



JOHN CHIANG
California State Controller

June 7, 2013

Marc Sabella, Director, Fiscal Services
Lake Tahoe Community College District
One College Drive
South Lake Tahoe, CA 96150

Dear Mr. Sabella:

The State Controller's Office reviewed the costs claimed by the Lake Tahoe Community College District for the legislatively mandated Enrollment Fee Collection and Waivers Program (Education Code section 76300 and *California Code of Regulations*, Title 5, sections 58501-58503, 58611-58613, 58620, and 58630) for the period of July 1, 1998, through June 30, 2008. Our review was limited to validating eligible costs and offsetting reimbursements the district received from the California Community Colleges Chancellor's Office for enrollment fee collection and waivers offsets.

The district claimed \$555,168 (\$565,168 less a \$10,000 penalty for filing a late claim) for the mandated program. Our review found that \$452,176 (\$457,347 less a \$5,171 penalty for filing a late claim) is allowable and \$102,992 is unallowable. The costs are unallowable because the district claimed ineligible costs and understated offsetting reimbursements, as described in the attached Summary of Program Costs, and Finding and Recommendation.

For the fiscal year (FY) 1998-99 claim, the State paid the district \$4,594. Our review found that \$34,598 is allowable. The State will pay allowable costs claimed that exceed the amount paid totaling \$30,004, contingent upon available appropriations.

For the FY 1999-2000 through FY 2001-02 claims, the State made no payment to the district. Our review found that \$119,390 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 2002-03 claim, the State paid the district \$8,858. Our review found that \$55,083 is allowable. The State will pay allowable costs claimed that exceed the amount paid totaling \$46,225, contingent upon available appropriations.

For the FY 2003-04 through FY 2007-08 claims, the State made no payment to the district. Our review found that \$243,105 is allowable. The State will pay that amount, contingent upon available appropriations.

If you disagree with the review findings, 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 website 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, CPA
Chief, Division of Audits

JVB/nh

Attachments

RE: S13-MCC-909

cc: Jeff DeFranco, Vice President of Administrative Services
Lake Tahoe Community College District
Christine Atalig, Specialist, College Finance and Facilities Planning
California Community Colleges Chancellor's Office
Ed Hanson, Principal Program Budget Analyst
Education Systems Unit, California Department of Finance
Mario Rodriguez, Finance Budget Analyst
Education Systems Unit, California Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

Attachment 1— Summary of Program Costs July 1, 1998, through June 30, 2008

Cost Elements	Actual Costs Claimed	Allowable Per Review	Audit Adjustment	Reference ¹
<u>July 1, 1998, through June 30, 1999</u>				
<i>Enrollment fee collection:</i>				
Direct costs - salaries and benefits				
Calculating and collecting enrollment fees	\$ 40,413	\$ 40,413	\$ —	
Total direct costs	40,413	40,413	—	
Indirect costs	2,828	2,828	—	
Total direct and indirect costs	43,241	43,241	—	
Less offsetting savings and reimbursements:				
Enrollment fee collection	(8,643)	(8,643)	—	
Total enrollment fee collection	34,598	34,598	—	
<i>Enrollment fee waivers:</i>				
Direct costs - salaries and benefits				
Adopt procedures, record and maintain records	\$ 1,471	\$ —	\$ (1,471)	Finding 1
Waiving student fees	1,780	—	(1,780)	Finding 1
Reporting BOGG fee waiver data to CCCCCO	2,351	—	(2,351)	Finding 1
Total direct costs	5,602	—	(5,602)	
Indirect costs	393	—	(393)	Finding 1
Total direct and indirect costs	5,995	—	(5,995)	
Less offsetting savings and reimbursements:				
Enrollment fee waivers	—	—	—	
Total enrollment fee waivers	5,995	—	(5,995)	
Total program costs	\$ 40,593	34,598	\$ (5,995)	
Less amount paid by the State		(4,594)		
Allowable costs claimed in excess of (less than) amount paid		\$ 30,004		
<u>July 1, 1999, through June 30, 2000</u>				
<i>Enrollment fee collection:</i>				
Direct costs - salaries and benefits				
Calculating and collecting enrollment fees	\$ 40,467	\$ 40,467	\$ —	
Total direct costs	40,467	40,467	—	
Indirect costs	2,833	2,833	—	
Total direct and indirect costs	43,300	43,300	—	
Less offsetting savings and reimbursements:				
Enrollment fee collection ²	(7,609)	(7,609)	—	
Total enrollment fee collection	35,691	35,691	—	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Review	Audit Adjustment	Reference ¹
<i>Enrollment fee waivers:</i>				
Direct costs - salaries and benefits				
Adopt procedures, record and maintain records	\$ 1,250	\$ 1,250	\$ —	
Waiving student fees	1,489	1,489	—	
Reporting BOGG fee waiver data to CCCCCO	2,521	2,52	—	
Total direct costs	5,260	5,26	—	
Indirect costs	368	368	—	
Total direct and indirect costs	5,628	5,628	—	
Less offsetting savings and reimbursements:				
Enrollment fee waivers	—	(30,463)	(30,463)	Finding 2
Adjustment for unused portion of offsets ³	—	24,835	24,835	
Total enrollment fee waivers	5,628	—	(5,628)	
Total program costs	<u>\$ 41,319</u>	35,691	<u>\$ (5,628)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 35,691</u>		
<u>July 1, 2000, through June 30, 2001</u>				
<i>Enrollment fee collection:</i>				
Direct costs - salaries and benefits				
Calculating and collecting enrollment fees	\$ 43,894	\$ 43,894	\$ —	
Total direct costs	43,894	43,894	—	
Indirect costs	3,073	3,073	—	
Total direct and indirect costs	46,967	46,967	—	
Less offsetting savings and reimbursements:				
Enrollment fee collection ²	(6,054)	(7,842)	(1,788)	Finding 2
Total enrollment fee collection	40,913	39,125	(1,788)	
<i>Enrollment fee waivers:</i>				
Direct costs - salaries and benefits				
Adopt procedures, record and maintain records	\$ 1,852	\$ 1,852	\$ —	
Waiving student fees	2,201	2,201	—	
Reporting BOGG fee waiver data to CCCCCO	3,062	3,062	—	
Total direct costs	7,115	7,115	—	
Indirect costs	498	498	—	
Total direct and indirect costs	7,613	7,613	—	
Less offsetting savings and reimbursements:				
Enrollment fee waivers	—	(25,776)	(25,776)	Finding 2
Adjustment for unused portion of offsets ³	—	18,163	18,163	
Total enrollment fee waivers	7,613	—	(7,613)	
Total program costs	<u>\$ 48,526</u>	39,125	<u>\$ (9,401)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 39,125</u>		

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Review	Audit Adjustment	Reference ¹
<u>July 1, 2001, through June 30, 2002</u>				
<i>Enrollment fee collection:</i>				
Direct costs - salaries and benefits				
Calculating and collecting enrollment fees	\$ 49,147	\$ 49,147	\$ —	
Total direct costs	49,147	49,147	—	
Indirect costs	3,440	3,440	—	
Total direct and indirect costs	52,587	52,587	—	
Less offsetting savings and reimbursements:				
Enrollment fee collection ²	(6,376)	(8,013)	(1,637)	Finding 2
Total enrollment fee collection	46,211	44,574	(1,637)	
<i>Enrollment fee waivers:</i>				
Direct costs - salaries and benefits				
Adopt procedures, record and maintain records	\$ 2,113	\$ 2,113	\$ —	
Waiving student fees	2,553	2,553	—	
Reporting BOGG fee waiver data to CCCCCO	3,247	3,247	—	
Total direct costs	7,913	7,913	—	
Indirect costs	554	554	—	
Total direct and indirect costs	8,467	8,467	—	
Less offsetting savings and reimbursements:				
Enrollment fee waivers	—	(22,664)	(22,664)	Finding 2
Adjustment for unused portion of offsets ³	—	14,197	14,197	
Total enrollment fee waivers	8,467	—	(8,467)	
Total program costs	<u>\$ 54,678</u>	44,574	<u>\$ (10,104)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 44,574</u>		
<u>July 1, 2002, through June 30, 2003</u>				
<i>Enrollment fee collection:</i>				
Direct costs - salaries and benefits				
Calculating and collecting enrollment fees	\$ 59,283	\$ 59,283	\$ —	
Total direct costs	59,283	59,283	—	
Indirect costs	4,151	4,151	—	
Total direct and indirect costs	63,434	63,434	—	
Less offsetting savings and reimbursements:				
Enrollment fee collection ²	(6,685)	(8,351)	(1,666)	Finding 2
Total enrollment fee collection	56,749	55,083	(1,666)	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Review	Audit Adjustment	Reference ¹
<i>Enrollment fee waivers:</i>				
Direct costs - salaries and benefits				
Adopt procedures, record and maintain records	\$ 2,519	\$ 2,519	\$ —	
Waiving student fees	3,047	3,047	—	
Reporting BOGG fee waiver data to CCCCCO	3,560	3,560	—	
Total direct costs	9,126	9,126	—	
Indirect costs	638	638	—	
Total direct and indirect costs	9,764	9,764	—	
Less offsetting savings and reimbursements:				
Enrollment fee waivers	—	(20,970)	(20,970)	Finding 2
Adjustment for unused portion of offsets ³	—	11,206	11,206	
Total enrollment fee waivers	9,764	—	(9,764)	
Total program costs	<u>\$ 66,513</u>	55,083	<u>\$ (11,430)</u>	
Less amount paid by the State ⁴		(8,858)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 46,225</u>		
<u>July 1, 2003, through June 30, 2004</u>				
<i>Enrollment fee collection:</i>				
Direct costs - salaries and benefits				
Calculating and collecting enrollment fees	\$ 54,167	\$ 54,167	\$ —	
Total direct costs	54,167	54,167	—	
Indirect costs	3,792	3,792	—	
Total direct and indirect costs	57,959	57,959	—	
Less offsetting savings and reimbursements:				
Enrollment fee collection ²	(9,433)	(11,019)	(1,586)	Finding 2
Total enrollment fee collection	48,526	46,940	(1,586)	
<i>Enrollment fee waivers:</i>				
Direct costs - salaries and benefits				
Adopt procedures, record and maintain records	\$ 2,731	\$ 2,731	\$ —	
Waiving student fees	3,258	3,258	—	
Reporting BOGG fee waiver data to CCCCCO	3,959	3,959	—	
Total direct costs	9,948	9,948	—	
Indirect costs	696	696	—	
Total direct and indirect costs	10,644	10,644	—	
Less offsetting savings and reimbursements:				
Enrollment fee waivers	—	(20,758)	(20,758)	Finding 2
Adjustment for unused portion of offsets ³	—	10,114	10,114	
Total enrollment fee waivers	10,644	—	(10,644)	
Total program costs	<u>\$ 59,170</u>	46,940	<u>\$ (12,230)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 46,940</u>		

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Review	Audit Adjustment	Reference ¹
<u>July 1, 2004, through June 30, 2005</u>				
<i>Enrollment fee collection:</i>				
Direct costs - salaries and benefits				
Calculating and collecting enrollment fees	\$ 58,451	\$ 58,451	\$ —	
Total direct costs	58,451	58,451	—	
Indirect costs	4,092	4,092	—	
Total direct and indirect costs	62,543	62,543	—	
Less offsetting savings and reimbursements:				
Enrollment fee collection ²	(12,912)	(14,894)	(1,982)	Finding 2
Total enrollment fee collection	49,631	47,649	(1,982)	
<i>Enrollment fee waivers:</i>				
Direct costs - salaries and benefits				
Adopt procedures, record and maintain records	\$ 2,963	\$ 2,963	\$ —	
Waiving student fees	3,456	3,456	—	
Reporting BOGG fee waiver data to CCCCCO	4,243	4,243	—	
Total direct costs	10,662	10,662	—	
Indirect costs	746	746	—	
Total direct and indirect costs	11,408	11,408	—	
Less offsetting savings and reimbursements:				
Enrollment fee waivers	—	(21,597)	(21,597)	Finding 2
Adjustment for unused portion of offsets ³	—	10,189	10,189	
Total enrollment fee waivers	11,408	—	(11,408)	
Total program costs	<u>\$ 61,039</u>	47,649	<u>\$ (13,390)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 47,649</u>		
<u>July 1, 2005, through June 30, 2006</u>				
<i>Enrollment fee collection:</i>				
Direct costs - salaries and benefits				
Calculating and collecting enrollment fees	\$ 59,669	\$ 59,669	\$ —	
Total direct costs	59,669	59,669	—	
Indirect costs	4,177	4,177	—	
Total direct and indirect costs	63,846	63,846	—	
Less offsetting savings and reimbursements:				
Enrollment fee collection ²	(12,588)	(14,710)	(2,122)	Finding 2
Total enrollment fee collection	51,258	49,136	(2,122)	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Review	Audit Adjustment	Reference ¹
<i>Enrollment fee waivers:</i>				
Direct costs - salaries and benefits				
Adopt procedures, record and maintain records	\$ 3,587	\$ 3,587	\$ —	
Waiving student fees	3,360	3,360	—	
Reporting BOGG fee waiver data to CCCCCO	4,470	4,470	—	
Total direct costs	11,417	11,417	—	
Indirect costs	799	799	—	
Total direct and indirect costs	12,216	12,216	—	
Less offsetting savings and reimbursements:				
Enrollment fee waivers	—	(21,123)	(21,123)	Finding 2
Adjustment for unused portion of offsets ³	—	8,907	8,907	
Total enrollment fee waivers	12,216	—	(12,216)	
Total program costs	<u>\$ 63,474</u>	49,136	<u>\$ (14,338)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 49,136</u>		
<u>July 1, 2006, through June 30, 2007</u>				
<i>Enrollment fee collection:</i>				
Direct costs - salaries and benefits				
Calculating and collecting enrollment fees	\$ 60,736	\$ 60,736	\$ —	
Total direct costs	60,736	60,736	—	
Indirect costs	4,251	4,251	—	
Total direct and indirect costs	64,987	64,987	—	
Less offsetting savings and reimbursements:				
Enrollment fee collection ²	(8,787)	(13,281)	(4,494)	Finding 2
Total enrollment fee collection	56,200	51,706	(4,494)	
<i>Enrollment fee waivers:</i>				
Direct costs - salaries and benefits				
Adopt procedures, record and maintain records	\$ 3,125	\$ 3,125	\$ —	
Waiving student fees	2,928	2,928	—	
Reporting BOGG fee waiver data to CCCCCO	2,350	2,350	—	
Total direct costs	8,403	8,403	—	
Indirect costs	589	589	—	
Total direct and indirect costs	8,992	8,992	—	
Less offsetting savings and reimbursements:				
Enrollment fee waivers	—	(22,968)	(22,968)	Finding 2
Adjustment for unused portion of offsets ³	—	13,976	13,976	
Total enrollment fee waivers	8,992	—	(8,992)	
Subtotal	65,192	51,706	(13,486)	
Less late filing penalty ⁵	(10,000)	(5,171)	4,829	
Total program costs	<u>\$ 55,192</u>	46,535	<u>\$ (8,657)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 46,535</u>		

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Review	Audit Adjustment	Reference ¹
<u>July 1, 2007, through June 30, 2008</u>				
<i>Enrollment fee collection:</i>				
Direct costs - salaries and benefits				
Calculating and collecting enrollment fees	\$ 60,736	\$ 60,736	\$ —	
Total direct costs	60,736	60,736	—	
Indirect costs	4,251	4,251	—	
Total direct and indirect costs	64,987	64,987	—	
Less offsetting savings and reimbursements:				
Enrollment fee collection ²	(9,315)	(12,142)	(2,827)	Finding 2
Total enrollment fee collection	55,672	52,845	(2,827)	
<i>Enrollment fee waivers:</i>				
Direct costs - salaries and benefits				
Adopt procedures, record and maintain records	\$ 3,125	\$ 3,125	\$ —	
Waiving student fees	2,928	2,928	—	
Reporting BOGG fee waiver data to CCCCCO	2,350	2,350	—	
Total direct costs	8,403	8,403	—	
Indirect costs	589	589	—	
Total direct and indirect costs	8,992	8,992	—	
Less offsetting savings and reimbursements:				
Enrollment fee waivers	—	(21,801)	(21,801)	Finding 2
Adjustment for unused portion of offsets ³	—	12,809	12,809	
Total enrollment fee waivers	8,992	—	(8,992)	
Total program costs	<u>\$ 64,664</u>	52,845	<u>\$ (11,819)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 52,845</u>		
<u>Summary: July 1, 1998, through June 30, 2008</u>				
<i>Enrollment fee collection:</i>				
Direct costs - salaries and benefits				
Calculating and collecting enrollment fees	\$ 526,963	\$ 526,963	\$ —	
Total direct costs	526,963	526,963	—	
Indirect costs	36,888	36,888	—	
Total direct and indirect costs	563,851	563,851	—	
Less offsetting savings and reimbursements:				
Enrollment fee collection ²	(88,402)	(106,504)	(18,102)	
Total enrollment fee collection	475,449	457,347	(18,102)	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Review	Audit Adjustment	Reference ¹
<i>Enrollment fee waivers:</i>				
Direct costs - salaries and benefits				
Adopt procedures, record and maintain records	\$ 24,736	\$ 23,265	\$ (1,471)	
Waiving student fees	27,000	25,220	(1,780)	
Reporting BOGG fee waiver data to CCCCCO	32,113	29,762	(2,351)	
Total direct costs	83,849	78,247	(5,602)	
Indirect costs	5,870	5,477	(393)	
Total direct and indirect costs	89,719	83,724	(5,995)	
Less offsetting savings and reimbursements:				
Enrollment fee waivers	—	(208,120)	(208,120)	
Adjustment for unused portion of offsets ³	—	124,396	124,396	
Total enrollment fee waivers	89,719	—	(89,719)	
Subtotal	565,168	457,347	(107,821)	
Less late filing penalty	(10,000)	(5,171)	4,829	
Total program costs	<u>\$ 555,168</u>	452,176	<u>\$ (102,992)</u>	
Less amount paid by the State		(13,452)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 438,724</u>		

¹ See Attachment 2, Finding and Recommendation.

² For FY 1999-2000 through FY 2007-08, the district did not identify what portions of the offsets were applicable to enrollment fee collection or enrollment fee waivers activities. We applied the total offsets claimed totaling \$79,759 to enrollment fee collection activities (\$7,609 for FY 1999-2000, \$6,054 for FY 2000-01, \$6,376 for FY 2001-02, \$6,685 for FY 2002-03, \$9,433 for FY 2003-04, \$12,912 for FY 2004-05, \$12,588 for FY 2005-06, \$8,787 for FY 2006-07, and \$9,315 for FY 2007-08).

³ Allowable offsetting savings and reimbursements are limited to total direct and indirect costs and are calculated separately for enrollment fee collection costs and enrollment fee waivers costs.

⁴ Payment from funds appropriated under Chapter 724, Statutes of 2010 (Assembly Bill No. 1610).

⁵ Government Code section 17568 assesses a 10% late filing penalty (to a maximum of \$10,000) on allowable costs of annual reimbursement claims submitted on or after August 24, 2007, and within one year after the filing deadline specified in Government Code section 17560. The FY 2006-07 claim was an annual reimbursement claim submitted after August 24, 2007, and within one year after the filing deadline specified in Government Code section 17560.

Attachment 2— Finding and Recommendation July 1, 1998, through June 30, 2008

FINDING—1
Unallowable enrollment
fee waiver costs

The district claimed \$89,719 for Enrollment Fee Waivers for the review period. We determined that \$83,724 is allowable and \$5,995 is unallowable. The costs are unallowable because costs claimed totaling \$5,995 for fiscal year (FY) 1998-99 are ineligible for reimbursement. Costs incurred for compliance with Enrollment Fee Waivers activities are reimbursable on or after July 1, 1999.

The following table summarizes the claimed and unallowable enrollment fee waivers review adjustment costs:

Enrollment Fee Waivers - FY 1998-99			
	Amount Claimed	Amount Allowable	Review Adjustment
Salaries and benefits	\$ 5,602	\$ -	\$ (5,602)
Indirect costs	393	-	(393)
Total	\$ 5,995	\$ -	\$ (5,995)

On April 24, 2003, the Commission on State Mandates (CSM) adopted the statement of decision for the Enrollment Fee Collection and Waivers Program. The CSM determined that the test claim legislation imposed upon school districts a state mandate reimbursable under Government Code section 17561.

The program’s parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted the parameters and guidelines on January 26, 2006. In compliance with Government Code section 17558, the SCO issued claiming instructions to assist community college districts in claiming mandated program reimbursable costs.

The parameters and guidelines (section III–Period of Reimbursement) state:

Government Code section 17557 states that a test claim must be submitted on or before June 30 following a given fiscal year to establish eligibility for reimbursement for that fiscal year. The test claim for *Enrollment Fee Collection* (99-TC-13) was filed in June 2000, and the test claim for the *Enrollment Fee Waivers* (00-TC-15) was filed in June 2001. Thus, costs incurred for compliance with *Enrollment Fee Collection* are reimbursable on or after July 1, 1998, and costs incurred for compliance with *Enrollment Fee Waivers* are reimbursable on or after July 1, 1999.

Recommendation

We recommend that the district ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

FINDING—2
Understated offsetting
reimbursements

The district did not identify what portions of its offsetting reimbursements were applicable to enrollment fee collection or enrollment fee waivers. Therefore, we applied all of the offsetting reimbursements claimed for FY 1999-2000 through FY 2007-08, totaling \$79,759 to enrollment fee collection activities, as the total offsets received were less than costs claimed for enrollment fee collection. We determined that offsetting reimbursements were understated by \$18,102 for enrollment fee collection and understated by \$83,724 for enrollment fee waivers. The offsetting reimbursements were misstated because the district did not report the correct amounts that it received from the California Community Colleges Chancellor's Office (CCCCO) for enrollment fee collection for FY 2000-01 through FY 2007-08. In addition, the district did not claim any offset for the enrollment fee waivers in its claims for FY 1999-2000 through FY 2007-08.

Enrollment Fee Collection

The district claimed offsetting reimbursements totaling \$88,402 for the review period. However, as noted above, the district did not identify what portions of those offsetting reimbursements were applicable to enrollment fee collection in its claims for FY 1999-2000 through FY 2007-08. Therefore, we applied all of the offsetting reimbursements claimed by the district during the review period, totaling \$79,759, for those years in addition to the \$8,643 claimed for FY 1998-99 as related to the offset of two percent of revenues from enrollment fees.

We obtained a report from the CCCCCO confirming enrollment fee collection offsets paid to the district totaling \$106,504 for the review period. Therefore, the district understated offsetting reimbursements by \$18,102, consisting of offsets applicable to the review period of \$106,504 less offsets claimed of \$88,402.

The following table summarizes the understated enrollment fee collection offsetting reimbursements by fiscal year:

Fiscal Year	Enrollment Fee Collection Offsets				
	Allowable Direct and Related Indirect Costs (A)	Offsets Claimed (B)	Actual Offsets Confirmed by the CCCCCO (C)	Offset Applicable to Review (D)	Review Adjustment (E) = (D-B)
1998-99	\$ 43,241	\$ (8,643)	\$ (8,643)	\$ (8,643)	\$ -
1999-2000	43,300	(7,609) ¹	(7,609)	(7,609)	-
2000-01	46,967	(6,054) ¹	(7,842)	(7,842)	(1,788)
2001-02	52,587	(6,376) ¹	(8,013)	(8,013)	(1,637)
2002-03	63,434	(6,685) ¹	(8,351)	(8,351)	(1,666)
2003-04	57,959	(9,433) ¹	(11,019)	(11,019)	(1,586)
2004-05	62,543	(12,912) ¹	(14,894)	(14,894)	(1,982)
2005-06	63,846	(12,588) ¹	(14,710)	(14,710)	(2,122)
2006-07	64,987	(8,787) ¹	(13,281)	(13,281)	(4,494)
2007-08	64,987	(9,315) ¹	(12,142)	(12,142)	(2,827)
Total	<u>\$ 563,851</u>	<u>\$ (88,402)</u>	<u>\$ (106,504)</u>	<u>\$ (106,504)</u>	<u>\$ (18,102)</u>

¹ For FY 1999-2000 through FY 2007-08, the district did not identify what portions of the offsets were applicable to enrollment fee collection or enrollment fee waivers activities. We applied the total offsets claimed, totaling \$79,759, to enrollment fee collection activities.

Enrollment Fee Waivers

The district’s claims did not identify any offsetting reimbursements for enrollment fee waivers activities. We obtained a report from the CCCCCO confirming enrollment fee waivers offsets paid to the district totaling \$208,120 for the review period. However, we limited offsetting reimbursements received by the district to allowable direct and indirect costs. Allowable direct and indirect enrollment fee waivers costs applicable to the review period totaled \$83,724; therefore, this amount represents offsets applicable to the review period. Consequently, the district understated offsetting reimbursements for enrollment fee waivers by \$83,724.

The following table summarizes the understated enrollment fee waivers offsetting reimbursements by fiscal year:

Fiscal Year	Enrollment Fee Waivers Offsets				
	Allowable Direct and Related Indirect Costs (A)	Offsets Claimed (B)	Actual Offsets Confirmed by the CCCCCO (C)	Offset Applicable to Review (D)	Review Adjustment (E) = (D-B)
1999-2000	\$ 5,628	\$ -	\$ (30,463)	\$ (5,628)	\$ (5,628)
2000-01	7,613	-	(25,776)	(7,613)	(7,613)
2001-02	8,467	-	(22,664)	(8,467)	(8,467)
2002-03	9,764	-	(20,970)	(9,764)	(9,764)
2003-04	10,644	-	(20,758)	(10,644)	(10,644)
2004-05	11,408	-	(21,597)	(11,408)	(11,408)
2005-06	12,216	-	(21,123)	(12,216)	(12,216)
2006-07	8,992	-	(22,968)	(8,992)	(8,992)
2007-08	8,992	-	(21,801)	(8,992)	(8,992)
Total	\$ 83,724	\$ -	\$ (208,120)	\$ (83,724)	\$ (83,724)

We applied offsetting reimbursements to allowable direct and indirect enrollment fee waivers costs and found that the unused portion of offsetting reimbursements totals \$124,396 as follows:

Fiscal Year	Actual Offsets Confirmed by the CCCCCO (A)	Offsets Applicable to Review (B)	Unused portion of offsets C = (A-B)
1999-2000	\$ (30,463)	\$ (5,628)	\$ (24,835)
2000-01	(25,776)	(7,613)	(18,163)
2001-02	(22,664)	(8,467)	(14,197)
2002-03	(20,970)	(9,764)	(11,206)
2003-04	(20,758)	(10,644)	(10,114)
2004-05	(21,597)	(11,408)	(10,189)
2005-06	(21,123)	(12,216)	(8,907)
2006-07	(22,968)	(8,992)	(13,976)
2007-08	(21,801)	(8,992)	(12,809)
Total	\$ (208,120)	\$ (83,724)	\$ (124,396)

The parameters and guidelines (section VII-Offsetting Savings and Reimbursements) state:

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including, but not limited to services fees collected, federal funds, and other state funds, shall be identified and deducted from this claim.

Enrollment Fee Collection Program:

The cost of the Enrollment Fee Collection program are subject to an offset of two percent (2%) of the revenue from enrollment fees (Ed. Code, 76000, subd.(c)).

Enrollment Fee Waiver Program:

The costs of the Enrollment Fee Waiver program are subject to the following offsets:

July 1, 1999 to July 4, 2000:

- For low income students² or recipients of public assistance³, or dependents or surviving spouses of National Guard soldiers killed in the line of duty⁴ as defined:
 - an offset identified in Education Code section 76300, subdivision (m), that requires the community college Board of Governors, from funds in the annual budget act, to allocated to community college two percent (2%) of the fees waived, under subdivision (g) [low income students, as defined, or specified recipient of public assistance] and (h) [dependents or surviving spouses of California National Guard soldiers killed in the line of duty, as defined] of section 76300; and
- For determination of financial need and delivery of student financial aid services, on the basis of the number of low income students (as defined) or recipients of public assistance (as defined), or dependents or surviving spouses of National Guard soldiers killed in the line of duty, for whom fees are waived:
 - from funds provided in the annual State Budget Act, the board of governors shall allocate to community college districts, pursuant to this subdivision, an amount equal to seven (7%) of the fee waivers provided, pursuant to subdivisions (g) [low income students, as defined, or specified recipients of public assistance] and (h) [dependents or surviving spouses of California National Guard soldiers killed in the line of duty, as defined].⁵

Beginning July 5, 2000:

- For low-income students (as defined), or recipient of public assistance (as defined) or dependent or surviving spouses of National Guard soldiers killed in the line of duty, for whom fees are waived (as defined):
 - an offset identified in Education Code section 76300, subdivision (m), that requires the Community College Board of Governors, from funds in the annual budget act, to allocate to community colleges two (2%) of the fees waived, under subdivisions (g) [low income students, as defined, or specified recipients of public assistance] and (h) [dependents of California National Guard soldiers killed in the line of duty as defined] of section 76300;
- For determination of financial need and delivery of student financial aid services, on the basis of the number of low income students (as defined) or recipients of public assistance (as defined) for whom fees are waived:
 - requires the Board of Governors to allocate from funds in the annual State Budget Act ninety-one cents (\$0.91) per credit unit waived pursuant to subdivisions (g) [low income students, as defined, or specified recipient of public assistance] and (h) [dependents or California National Guard soldiers killed in the line of duty as defined].

- Any budget augmentation received under the Board Financial Assistance Program Administrative Allowance, or any other state budget augmentation received for administering the fee waiver program.

Note – Footnotes 2 through 5 are included in the parameters and guidelines to provide additional clarification.

Recommendation

We recommend that the district report the applicable offsetting reimbursements for the Enrollment Fee Collection and Waivers Program on its mandated cost claims based on information provided by the CCCC.