



**ACCREDITING
COMMISSION
for COMMUNITY and
JUNIOR COLLEGES**

*Western Association
of Schools and Colleges*

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August 16, 2013

Dr. Walter Tribley
Superintendent/President
Monterey Peninsula College
980 Fremont Street
Monterey, CA 93940

Dear President Tribley:

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 5-7, 2013, reviewed the staff analysis of the 2013 Annual Fiscal Report. This analysis includes data from the current year and a comparison of data from the 2010, 2011, and 2012 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 2013 Annual Fiscal Report, Monterey Peninsula 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:

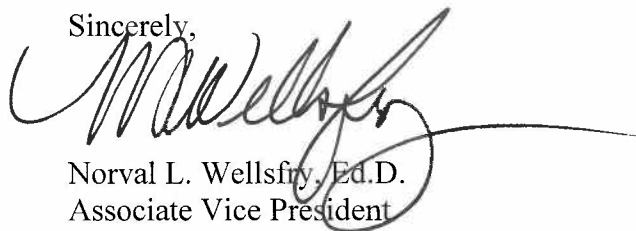
- Excessive Salary/Benefits as a proportion of expenditures
- Significant decline in Cash balance
- Excessive decline in enrollment

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The Commission will receive a report from the Financial Reviewers regarding recommendations for referred colleges and determine if any additional follow-up action is required. This process enables the Commission 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. At this time, no action is required by your College. The Commission will be in contact if it is determined that additional action or reporting is required of your College.

Sincerely,

A handwritten signature in black ink, appearing to read 'Norval L. Wellsfry', with a long horizontal flourish extending to the right.

Norval L. Wellsfry, Ed.D.
Associate Vice President

NLW/mg