



JOHN CHIANG
California State Controller

January 31, 2012

Carol R. Horton, Vice President
Financial and Administrative Services
Citrus Community College District
1000 West Foothill Boulevard
Glendora, CA 91741-1899

Dear Mrs. Horton:

The State Controller's Office reviewed the costs claimed by Citrus Community College District for the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2009, through June 30, 2010. Our review was limited to validating the authorized health service fees that the district reported.

The district claimed and was paid \$89,567 for the mandated program. Our review disclosed that the entire amount is unallowable. The costs are unallowable because the district understated authorized health service fees, as described in the attached Summary of Program Costs and Finding and Recommendation. The State will offset \$89,567 from other mandated program payments due to the district. Alternatively, the district may remit this amount to the State.

If you disagree with the audit finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's Web site at www.csm.ca.gov/docs/IRCForm.pdf.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/bf

Attachments

RE: S12-MCC-904

cc: Rosalinda Buchwald, Fiscal Services Director
Citrus Community College District
Ed Hanson, Principal Program Budget Analyst
Education Systems Unit, Department of Finance
Christine Atalig, Auditor, Fiscal Services Unit
California Community Colleges Chancellor's Office
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

**Attachment 1—
Summary of Program Costs
July 1, 2009, through June 30, 2010**

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Review</u>	<u>Review Adjustment ¹</u>
<u>July 1, 2009, through June 30, 2010</u>			
Direct costs	\$ 433,662	\$ 433,662	\$ —
Indirect costs	185,260	185,260	—
Total direct and indirect costs	618,922	618,922	—
Less authorized health service fees	(529,355)	(634,664)	(105,309)
Subtotal	89,567	(15,742)	(105,309)
Review adjustments that exceed costs claimed	—	15,742	15,742
Total program costs	<u>\$ 89,567</u>	—	<u>\$ (89,567)</u>
Less amount paid by the State		(89,567)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (89,567)</u>	

¹ See Attachment 2, Finding and Recommendation.

Attachment 2— Finding and Recommendation July 1, 2009, through June 30, 2010

**FINDING—
Understated authorized
health service fees**

The district understated authorized health service fees by \$105,309.

Mandated costs do not include costs that are reimbursable from authorized fees. Government Code section 17514 states that “costs mandated by the state” means any increased costs that a school district is required to incur. To the extent community college districts can charge a fee, they are not required to incur a cost. In addition, Government Code section 17556 states that the Commission on State Mandates shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service.

Education Code section 76355, subdivision (c), states that health fees are authorized for all students except those who: (1) depend exclusively on prayer for healing, or (2) are attending a community college under an approved apprenticeship training program. The California Community Colleges Chancellor’s Office (CCCCO) identified the fees authorized by Education Code section 76355, subdivision (a). For fiscal year 2009-10, the authorized health service fee rates were \$17 for the fall and spring semesters and \$14 for the summer session and winter intersession.

We obtained student enrollment and apprenticeship program enrollment data from the CCCCCO. The CCCCCO identified enrollment data from its management information system (MIS) based on student data that the district reported. CCCCCO identified the district’s enrollment based on its MIS data element STD7, codes A through G. CCCCCO eliminated any duplicate students based on their social security numbers.

The following table shows the authorized health service fee calculation and review adjustment:

	Period				Total
	Summer Session	Fall Semester	Winter Intersession	Spring Semester	
Number of enrolled students	8,456	14,484	3,443	13,050	
Authorized health fee rate	× \$(14)	× \$(17)	× \$(14)	× \$(17)	
Authorized health service fees	<u>\$ (118,384)</u>	<u>\$ (246,228)</u>	<u>\$ (48,202)</u>	<u>\$ (221,850)</u>	\$ (634,664)
Less authorized health service fees claimed					<u>529,355</u>
Review adjustment					<u>\$ (105,309)</u>

Recommendation

We recommend that the district deduct authorized health service fees from mandate-related costs claimed. To properly calculate authorized health service fees, we recommend that the district identify the number of enrolled students based on CCCCO data element STD7, codes A through G. The district should eliminate duplicate entries for students who attend more than one of the district's colleges. In addition, we recommend that the district maintain documentation that identifies any students the district excludes from the health service fee based on Education Code section 76355, subdivision (c)(1).