefit health care plan administered by the District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 681 active participants and 446 retirees at June 30, 2015.

Contribution Information

The contribution requirements are established and may be amended by the District and the District's bargaining units. The Plan is currently funded on a projected pay-as-you-go basis. For fiscal year 2014-2015, the District contributed \$5,140,471, all of which was used for current premiums.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the payments of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding costs) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	\$ 6,845,177
Change in OPEB trusts assets	(101,257)
Annual OPEB cost (expense)	6,743,920
Contributions made	(5,140,471)
Increase in net OPEB (asset) obligation	1,603,449
Net OPEB (asset) obligation, beginning of year	(14,760)
Net OPEB (asset) obligation, end of year	\$ 1,588,689

Trend Information

Trend information for the annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB (asset) obligation for the past three years is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB (Asset) Obligation
2013	\$ 6,359,619	\$ 9,244,972	145%	\$ (650,918)
2014	5,940,403	5,304,245	89%	(14,760)
2015	6,743,920	5,140,471	76%	1,588,689

Funding Status and Funding Progress

Actuarial Accrued Liability (AAL)	\$ 90,841,984
Less Actuarial Value of Plan Assets	3,950,994
Unfunded Actuarial Accrued Liability (UAAL)	\$ 86,890,990
Funded Ratio (Actuarial Value of Plan Assets/AAL)	4.35%
Covered Payroll	55,493,128
UAAL as Percentage of Covered Payroll	156.58%

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

The above noted actuarial accrued liability was based on the August 1, 2014, actuarial valuation. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Other Postemployment Benefits Funding Progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations.

In the August 1, 2014, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a four percent investment rate of return, based on the Plan being funded in an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio. The UAAL is being amortized at a level dollar method. The remaining amortization period is 24 years. The actuarial value of assets was \$3,950,994 as of June 30, 2015.

NOTE 11 - RISK MANAGEMENT

Insurance Coverages

The District is exposed to various risks of loss related to torts and liability; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The District obtains coverage for these risks as a member of various joint powers authorities or through the purchase of coverage from a risk retention group. The District uses Schools Association for Excess Risk (SAFER) for excess property limits of \$250,000,000 per occurrence, with no aggregate and a \$5,000 member retained limit. Then, their excess liability has the first \$1,000,000 worth of coverage through the Statewide Association of Community Colleges (SWACC) and \$25,000,000 excess coverage of \$1,000,000 is in SAFER with a \$50,000 Member Retained Limit.

Joint Powers Authority Risk Pools

During fiscal year ending June 30, 2015, the District contracted with SWACC Joint Powers Authority (JPA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Workers' Compensation

For fiscal year 2014-2015, the District participated in the Protected Insurance Programs for Schools (PIPS) JPA, an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Insurance Program / Company Name	Type of Coverage	Limits
Protected Insurance Program for Schools (PIPS)	Workers' Compensation	\$ 150,000,000
Schools Association For Excess Risk (SAFER)	Excess Workers' Compensation	\$ 25,000,000
Statewide Association of Community Colleges (SWACC)	Property and Liability	\$ 250,000,000

NOTE 12 - 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 CalSTRS and classified employees are members of CalPERS.

The District implemented GASB Statements No. 68 and No. 71 for the fiscal year ended June 30, 2015. As a result, the District reported its proportionate share of the net pension liabilities, pension expense, and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflow of Resources	Proportionate Share of Deferred Inflow of Resources	Proportionate Share of Pension Expense
CalSTRS	\$ 53,119,316	\$ 3,376,746	\$ 13,080,530	\$ 4,585,912
CalPERS	31,291,747	3,813,502	10,752,195	2,781,197
Total	<u>\$ 84,411,063</u>	<u>\$ 7,190,248</u>	<u>\$ 23,832,725</u>	<u>\$ 7,367,109</u>

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

	STRP Defined Benefit Program	
	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	8.15%	8.15%
Required employer contribution rate	8.88%	8.88%
Required State contribution rate	5.95%	5.95%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above, and the District's total contributions were \$3,376,746.

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

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 53,119,316
State's proportionate share of net pension liability associated with the District	32,075,736
Total	<u>\$ 85,195,052</u>

The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.0909 percent.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

For the year ended June 30, 2015, the District recognized pension expense of \$4,585,912. In addition, the District recognized revenue and pension expense of \$2,769,172 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,376,746	\$ -
Difference between projected and actual earnings on pension plan investments	-	13,080,530
Total	<u>\$ 3,376,746</u>	<u>\$ 13,080,530</u>

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

The deferred inflow of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	\$ 3,270,133
2017	3,270,133
2018	3,270,132
2019	3,270,132
Total	<u>\$ 13,080,530</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary investment practice, a best estimate range was determined assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentile for the long-term distribution of annualized returns. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

Discount Rate	Net Pension Liability
1% decrease (6.60%)	\$ 82,799,121
Current discount rate (7.60%)	53,119,316
1% increase (8.60%)	28,371,752

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
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	7.000%	6.000%
Required employer contribution rate	11.771%	11.771%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above, and the total District contributions were \$3,745,361.

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$31,291,747. The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2014 and June 30, 2013, respectively, was 0.2756 percent and 0.2743 percent, resulting in a net increase in the proportionate share of 0.0013 percent.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

For the year ended June 30, 2015, the District recognized pension expense of \$2,781,197. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,745,361	\$ -
Net change in proportionate share of net pension obligation	68,141	-
Difference between projected and actual earnings on pension plan investments	-	10,752,195
Total	<u>\$ 3,813,502</u>	<u>\$ 10,752,195</u>

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

The deferred outflows of resources related to the net change in proportionate share of net pension obligation will be amortized over the Expected Average Remaining Service Lives (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2013-2014 measurement period is 3.9 years, and the pension expense will be recognized as follows:

Year Ended June 30,	Amortization
2016	\$ 22,714
2017	22,714
2018	22,713
Total	<u>\$ 68,141</u>

The deferred inflow of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	\$ 2,688,049
2017	2,688,049
2018	2,688,049
2019	2,688,048
Total	<u>\$ 10,752,195</u>

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.50%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	3.00%

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. 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	Long-Term Expected Real Rate of Return
Global equity	47%	5.25%
Global fixed income	19%	0.99%
Private equity	12%	6.83%
Real estate	11%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	3%	4.50%
Liquidity	2%	-0.55%

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.50%)	\$ 54,892,867
Current discount rate (7.50%)	31,291,747
1% increase (8.50%)	11,570,631

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal years ended June 30, 2015, 2014, and 2013, which amounted to \$2,396,838, \$2,036,267, and \$1,956,700, respectively, (5.679 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the years ended June 30, 2015, 2014, and 2013. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

NOTE 13 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District participates in five joint powers agreement (JPA) entities: the San Diego County Schools Fringe Benefits Consortium (SDCSFBC); the Statewide Association of Community Colleges (SWACC); the Schools Association for Excess Risk (SAFER); the Statewide Educational Wrap-Up Program (SEWUP); and the Community College League's Retiree Health Benefit JPA (CCLC). The relationship between the District and the JPAs is such that none of the JPAs are a component unit of the District for financial reporting purposes, as explained below.

The San Diego County Schools Fringe Benefits Consortium (SDCSFBC) provides employee fringe benefits to various school districts and community college districts throughout San Diego County. The San Diego County Schools Fringe Benefits Consortium's governing board is made up of one representative from each member district.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

The Statewide Association of Community Colleges (SWACC) provides property and liability coverage to various community college districts throughout California. SWACC is governed by a board consisting of one representative from each member district.

The Schools Association for Excess Risk (SAFER) arranges for and provides a self-funded or additional insurance for excess liability coverage to various school districts and community college districts throughout California.

The Statewide Educational Wrap-Up Program (SEWUP) is a consolidated construction insurance program covering the job-site risks of: District as Owner, Construction Manager, General Contractor, contractors and sub-contractors of all tiers. Membership is comprised of 400 California school and community college districts. Premiums are determined for each construction project or projects.

The District joined the Community College League of California's (CCLC) Retiree Health Benefit JPA Program in September 2006. The CCLC Retiree Health Benefit JPA was created to assist districts in responding to the GASB Statement No. 45 accounting standards, which require districts to place funds in an irrevocable trust or acknowledge, in their annual financial statements, their unfunded liability.

Financial information for CCLC is not readily available.

Separate financial statements for each JPA may be obtained from the respective entity.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2015.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2015.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Operating Leases

The District has entered into various operating leases for buildings and equipment with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. Expenditures under leases for the year ended June 30, 2015, amount to \$585,320. Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Lease Payment
2016	\$ 512,418
2017	466,135
2018	512,418
Total	<u>1,490,971</u>

Construction Commitments

As of June 30, 2015, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
Baseball Field Relocation	\$ 1,212,501	8/14/2015
Child Development Center	8,477,148	12/15/2015
New Parking Structure/Police Substation	30,659,273	8/15/2017
Library/LRC	61,557,593	12/15/2017
Maintenance and Operations Building	15,474,000	1/15/2018
	<u>\$ 117,380,515</u>	

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District's prior year beginning net position has been restated as of June 30, 2015.

The District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. Also, the beginning net position was restated for the correction of errors. The Other Postemployment Benefit Plan obligation, Cash with Fiscal Agent held within a trust, and the District's General Obligation Bonds were not properly accounted for. See the reconciliation of the beginning net position below.

Primary Government	
Net Position - Beginning	\$ 92,424,849
Change in Accounting Principles:	
Restatement of Long-Term Obligations for implementation of GASB Statement No. 68	(107,301,172)
Restatement of Deferred Outflows of Resources for implementation of GASB Statement No. 68	6,650,961
Correction of an Error:	
Bonds payable	(2,372,579)
Net other postemployment benefits (OPEB) obligation	3,900,416
Capital assets	162,653
Cash with Fiscal Agent	(4,028,785)
Net Position - Beginning, as Restated	<u><u>\$ (10,563,657)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

PALOMAR COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Method *Used (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
August 1, 2010	\$ -	\$ 78,499,867	\$ 78,499,867	0.00%	\$ 53,321,972	147%
August 1, 2012	1,950,000	84,229,998	82,279,998	2.32%	56,569,280	145%
August 1, 2014	3,950,994	90,841,984	86,890,990	4.35%	55,493,128	157%

* Entry age normal

PALOMAR COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2015

District's proportion of the net pension liability	<u>0.0909%</u>
District's proportionate share of the net pension liability	\$ 53,119,316
State's proportionate share of the net pension liability associated with the District	<u>32,075,736</u>
Total	<u><u>\$ 85,195,052</u></u>
District's covered - employee payroll	<u>\$ 40,938,175</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>129.75%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77%</u>

CalPERS

District's proportion of the net pension liability	<u>0.2756%</u>
District's proportionate share of the net pension liability	<u>\$ 31,291,747</u>
District's covered - employee payroll	<u>\$ 28,936,290</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>108.14%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83%</u>

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

PALOMAR COMMUNITY COLLEGE DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2015

Contractually required contribution	\$ 3,376,746
Contributions in relation to the contractually required contribution	<u>(3,376,746)</u>
Contribution deficiency (excess)	<u>\$ -</u>
 District's covered - employee payroll	 <u>\$ 38,026,419</u>
 Contributions as a percentage of covered - employee payroll	 <u>8.88%</u>

CalPERS

Contractually required contribution	\$ 3,745,361
Contributions in relation to the contractually required contribution	<u>(3,745,361)</u>
Contribution deficiency (excess)	<u>\$ -</u>
 District's covered - employee payroll	 <u>\$ 31,818,546</u>
 Contributions as a percentage of covered - employee payroll	 <u>11.771%</u>

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

SUPPLEMENTARY INFORMATION

PALOMAR COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION

JUNE 30, 2015

Palomar Community College District was established in January 1946 and is comprised of an area of approximately 2,555 square miles located in North San Diego County. There were no changes in the boundaries of the District during the current year. The District is accredited by the Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
John J. Halcón, Ph.D.	President	2016
Mark R. Evilsizer, M.A.	Vice President	2018
Nancy Ann Hensch, B.A.	Secretary	2016
Nancy C. Chadwick, M.S.W., M.P.A.	Trustee	2016
Paul P. McNamara, B.A.	Trustee	2018
Malik Spence	Student Trustee	2016

ADMINISTRATION

Robert P. Deegan	Superintendent/President
Berta Cuaron	Assistant Superintendent/ Vice President, Instruction
Adrian Gonzales	Assistant Superintendent/ Vice President, Student Services
Ronald E. Ballesteros-Perez	Assistant Superintendent/ Vice President, Administrative Services
John Tortarolo	Assistant Superintendent/ Vice President, Human Resource Services

See accompanying note to supplementary information.

PALOMAR COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Pell Grant	84.063		\$16,767,707
Federal Pell Administrative Allowance	84.063		10,552
Federal Work Study	84.033		274,790
Federal Work Study Administrative Allowance	84.033		65,859
Federal Supplemental Educational Opportunity Grant	84.007		434,399
Direct Student Loan	84.268		1,097,534
Total Student Financial Assistance Cluster			<u>18,650,841</u>
TRIO Cluster			
Palomar College North County Educational Opportunity Centers	84.066A		193,803
Student Support Services	84.042A		231,446
Upward Bound	84.047A		559,063
Talent Search	84.044A		267,267
Total TRIO Cluster			<u>1,251,579</u>
Strengthening the Palomar to CSUSM STEM Transfer Pathway	84.031S		877,541
Determined to Achieve: Successful Pathways to a STEM Degree	84.031C		979,090
Gear-Up	84.334A		2,377,530
Passed through from the California Community Colleges Chancellor's Office			
Career and Technical Education Act (CTEA)	84.048	14-C01-039	599,094
CTE-Transitions	84.048A	[1]	23,130
Total U.S. Department of Education			<u>24,758,805</u>
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Veterans Educational Assistance	64.028		13,362
Total U.S. Department of Veterans Affairs			<u>13,362</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the California Department of Education			
Child and Adult Care Food Program	10.558	[1]	53,734
Total U.S. Department of Agriculture			<u>53,734</u>

* Research and Development Program.

[1] Pass-Through Entity Identifying Number not available.

[2] The difference between the Schedule of Expenditures of Federal Awards and Federal revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position is due to differences of \$15,815 related to revenue recognition principles in various programs.

See accompanying note to supplementary information.

PALOMAR COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2015, CONTINUED

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
NATIONAL SCIENCE FOUNDATION			
Passed through the Kentucky Community and Technical College System			
National GeoTech Center of Excellence*	47.076	KCT-PS-618	\$ 24,518
Passed through the University Auxiliary and Research Services Corporation Increasing Stem Talent (STEP)*	47.076	UARSC-85774-CD	76,150
Advancing Geospatial Technology Pathways at Palomar College*	47.076		627
Total National Science Foundation			101,295
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through from the California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families	93.558	[1]	37,537
Passed through Yosemite Community College District			
Child Development Training Consortium	95.575	14-15-4489	27,200
Total U.S. Department of Health and Human Services			64,737
Total Federal Expenditures			\$ 24,991,933 [2]

* Research and Development Program.

[1] Pass-Through Entity Identifying Number not available.

[2] The difference between the Schedule of Expenditures of Federal Awards and Federal revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position is due to differences of \$15,815 related to revenue recognition principles in various programs.

See accompanying note to supplementary information.

PALOMAR COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
Nursing Education	\$ 150,437	\$ -	\$ 150,437
Basic Skills	174,068	-	174,068
Board Financials Assitance Program	169,310	-	169,310
CalWorks	179,300	2	179,302
Cooperative Agencies Resources for Education	78,801	-	78,801
Disabled Students Programs and Services	1,123,975	20,774	1,144,749
Extended Opportunities, Programs and Services (EOPS)	974,035	-	974,035
Assessment, Remediation, Retention Nursing Grant	79,800	-	79,800
Total			

See accompanying note to supplementary information.

Program Revenues				
Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
\$ 150,437	\$ -	\$ 71,683	\$ 78,754	\$ 78,754
174,068	-	131,644	42,424	42,424
169,310	-	-	169,310	169,310
179,302	-	1,877	177,425	177,425
78,396	-	-	78,396	78,396
1,144,749	-	-	1,144,749	1,144,749
974,035	-	3,380	970,655	970,655
-	79,800	-	79,800	79,800
<u>\$ 2,870,297</u>	<u>\$ 79,800</u>	<u>\$ 208,584</u>	<u>\$ 2,741,513</u>	<u>\$ 2,741,513</u>

PALOMAR COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL
APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2015**

CATEGORIES	*(Revised) Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2014 only)			
1. Noncredit**	102	-	102
2. Credit	1,172	-	1,172
B. Summer Intersession (Summer 2015 - Prior to July 1, 2015)			
1. Noncredit**	8	-	8
2. Credit	1,558	-	1,558
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	11,274	-	11,274
(b) Daily Census Contact Hours	780	-	780
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit**	664	-	664
(b) Credit	783	-	783
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	2,674	-	2,674
(b) Daily Census Contact Hours	614	-	614
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	19,629	-	19,629
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	128	-	128
H. Basic Skills Courses and Immigrant Education			
1. Noncredit**	729	-	729
2. Credit	597	-	597
<u>CCFS-320 Addendum</u>			
CDCP Noncredit FTES	495	-	495
Centers FTES			
1. Noncredit**	212	-	212
2. Credit	1,454	-	1,454

* Annual report revised as of October 21, 2015.

** Including Career Development and College Preparation (CDCP) FTES.

See accompanying note to supplementary information.

PALOMAR COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2015**

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799			
		Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>								
Instructional Salaries								
Contract or Regular	1100	\$ 20,228,559	\$ -	\$ 20,228,559	\$ 20,228,559	\$ -	\$ 20,228,559	
Other	1300	16,370,105	-	16,370,105	16,370,105	-	16,370,105	
Total Instructional Salaries		36,598,664	-	36,598,664	36,598,664	-	36,598,664	
Noninstructional Salaries								
Contract or Regular	1200	-	-	-	8,582,167	-	8,582,167	
Other	1400	-	-	-	622,420	-	622,420	
Total Noninstructional Salaries		-	-	-	9,204,587	-	9,204,587	
Total Academic Salaries		36,598,664	-	36,598,664	45,803,251	-	45,803,251	
<u>Classified Salaries</u>								
Noninstructional Salaries								
Regular Status	2100	-	-	-	19,464,195	-	19,464,195	
Other	2300	-	-	-	1,393,822	-	1,393,822	
Total Noninstructional Salaries		-	-	-	20,858,017	-	20,858,017	
Instructional Aides								
Regular Status	2200	1,411,719	-	1,411,719	1,411,719	-	1,411,719	
Other	2400	507,584	-	507,584	507,584	-	507,584	
Total Instructional Aides		1,919,303	-	1,919,303	1,919,303	-	1,919,303	
Total Classified Salaries		1,919,303	-	1,919,303	22,777,320	-	22,777,320	
Employee Benefits	3000	8,423,452	-	8,423,452	15,216,732	-	15,216,732	
Supplies and Material	4000	-	-	-	890,247	-	890,247	
Other Operating Expenses	5000	-	-	-	8,772,168	-	8,772,168	
Equipment Replacement	6420	-	-	-	-	-	-	
Total Expenditures Prior to Exclusions		46,941,419	-	46,941,419	93,459,718	-	93,459,718	

See accompanying note to supplementary information.

PALOMAR COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2015**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	-	-	-
Objects to Exclude							
Rents and Leases	5060	-	-	-	442,576	-	442,576
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

See accompanying note to supplementary information.

PALOMAR COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2015**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 3,016,411	\$ -	\$ 3,016,411
Capital Outlay							
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	3,458,987	-	3,458,987
Total for ECS 84362, 50 Percent Law		\$ 46,941,419	\$ -	\$ 46,941,419	\$ 90,000,731	\$ -	\$ 90,000,731
Percent of CEE (Instructional Salary Cost/Total CEE)		52.16%		52.16%	100.00%		100.00%
50% of Current Expense of Education					\$ 45,000,366		\$ 45,000,366

See accompanying note to supplementary information.

PALOMAR COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Summarized below are the fund balance reconciliations between the Annual Financial and Budget Report (CCFS-311) and the fund financial statements.

	General Fund	Child Development Fund	Bond Fund	Internal Service Fund
FUND BALANCE				
Balance, June 30, 2015, (CCFS-311)	\$ 17,149,134	\$ 180,756	\$ 260,265,518	\$ 15,235,390
Decrease in:				
Cash with fiscal agent	-	-	-	(4,061,271)
Cash in County	-	-	218,563	-
Compensated absences	2,801,213	-	-	-
Load banking	522,348	32,187	38,545	-
State categorical revenue	(128,784)	-	-	-
Balance, June 30, 2015, Audited	<u>\$ 20,343,911</u>	<u>\$ 212,943</u>	<u>\$ 260,522,626</u>	<u>\$ 11,174,119</u>

See accompanying note to supplementary information.

PALOMAR COMMUNITY COLLEGE DISTRICT

**PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2015**

Activity Classification	Object Code	Unrestricted			
EPA Proceeds:	8630				\$ 16,700,259
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 16,700,259	-	-	\$ 16,700,259
Total Expenditures for EPA		\$ 16,700,259	-	-	\$ 16,700,259
Revenues Less Expenditures					\$ -

See accompanying note to supplementary information.

PALOMAR COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2015

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balance:

General Funds	\$ 20,343,911
Special Revenue Funds	212,943
Capital Project Funds	270,341,884
Debt Service Funds	33,863,286
Internal Service Funds	11,174,119
Fiduciary Funds	3,786

Total Fund Balance

\$ 335,939,929

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is	397,189,273	
Accumulated depreciation is	(56,397,761)	340,791,512

The District has refunded debt obligations. The difference between the amount that was sent to escrow agent for the payment of the old debt and the actual remaining debt obligations will be amortized as an adjustment to interest expense.

13,270,434

Contributions to pension plans made subsequent to the measurement date were recognized as expenditures on the modified accrual basis, but are not recognized on the accrual basis.

7,122,107

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

(3,011,367)

The net change in proportionate share of net pension obligation as of the measurement date is not recognized as an expenditure under the modified accrual basis, but is recognized on the accrual basis over the expected remaining service life of members receiving pension benefits.

68,141

Difference between projected and actual earnings on pension plan investments are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.

(23,832,725)

Long-term obligations at year end consist of:

Bonds payable	595,248,207	
Lease revenue bonds	4,350,000	
OPEB obligation	1,588,689	
PARS supplemental early retirement obligation	6,345,630	
Compensated absences	2,640,131	
Load banking	522,348	
Aggregate net pension obligation	84,411,063	(695,106,068)
Total Net Position		\$ (24,758,037)

See accompanying note to supplementary information.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION JUNE 30, 2015

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's governing board members 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 the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Subrecipients

Of the Federal expenditures presented in the schedule, the District provided Federal awards to subrecipients as follows:

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Amount Provided to Subrecipients
Strengthening the Palomar to CSUSM STEM Transfer Pathway	84.031S	\$ 134,332

Schedule of Expenditures of State Awards

The accompanying Schedule of Expenditures of State Awards includes the State grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The information in this schedule is presented to comply with reporting requirements of the California State Chancellor's Office.

Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance

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

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

ECS 84362 requires the District to expend a minimum of 50 percent of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

PALOMAR COMMUNITY COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION JUNE 30, 2015

Reconciliation of Annual Financial and Budget Report (CCFS-311) With Fund Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's internal fund financial statements.

Proposition 30 Education Protection Act (EPA) Expenditure Report

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

INDEPENDENT AUDITOR'S REPORTS



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

Board of Trustees
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.

Vaughn & Associates, 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.

Vaivunick 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.

Vaurnick, 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
and Citizens' Oversight Committee
Palomar Community College District
San Marcos, California

We have audited the financial statements of the General Obligation Bond Fund (Measure M) of Palomar Community College District (the District) for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the 2015 fiscal year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the District's General Obligation Bond Fund (Measure M) financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

To the Board of Trustees
and Citizens' Oversight Committee
Palomar Community College District
Page 2

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 18, 2015.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Restriction on Use

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

Warrick Fine, Day & Co. LLP

San Diego, California
December 18, 2015

PALOMAR COMMUNITY COLLEGE DISTRICT

**MEASURE M GENERAL OBLIGATION BONDS
ELECTION 2006**

FINANCIAL AND PERFORMANCE AUDITS

JUNE 30, 2015

PALOMAR COMMUNITY COLLEGE DISTRICT

**MEASURE M GENERAL OBLIGATION BONDS
ELECTION 2006**

FINANCIAL AUDIT

JUNE 30, 2015

**PALOMAR COMMUNITY COLLEGE DISTRICT
MEASURE M GENERAL OBLIGATION BOND FUND**

**FINANCIAL AUDIT
TABLE OF CONTENTS
JUNE 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

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

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Trustees and Citizens' Oversight Committee
Palomar Community College District
San Marcos, California

Report on the Financial Statements

We have audited the accompanying financial statements of Palomar Community College District's (the District) Measure M General Obligation Bond Fund (General Obligation Bonds, Election 2006) as of and for the year ended June 30, 2015, and the related notes to the financial statements, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure M General Obligation Bond Fund (General Obligation Bonds, Election 2006) of the District at June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure M General Obligation Bond Fund specific to General Obligation Bonds, Election 2006, and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015, on our consideration of the District's Measure M General Obligation Bond Fund's (General Obligation Bonds, Election 2006) 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's Measure M General Obligation Bond Fund's (General Obligation Bonds, Election 2006) internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Vaurinik, Fine, Day & Co. LLP

San Diego, California
December 18, 2015

**PALOMAR COMMUNITY COLLEGE DISTRICT
MEASURE M GENERAL OBLIGATION BOND FUND**

**BALANCE SHEET
JUNE 30, 2015**

ASSETS

Investments	\$ 264,846,432
Accounts receivable	246,298
Due from other funds	<u>16,117</u>
Total Assets	<u><u>\$ 265,108,847</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 4,556,235
Due to other funds	<u>29,986</u>
Total Liabilities	<u><u>4,586,221</u></u>

FUND BALANCE

Restricted for capital projects	<u>260,522,626</u>
Total Fund Equity	<u><u>260,522,626</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 265,108,847</u></u>

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

**PALOMAR COMMUNITY COLLEGE DISTRICT
MEASURE M GENERAL OBLIGATION BOND FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015**

REVENUES

Local revenues	\$ 681,367
Total Revenues	<u>681,367</u>

EXPENDITURES

Classified salaries	336,003
Employee benefits	182,599
Other expenses and services	3,762,145
Capital outlay	<u>27,518,421</u>
Total Expenditures	<u>31,799,168</u>

EXCESS OF EXPENDITURES OVER REVENUES	(31,117,801)
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OTHER FINANCING SOURCES (USES)

Other sources - bond proceeds	361,640,275
Interfund transfers out	<u>(141,220,434)</u>
Total Other Financing Sources (Uses)	<u>220,419,841</u>

NET CHANGE IN FUND BALANCE	189,302,040
FUND BALANCE, BEGINNING OF YEAR	<u>71,220,586</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 260,522,626</u></u>

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

PALOMAR COMMUNITY COLLEGE DISTRICT MEASURE M GENERAL OBLIGATION BOND FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The audited financial statements include only the Measure M General Obligation Bond Fund of the District. This Fund was established to account for the receipt of proceeds of general obligation bond issuances and the expenditures of the proceeds under the General Obligation Bond Election of 2006. These financial statements are not intended to present fairly the financial position and the changes in financial position of the District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Measure M General Obligation Bond Fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to, and accounted for, in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

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

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

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Encumbrances

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

PALOMAR COMMUNITY COLLEGE DISTRICT MEASURE M GENERAL OBLIGATION BOND FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Fund Balance - Governmental Funds

As of June 30, 2015, the fund balance of the Measure M General Obligation Bond Fund was classified as follows:

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

NOTE 2 - INVESTMENTS

Policies and Practices

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

Investment in County Treasury

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

**PALOMAR COMMUNITY COLLEGE DISTRICT
MEASURE M GENERAL OBLIGATION BOND FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County of San Diego Investment Pool. The District maintains an investment of \$264,846,432 with the County of San Diego Investment Pool. The average maturity for the County of San Diego Investment Pool was 356 days. The fair value of the County Investment Pool was approximately \$264,739,110.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County of San Diego Investment Pool is rated AAAsf/S1 by Standard & Poor's Investor Service.

**PALOMAR COMMUNITY COLLEGE DISTRICT
MEASURE M GENERAL OBLIGATION BOND FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 - ACCOUNTS RECEIVABLE

Receivables at June 30, 2015, consist of the following:

Interest	<u>\$ 246,298</u>
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NOTE 4 - DUE FROM OTHER FUNDS

The Unrestricted General Fund owes the General Obligation Bond Fund \$16,117 for interest.

The General Obligation Bond Fund owes the Unrestricted General Fund \$6,802 for salaries.

The General Obligation Bond Fund owes the Internal Service Fund \$23,184 for benefit and insurance payments.

NOTE 5 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2015, consist of the following:

Construction payables	<u>\$ 4,556,235</u>
-----------------------	---------------------

NOTE 6 - FUND BALANCE

Fund balance is composed of the following element:

Restricted Capital projects	<u>\$ 260,522,626</u>
--------------------------------	-----------------------

NOTE 7 - INTERFUND TRANSFERS

During the 2014-2015 year, the District issued a new series of bonds in the amount of \$361,640,275. As part of this issuance, the District also refunded previously issued bonds and transferred \$141,220,434 of the proceeds to the Bond Interest and Redemption Fund.

**PALOMAR COMMUNITY COLLEGE DISTRICT
MEASURE M GENERAL OBLIGATION BOND FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2015, the Measure M General Obligation Bond Fund had the following significant construction commitments with respect to unfinished capital projects:

<u>CAPITAL PROJECT</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Baseball Field Relocation	\$ 1,212,501	8/14/2015
Child Development Center	8,477,148	12/15/2015
New Parking Structure/Police Substation	30,659,273	8/15/2017
Library/LRC	61,557,593	12/15/2017
Maintenance and Operations Building	15,474,000	1/15/2018
	<u><u>\$ 117,380,515</u></u>	

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Measure M General Obligation Bond Fund at June 30, 2015.

INDEPENDENT AUDITOR'S REPORT



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

Board of Trustees and Citizens' Oversight Committee
Palomar Community College District
San Marcos, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the Palomar Community College District's (the District) Measure M General Obligation Bond Fund (General Obligation Bonds, Election 2006), as of and for the year ended June 30, 2015, and have issued our report thereon dated December 18, 2015.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure M General Obligation Bond Fund specific to General Obligation Bonds, Election 2006, and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America.

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 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 significant deficiencies or material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our testing 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.

A handwritten signature in black ink that reads "Vaurick Fine, Day & Co. LLP". The signature is written in a cursive, flowing style.

San Diego, California
December 18, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**PALOMAR COMMUNITY COLLEGE DISTRICT
MEASURE M GENERAL OBLIGATION BOND FUND**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2015**

None reported.

**PALOMAR COMMUNITY COLLEGE DISTRICT
MEASURE M GENERAL OBLIGATION BOND FUND**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015**

There were no audit findings reported in the prior year's Financial Statement Findings.

PALOMAR COMMUNITY COLLEGE DISTRICT

**MEASURE M GENERAL OBLIGATION BONDS
ELECTION 2006**

PERFORMANCE AUDIT

JUNE 30, 2015

**PALOMAR COMMUNITY COLLEGE DISTRICT
MEASURE M GENERAL OBLIGATION BOND FUND**

**PERFORMANCE AUDIT
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JUNE 30, 2015**

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INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Board of Trustees and Citizens' Oversight Committee
Palomar Community College District
San Marcos, California

We were engaged to conduct a performance audit of Palomar Community College District's (the District) Measure M General Obligation Bond Fund (General Obligation Bonds, Election 2006) for the year ended June 30, 2015.

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

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended Proposition 39 Measure M General Obligation Bond Funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

Vavrinek, Trine, Day & Co. LLP

San Diego, California
December 18, 2015, 2015

PALOMAR COMMUNITY COLLEGE DISTRICT MEASURE M GENERAL OBLIGATION BOND FUND

JUNE 30, 2015

AUTHORITY FOR ISSUANCE

The Measure M General Obligation Bonds (the Bonds) were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California *Education Code*, and other applicable provisions of law. The Bonds were authorized to be issued by a resolution adopted by the Board of Supervisors of North San Diego County (the County Resolution), pursuant to a request of the Palomar Community College District (the District) made by a resolution adopted by the Board of Education of the District (the District Resolution).

The District received authorization from an election held in November 2006 to issue bonds of the District in an aggregate principal amount not to exceed \$694,000,000 to finance specific acquisition, construction, and modernization projects approved by eligible voters within the District. The Measure required approval by at least 55 percent of the votes cast by eligible voters within the District. The Measure M Bond Funds represent the authorized bond issuance of the Series 2006A, Series 2006B, Series 2006C, and 2015 Refunding bonds.

PURPOSE OF ISSUANCE

Pursuant to the 2006 Authorization, the proceeds of the Bonds will be used to finance the repair, renovation, and construction of facilities noted on a specific Project List for facilities of the District. The bond project list includes:

- Upgrade nursing and emergency medical career training labs
- Modernize outdated science, computer and job training labs/equipment
- Upgrade electrical and technology infrastructure
- Repair/replace deteriorated roofs, plumbing, lighting, heating, and ventilation systems
- Improve energy efficiency
- Modernize/replace outdated classrooms and student support facilities
- Complete safety upgrades to college buildings and grounds

AUTHORITY FOR THE AUDIT

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

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

PALOMAR COMMUNITY COLLEGE DISTRICT MEASURE M GENERAL OBLIGATION BOND FUND

JUNE 30, 2015

2. The community college district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction, and information technology needs in developing the project list.
3. Requires the community college district to appoint a Citizens' Oversight Committee.
4. Requires the community college district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the community college district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

OBJECTIVES OF THE AUDIT

- Determine whether expenditures charged to the Bonds have been made in accordance with the Bond project list approved by the voters through the approval of the Measure M.
- Determine whether proceeds received from the issuance of the Bonds has been deposited into the specific fund used to account for Measure M approved projects or for the refunding of previously issued bonds.
- Determine if the Citizens' Oversight Committee was appropriately appointed and met during the year.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2014 to June 30, 2015. The population of expenditures tested included all object and project codes associated with the Bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit.

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2015, for the Bonds. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure M as to the approved Bond projects list. We performed the following procedures:

1. We verified that a separate Bond Fund of the District has been established to account for the receipt of Bond proceeds and expenditure of the funds for the period July 1, 2014 through June 30, 2015.
2. We verified proceeds in the amount of \$361,640,275 were appropriately deposited into the Bond fund for use for the approved Measure M projects and the refunding of previously issued general obligation bonds.

PALOMAR COMMUNITY COLLEGE DISTRICT MEASURE M GENERAL OBLIGATION BOND FUND

JUNE 30, 2015

3. We verified the District has established a Citizens' Bond Oversight Committee comprised of representatives from the seven specific constituency groups required by the Proposition.
4. We verified the Citizens' Bond Oversight committee met regularly during the year with agendas and/or minutes of the meetings maintained.
5. We selected a sample of expenditures for the period starting July 1, 2014 and ending June 30, 2015, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
6. Our sample included transactions totaling \$10,992,572. This represents 35 percent of the total expenditures of \$31,799,168.
7. We verified that funds from the Bonds were expended for the voter authorized Bond projects as listed in the Approved Bond Project Listing.
8. We verified that the District used formal bid procedures for those contracts over the construction bid level requirements in accordance with the Education Code requirements and District policies.

CONCLUSION

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures held in the Bond Funds and that such expenditures were made for authorized Bond projects. There were no salaries of administrators charged to the Bonds for District general administration or operations. District procedures for disbursement of funds were applied in accordance with laws and regulations, as well as policies approved by the Board of Trustees.

**PALOMAR COMMUNITY COLLEGE DISTRICT
MEASURE M GENERAL OBLIGATION BOND FUND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

None reported.

**PALOMAR COMMUNITY COLLEGE DISTRICT
MEASURE M GENERAL OBLIGATION BOND FUND**


**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015**

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

PALOMAR COMMUNITY COLLEGE DISTRICT**FISCAL SERVICES**

DATE: January 12, 2016

TO: Adrian Gonzales
Interim Superintendent/President

FROM: Carmen M. Coniglio 
Director, Fiscal Services

SUBJECT: 2016-17 Nonresident Tuition and Capital Outlay Fees

OVERVIEW

Education Code (EC) 76140 requires each district governing board to establish the nonresident tuition fee no later than February 1 for the succeeding fiscal year. In addition, EC Section 76141 authorizes community college districts to charge any nonresident student a capital outlay fee not to exceed the amount that was expended by the district for capital outlay in the preceding fiscal year divided by the total full-time equivalent students in the preceding fiscal year. AB 947 amended EC Section 76141 to charge this capital outlay fee to any nonresident student, except for "AB 540" students, who will continue to be exempt from this fee.

DISCUSSION

The statewide average calculated rate for 2016-17 is \$211 per unit. Palomar Community College District's calculated rate is \$213. It is being recommended that Palomar uses the statewide average cost of \$211 to establish the nonresident tuition for 2016-17. This represents an \$11 increase from our current rate of \$200. The recommendation for capital outlay is to maintain our current rate of \$5 per unit for 2016-17 and to charge this rate to all nonresident students, except for "AB 540" students. Attached is the worksheet showing the computations for the nonresident tuition and capital outlay fees.

RECOMMENDATION

The adoption of \$211 per unit for nonresident tuition and a capital outlay fee of \$5 per unit for all nonresident students for 2016-17.

**CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE**

1102 Q STREET, 4TH FLOOR
SACRAMENTO, CA 95811-6549
(916) 445-8752

<http://www.cccco.edu>



Memorandum

December 2, 2015

Fiscal Services Memo 15-14
Via E-mail Only

TO: Chief Business Officers
Chief Instructional Officers

FROM:  Mario Rodriguez, Assistant Vice Chancellor
College Finance and Facilities Planning

SUBJECT: 2016-17 Nonresident Fees need to be established by February 1, 2016

SYNOPSIS: Education Code (EC) Section 76140 requires each district governing board to establish the nonresident tuition fee not later than February 1 for the succeeding fiscal year.

Nonresident Tuition Fee. For determining your district's 2016-17 nonresident tuition fee, the 2014-15 statewide average expense of education was **\$6,068** per full time equivalent student (FTES). The projected increase in the United States Consumer Price Index (USCPI) as determined by the Department of Finance is 2.0% for the 2015-16 fiscal year and 2.1% for 2016-17, for a compound factor of 1.041 against the 2014-15 statewide average expense of education (\$6,068) yields an Average cost of **\$6,316** per FTES for the tuition year, or **\$211** per semester unit for a 30 unit semester term academic year. For districts on the quarter system, the 45 unit quarter term academic year results in **\$140** per quarter term unit.

Nonresident Tuition Fee Options. EC 76140(e) enumerates seven options for a district to choose in setting its nonresident tuition fee. These options are reflected in the enclosed worksheet as the "basis for adoption." Options 1-3 are generally well understood, but for Option 4 ("No more than contiguous district") and Option 5 ("No more than district, no less than statewide cost"), please keep in mind the following specifics:

Option 4 'No more than contiguous district'. A review of the legislative history when this option was adopted confirms that this amount **must be within** the:

- **Fee** (not cost) adopted by a contiguous district (**Maximum** amount for Option #4);

AND

- **Cost** of the lesser of (1) your district's average **cost** OR (2) the statewide average cost (**Minimum** amount for Option #4).

Option 5 'No more than district, no less than statewide cost'. The *maximum amount* for this option is the district average cost, and the *minimum amount* for this option is the statewide average cost. Only an amount between these maximum and minimum amounts is allowed under this option.

Option 6 'Highest Years Statewide Average Tuition'. (EC 76140(e)(1)(B)). Use the greater of the succeeding year, the current year or any of the four prior year's statewide average nonresident tuition fee calculation, which is \$211 per semester unit or \$140 per quarter unit from 2014-2015.

Option 7 'No more than 12 Comparable States Average Tuition'. (EC 76140(e)(1)(E)). No greater than the 2013-14 average nonresident tuition fee of public community colleges in a minimum of 12 states comparable to California in cost of living. This average is calculated to be \$397 per semester unit or \$265 per quarter unit.

Nonresident Capital Outlay Fee. Pursuant to EC Section 76141 a district may also charge to any nonresident student a capital outlay fee. The amount of the nonresident capital outlay fee has to be the lesser of:

- the amount that was expended by the district for capital outlay in the preceding fiscal year divided by the total full-time equivalent students of the district in the preceding fiscal year; **OR**
- 50% of the 2015-16 nonresident tuition fee adopted pursuant to EC 76140.

Processing Fee for Students from Foreign Countries. Pursuant to EC 76142 a district may charge each nonresident applicant a processing fee not to exceed the lesser of (1) the actual cost of processing an application and other documentation required by the federal government **OR** (2) \$100, which may be deducted from the tuition fee at the time of enrollment.

Exemptions to these fees. Various exemptions to these fees are provided in the law. Please click on the following web links to EC Sections 76140-76143 and a related legal opinion to learn more about these exemptions:

<http://Ed Code Non-Res>

<http://AB540 and Non-Res Capital Outlay Fee>

Tuition Fee Worksheet. A worksheet for computing the nonresident tuition and capital outlay fees is enclosed. The comparable information for all districts used to derive the statewide average expense of education per FTES for 2014-15 is also enclosed for your reference.

ACTION/DATE REQUESTED: Please complete and return by February 15, 2016 a copy of the enclosed worksheet and provide information on the 2016-17 nonresident tuition and capital outlay fees adopted by your district governing board by February 2016.

CONTACT: If you have any questions or comments regarding this memorandum, please contact Mike Yarber at (916) 327-6818; or myarber@cccco.edu. The office fax number is (916) 323-3057.

California Community Colleges

2016-17 NONRESIDENT FEES WORKSHEET

NONRESIDENT TUITION FEE CALCULATIONS FOR OPTIONS 1 THROUGH 7

2016-17 NONRESIDENT TUITION FEE (EC 76140)	(Col. 1) Statewide	(Col. 2) District	(Col. 3) 10% or More Noncredit FTES
A. Expense of Education for Base Year (2014-15 CCFS 311, Expenditures by Activity Report, AC 0100-6700, Cols: 1-3)	<u>\$7,172,481.662</u>	<u>\$ 120,516,863</u>	\$ _____
B. Annual Attendance FTES (Recal 2014-15)	<u>1,181.923</u>	<u>19,629.56</u>	_____
C. Average Expense of Education per FTES (A + B)	<u>\$6,068</u>	<u>\$ 6,139.56</u>	\$ _____
D. U.S. Consumer Price Index Factor (2 years)	<u>x 1.041</u>	<u>x 1.041</u>	<u>x 1.041</u>
E. Average Cost per FTES for Tuition Year (C x D)	<u>\$6,316</u>	<u>\$ 6,391.28</u>	\$ _____
F. Average Per Unit Nonresident Cost – Semester (Qtr)	<u>\$211 (\$141)</u>	<u>\$ 213</u>	\$ _____
G. Highest year Statewide average – Semester (Qtr)	<u>\$211 (\$141)</u>	\$ _____	\$ _____
H. Comparable 12 state average – Semester (Qtr)	<u>\$380 (\$253)</u>	\$ _____	\$ _____

Annual Attendance FTES includes all student contact hours of attendance in credit and noncredit courses for resident students, nonresident students and apprentices; however apprentice hours are divided by 525 to compute an FTES equivalent. Round tuition fee to the nearest dollar.

Column 3 is an option for use by a district with ten percent or more noncredit FTES (*Section 76140(e)(1)(A)*). If your district qualifies, then fill out this column with noncredit FTES and noncredit expense of education data excluded.

NONRESIDENT TUITION FEE CALCULATIONS FOR OPTIONS 6 OR 7

Option 6. The greater amount of the calculations of statewide nonresident tuition for 2011-12 through 2014-15 is \$211 per semester unit or \$141 per quarter unit (2014-15).

Option 7. The average of the nonresident tuition fees of public community colleges in 2014-15 of no less than 12 states comparable to California in cost of living is \$380 per semester unit or \$253 per quarter unit.

Requirement for Use of Option 6 or 7: The additional revenue generated by the increased nonresident tuition permitted under options 6 or 7 shall be used to expand and enhance services to resident students (*EC 76140(e)(2)*). Districts meeting one or more criteria below shall be considered in compliance with the requirements of *EC 76140(e)(2)*. Please check all that apply:

- ☐ Revenue from nonresident tuition was less than 5% of total general fund revenue.
- ☐ Actual resident FTES was greater than funded resident FTES.
- ☐ Percent expenditures for counseling and student services were greater than statewide average (AC 6300 plus 6400 divided by AC 0100-6700, Cols. 1-3).
- ☐ Percent expenditures for instructional services were greater than statewide average (AC 0100-5900 divided by AC 0100-6700, Cols. 1-3).

Continue to next page ►

► Continued from previous page

The district governing board at its _____ January 12 _____, 20 16 meeting adopted a **nonresident tuition fee** of \$ 211 per semester unit or \$ _____ per quarter unit.

Basis for adoption is (*place an X in one box only*).

- | | |
|--|--|
| <input checked="checked" type="checkbox"/> | 1. Statewide average cost, per column 1. |
| <input type="checkbox"/> | 2. District average cost, per column 2. |
| <input type="checkbox"/> | 3. District average cost with 10% or more noncredit FTES, per column 3. |
| <input type="checkbox"/> | 4. Contiguous district. _____ (<i>Specify district and its fee</i>). |
| <input type="checkbox"/> | 5. No more than district average cost (Col. 2 or 3); no less than statewide average cost. |
| <input type="checkbox"/> | 6. Statewide average cost, from 2014-15 (\$211 per semester unit; \$141 per quarter unit). |
| <input type="checkbox"/> | 7. No more than average tuition of 12 states with cost of living comparable to California. |

NONRESIDENT CAPITAL OUTLAY FEE (EC 76141)

For districts electing to charge a **capital outlay fee** to any nonresident student, please compute this fee as follows:

- a. Capital Outlay expense for 2014-15 \$ 6,162,530.89
- b. FTES for 2014-15 19,629.56
- c. Capital outlay expense per FTES (*line a divided by line b*) 313
- d. Capital Outlay Fee per unit:

1. Per semester unit (*line c divided by 30 units*) 10

OR

2. Per quarter unit (*line c divided by 45 units*) _____

- e. 2016-17 Nonresident Student Capital Outlay Fee (not to exceed the lesser of line d **OR** 50% of adopted 2015-16 Nonresident Tuition Fee) _____

The district governing board at its _____ January 12 _____, 20 16 meeting adopted a **nonresident capital outlay fee** of \$ 5 per semester unit or \$ _____ per quarter unit.

Upon adoption of nonresident tuition and/or capital outlay fees by your district governing board by February 1, 2016, please submit a copy of this report by February 15, 2016 to:

**California Community Colleges Chancellor's Office
Fiscal Services Unit
1102 Q Street, 4th Floor
Sacramento, CA 95811-6549 FAX (916) 323-3057**

District Palomar Community College District

Contact Person Carmen Coniglio, Director, Fiscal Services

Phone Number & email (760) 744-1150 Ext 2119; cconiglio@palomar.edu

CALIFORNIA COMMUNITY COLLEGES
2016-17 Nonresident Tuition Fee
Based on 2014-15 Actual Expense of Education from CCFS-311
(AC 0100-6700, columns 1-3)

District Code	District	2014-15 Expense of Education*	2014-15 Total FTES**	2014-15 Expense Per FTES
610	Allan Hancock	54,932,943	9,639.27	5,698.87
620	Antelope Valley Joint	66,488,399	11,381.72	5,841.68
910	Barstow	14,130,553	2,641.35	5,349.75
110	Butte-Glenn	87,733,676	10,890.82	8,055.75
410	Cabrillo	66,569,416	11,159.54	5,965.25
810	Cerritos	94,828,720	18,177.01	5,216.96
480	Chabot-Las Positas	106,771,157	17,553.08	6,082.76
920	Chaffey	89,757,893	14,937.14	6,009.04
820	Citrus	61,642,124	12,135.20	5,079.61
830	Coast	194,892,521	32,817.01	5,938.77
710	Compton	32,871,230	5,309.28	6,191.28
310	Contra Costa	181,283,452	26,849.93	6,751.73
970	Copper Mountain	12,996,572	1,432.30	9,073.92
930	Desert	49,659,775	8,370.03	5,933.05
720	El Camino	115,377,411	20,111.90	5,736.77
120	Feather River	15,563,057	1,978.23	7,867.16
420	Foothill-DeAnza (quarter system)	195,669,106	32,157.68	6,084.68
440	Gavilan	33,319,514	5,331.87	6,249.12
730	Glendale	91,355,588	16,330.51	5,594.17
20	Grossmont-Cuyamaca	117,093,374	18,976.84	6,170.33
450	Hartnell	43,711,895	7,260.02	6,020.91
30	Imperial	41,736,379	6,918.52	6,032.56
520	Kern	111,110,367	20,097.34	5,528.61
220	Lake Tahoe (quarter system)	14,187,000	1,843.85	7,694.23
130	Lassen	12,439,498	1,900.07	6,546.86
840	Long Beach	113,516,514	21,100.88	5,379.71
740	Los Angeles	642,888,577	108,551.06	5,922.45
230	Los Rios	303,013,978	52,956.38	5,721.95
330	Marin	50,421,931	3,966.10	12,713.23
140	Mendocino-Lake	22,334,491	3,124.81	7,147.47
530	Merced	59,387,484	9,941.31	5,973.81
50	Mira Costa	89,021,273	11,485.25	7,750.92
460	Monterey Peninsula	39,464,540	6,681.81	5,906.26
850	Mt. San Antonio	160,061,503	31,545.75	5,073.95
940	Mt. San Jacinto	59,113,755	10,897.88	5,424.34
240	Napa Valley	37,047,727	5,715.61	6,481.85

District Code	District	2014-15 Expense of Education*	2014-15 Total FTES**	2014-15 Expense Per FTES
860	North Orange County	185,313,617	36,784.26	5,037.85
430	Ohlone	51,003,967	8,760.50	5,822.04
950	Palo Verde	13,763,631	1,934.15	7,116.11
60	Palomar	120,516,863	20,196.27	5,967.28
770	Pasadena	145,752,367	24,598.62	5,925.23
340	Peralta	143,094,765	21,041.93	6,800.46
870	Rancho Santiago	169,208,241	29,464.33	5,742.82
160	Redwoods	29,264,940	4,180.73	6,999.96
880	Rio Hondo	79,744,453	12,774.32	6,242.56
960	Riverside	164,554,974	28,266.94	5,821.46
980	San Bernardino	90,283,968	15,078.41	5,987.63
70	San Diego	249,240,504	43,509.92	5,728.36
360	San Francisco	189,224,696	25,011.05	7,565.64
550	San Joaquin Delta	92,363,665	16,045.20	5,756.47
470	San Jose-Evergreen	99,897,179	12,690.61	7,871.74
640	San Luis Obispo County	51,739,480	7,251.39	7,135.11
370	San Mateo County	141,704,901	18,850.85	7,517.16
650	Santa Barbara	105,353,406	17,164.01	6,138.04
660	Santa Clarita	82,186,776	15,712.13	5,230.79
780	Santa Monica	162,268,047	26,319.44	6,165.33
560	Sequoias	53,462,752	9,469.55	5,645.75
170	Shasta-Tehama-Trinity	42,170,338	7,136.22	5,909.34
270	Sierra Jt.	81,460,208	15,128.16	5,384.67
180	Siskiyou Jt.	17,582,046	2,678.34	6,564.53
280	Solano	52,327,945	6,999.15	7,476.33
260	Sonoma	118,146,042	17,709.11	6,671.48
890	South Orange County	160,467,439	29,570.94	5,426.52
90	Southwestern	96,636,517	15,716.43	6,148.76
570	State Center	165,140,911	27,922.83	5,914.19
680	Ventura	155,024,923	26,389.67	5,874.45
990	Victor Valley	67,789,941	9,078.77	7,466.86
580	West Hills	35,928,455	5,314.43	6,760.55
690	West Kern	25,231,253	2,598.80	9,708.81
490	West Valley	93,519,559	13,917.71	6,719.46
590	Yosemite	110,838,949	16,764.43	6,611.55
290	Yuba	47,880,551	7,725.93	6,197.38
Totals		\$7,172,481,662	1,181,922.88	\$6,068

* "Expense of Education" is defined in the Budget and Accounting Manual as including all General Fund expenditures, restricted and unrestricted, for all objects of expenditure 1000 through 5000 and all expenditures of activity from 0100 through 6700. For the purposes of calculating the Nonresident Tuition Fee, Expense of Education is different than the 50% Law "current expense of education".

** Includes FTES for resident, nonresident, credit, noncredit.

RESOLUTION No. 15 -21200

A RESOLUTION OF THE GOVERNING BOARD PALOMAR COMMUNITY COLLEGE DISTRICT

PALOMAR COLLEGE, SAN MARCOS, CALIFORNIA

Support of America's College Promise Proposal:

Tuition-Free Community College for Responsible Students

WHEREAS, President Barack Obama has acknowledged the importance of community colleges to the nation's economic health; and

WHEREAS, the attainment of post-secondary degrees and certificates is necessary in order for students to be prepared for and competitive in the workforce; and

WHEREAS, American higher education, including community colleges, has increased in cost thereby limiting student access to educational opportunity; and

WHEREAS, President Obama has proposed that the first two years of a community college be free; and

WHEREAS, the national College Promise Campaign and local, state-based campaigns have been established to further this concept; and

WHEREAS, the California College Promise Campaign has determined that California Community Colleges Board of Governors (BOG) Fee Waivers have already removed the enrollment fee cost for almost two-thirds of all students enrolled in California's community colleges;

NOW THEREFORE BE IT RESOLVED, that the Governing Board of the Palomar Community College District hereby support President Barack Obama's initiative to provide tuition-free education for qualified community college students; and

BE IT FURTHER RESOLVED, that the Governing Board of the Palomar Community College District supports the California College Promise initiatives to extend this opportunity to California students; and

BE IT FURTHER RESOLVED, that the Governing Board of the Palomar Community College District does hereby encourage the Superintendent/President to engage business and community leaders, legislators, student leaders, faculty, staff, and administrators in efforts to further these goals.

PASSED AND ADOPTED by the Governing Board of the Palomar Community College District, County of San Diego, State of California, this ____ day of _____ 2016, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Mark Evilsizer, Board President

Nancy Chadwick, Board Secretary