ACCREDITING COMMISSION for COMMUNITY and JUNIOR COLLEGES

Western Association of Schools and Colleges

10 COMMERCIAL BOULEVARD
SUITE 204
NOVATO, CA 94949
TELEPHONE: (415) 506-0234
FAX: (415) 506-0238
E-MAIL: accjc@accjc.org
www.accjc.org

Chairperson
SHERRILL L. AMADOR
Public Member

Vice Chairperson
STEVEN KINSELLA
Administration

President
BARBARA A. BENO

Vice President
SUSAN B. CLIFFORD

Vice President
KRISTA JOHNS

Vice President
GARMAN JACK POND

Associate Vice President
JOHN NIXON

Associate Vice President
NORVAL WELLSFRY

RECEIVED
SEP - 4 2012

August 31, 2012

President Denise Whittaker
Interim Superintendent/President
Palo Verde College
One College Drive
Blythe, CA 92225

Dear President Whittaker,

Colleges are required to submit an Annual Financial Report (AFR), including their Annual Audit, to the Commission. The purpose of the Annual Financial Report is to monitor the fiscal condition of colleges in accordance with federal requirements and to enable the Commission to identify colleges that are at potential financial risk. The Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, at its meeting June 6-8, 2012, reviewed the staff analysis of the 2012 Annual Fiscal Report. This analysis includes data from the current year and a comparison of data from the 2010 and 2011 Annual Fiscal reports to assess changes in colleges' financial condition.

The factors used to identify levels of potential risk include ending balances, reserves, enrollment decreases, default rates on Federal Student Loans, audit reports, and other financial information. Based on the analysis, colleges are assigned one of three levels of fiscal risk. Colleges in category **N** (Normal risk) are not subject to additional monitoring. Colleges in category **M** (Moderate Risk) will be more closely monitored in subsequent reporting years to assess whether financial conditions improve or deteriorate. Colleges assigned as category **R** (Referred) undergo a more comprehensive analysis of their financial condition by the ACCJC's Financial Reviewers. The Commission will take action upon a finding of severe risk.

As a result of the analysis of the 2012 Annual Financial Report, Palo Verde College has been identified as **category** *R* and will receive a more in-depth analysis by the Financial Reviewers. The Financial Reviewers will analyze college related documents and reports that have been submitted to the Commission. The reasons for review include:

- Insufficient Reserve
- Significant enrollment loss
- Audit concerns
- Excessive debt level
- Deficit related to 50% regulation of California Community Colleges

The Commission will receive a report from the Financial Reviewers at its January 2013 meeting regarding recommendations for these referred colleges and determine if any additional follow-up action is required. The Commission anticipates that this process will enable it to better engage with financially challenged institutions about achieving and sustaining institutional effectiveness in the area of financial resources.

Each college will receive its individual report before the Commission review. At this time, no action is required by your College. The Commission will be in contact after its January 2013 meeting if it is determined that additional action or reporting is required of your College.

Sincerely,

Norval L. Wellsfry, Ed.D
Associate Vice President