

November 20, 2018

Dr. Tim Karas
President
College of Alameda
555 Ralph Appezato Memorial Pkwy
Alameda, CA 94501

Dear President Karas:

Thank you for taking the time to discuss College of Alameda and Peralta Community College District's 2018 annual fiscal report with me. Our conversation was very productive, and I look forward to working with you through the development and implementation phases of your fiscal improvement plan.

Per policy, 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 and districts in accordance with federal requirements and to enable the Commission to identify colleges at financial risk.

The ACCJC has developed a Composite Financial Index (CFI) to assess institutional finances. The factors used in the CFI include the Primary Reserve Ratio, Net Operating Revenue Ratio, Salary and Benefit percentages, enrollment changes, default rates on Federal Student Loans, audit reports, and other financial information. Based on this analysis, College of Alameda and Peralta Community College District have been identified as requiring enhanced monitoring for the following reasons:

- College of Alameda and Peralta Community College District had the lowest fiscal health score in six of the twelve CFI factors and the lowest scores for any district in the two most heavily weighted factors (Primary Reserve Ratio and Operating Revenue).
- College of Alameda and Peralta Community College District had the lowest possible score in Operating Surplus, OPEB Irrevocable Funding, Audit Deficiencies, FTES Trend, and Executive Level Staff Turnover.
- Issues with the annual general audit report, including State Awards, Material Weakness and/or Non-Compliance resulting in over \$15 million of adjustments and reclassifications, and non-implementation of the two most serious findings from 2016,
- Negative cash in the treasury account exceeding \$31 Million.
- Double digit decreases in FTES 2015/16 to 2016/17.
- Declining Fund Balances every year since 2013/14.

Per our conversation, College of Alameda and Peralta Community College District will need to provide ACCJC with your plan to correct current conditions and improve systems going forward. I will present your plan to the Commission at their meeting in January 2019. The Commission will support your efforts should your plan demonstrate reasonable and effective measures for improving your institution's financial health. Please be advised that if College of Alameda and Peralta Community College District do not implement an actionable improvement plan, the Commission will need to take formal action. Please submit your plan to me by **Friday, December 14, 2019**. I will remain in contact with you and your leadership team to monitor College of Alameda and Peralta Community College District's progress.

Sincerely,

A handwritten signature in black ink that reads "Stephanie Droker". The signature is written in a cursive, flowing style.

Stephanie Droker, Ed.D.
Vice President

cc: Dr. Tina Vasconcellos, Accreditation Liaison Officer
Dr. Jowel Laguerre, Chancellor, Peralta Community College District