



JOHN CHIANG
California State Controller

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MAR 12 2008

COMMISSION ON
STATE MANDATES

March 10, 2008

Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Keith B. Petersen
SixTen and Associates
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Re: **Incorrect Reduction Claim**
Health Fee Elimination, 05-4206-I-06
Los Rios Community College District, Claimant
Education Code Section 76355
Statutes 1984, Chapter 1, 2nd E.S.; Statutes 1987, Chapter 1118
Fiscal Years 1997-98, 1998-99, 1999-00, 2000-01, and 2001-02

Dear Ms. Higashi and Mr. Petersen:

This letter is in response to the above-entitled Incorrect Reduction Claim. The subject claims were reduced primarily because the Claimant claimed costs for services provided in excess of those provided in the base year, failed to accurately claim authorized fees, and utilized an invalid ICRP. The reductions were appropriate and in accordance with law.

The Controller's Office is empowered to audit claims for mandated costs and to reduce those that are "excessive or unreasonable."¹ This power has been affirmed in recent cases, such as the Incorrect Reductions Claims (IRCs) for the *Graduation Requirements* mandate.² If the claimant disputes the adjustments made by the Controller pursuant to that power, the burden is upon them to demonstrate that they are entitled to the full amount of the claim. This principle likewise has been upheld in the *Graduation Requirements* line of IRCs.³ See also Evidence Code section 500.⁴ In this case, the audit

¹ See Government Code section 17561, subdivisions (d)(1)(C) and (d)(2), and section 17564.

² See for example, the Statement of Decision in the Incorrect Reduction Claim of San Diego Unified School District [No. CSM 4435-I-01 and 4435-I-37], adopted September 28, 2000, at page 9.

³ See for example, the Statement of Decision in the Incorrect Reduction Claim of San Diego Unified School District [No. CSM 4435-I-01 and 4435-I-37], adopted September 28, 2000, at page 16.

determined that the claimant was claiming costs for services that were not provided during the base year, as required by the Parameters and Guidelines. The Controller's Office gave the claimant an opportunity to demonstrate that the services in question had been provided during the base year, but the claimant failed to provide documentation of that fact. Therefore, these claimed costs are unsupported and thus, disallowed.

In its claim, the Claimant utilizes an unapproved indirect cost rate proposal. The Parameters and Guidelines provide for the use of an ICRP determined using the OMB Circular A-21 method, or the SCO's FAM-29C. Since the Claimant did not have a current approved ICRP (via the OMB Circular A-21 method), the auditors utilized the FAM-29C and determined that the allowable rate was much less than claimed. The claim was thus reduced to reflect the allowable rate.

The Claimant understated authorized health services fees, confusing collected with authorized. The Parameters and Guidelines provide that offsetting savings shall include the amount authorized for student fees. The relevant amount is not the amount charged nor the amount collected, rather, it is the amount authorized. This is consistent with mandates law in general, and specific case law on point.⁵

The Claimant also asserts that the audit of the 1997-98, 1998-99, and 1999-00 FYs is precluded by the statute of limitations, specifically, Government Code section 17558.5. As the claimant points out in the IRC, all three claims were subject to audit until December 31, 2002. Assuming arguendo, that the declaration of Carrie Bray (Director of Accounting Services for the district, at Exhibit G of Claimant's IRC) is completely accurate, the facts demonstrate that the audit was initiated before the statute of limitations had run. Ms. Bray received a telephone message slip on December 12, 2002, indicating the intent to audit the mandated programs of health fee elimination and mandates process. An auditor for the Controller's Office spoke to Ms. Bray on December 19, 2002, and the entrance conference was scheduled. On December 23, 2002, a letter was generated by the Controller's Office reiterating the intent to audit the identified mandated programs for the fiscal years indicated. That letter was sent in December and received by the district on January 2, 2003.

It is the position of the Controller's Office that the field audit is initiated no later than the date of the audit letter. This is consistent with other statutes of limitations provisions, which are satisfied by the lodgment of a document with the reviewing authority, indicating a concrete intent to proceed against the identified party. Examples of

⁴ "Except as otherwise provided by law, a party has the burden of proof as to each fact the existence or nonexistence of which is essential to the claim for relief or defense that he is asserting."

⁵ See *Connell v. Santa Margarita Water District* (1997) 59 Cal.App.4th 382, 400-03.

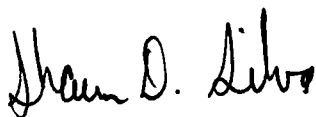
March 10, 2008

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comparable procedures would be the filing of a complaint in a criminal or civil case, or the filing of a notice of rejection or adverse action in a state board of personnel action. In addition, the Controller's Office believes that the initiation date is the relevant date for determining compliance with Section 17558.5 during 2002. There is nothing in the statute that requires that the audit be complete within the statute of limitations. As noted above, this would be inconsistent with the analogous procedures, and if the Legislature intended such a radical departure with established practice, they would have specifically indicated as such in the statute. No such departure was indicated. Since the audit of the indicated fiscal years was initiated before the end of December 2002, it is both valid and enforceable.

Enclosed please find a complete detailed analysis from our Division of Audits, exhibits, and supporting documentation with declaration.

Sincerely,



SHAWN D. SILVA
Staff Counsel

SDS/ac

Enclosure

cc: Jon Sharpe, Los Rios Community College District
Ginny Brummels, Div. of Acctg. & Rptg., State Controller's Office (w/o encl.)
Jim Spano, Division of Audits, State Controller's Office (w/o encl.)

1 **PROOF OF SERVICE**

2 I am employed in the County of Sacramento, State of California. At the time of service, I was at least 18
3 years of age, a United States citizen employed in the county where the mailing occurred, and not a party to the
4 within action. My business address is 300 Capitol Mall, Suite 1850, Sacramento, CA 95814.

4 On March 11, 2008, I served the foregoing document entitled:

5 **SCO'S RESPONSE TO THE INCORRECT REDUCTION CLAIM FOR**
6 **LOS RIOS COMMUNITY COLLEGE DISTRICT, CSM 05-4206-I-06**

7 on all interested parties in this action by placing a true and correct copy thereof enclosed in a sealed envelope,
8 addressed as follows:

8 Paula Higashi (*original*)
9 Executive Director
10 Commission on State Mandates
11 980 Ninth Street, Suite 300
12 Sacramento, CA 95814

Jon Sharpe, Deputy Chancellor
Los Rios Community College District
1919 Spanos Court
Sacramento, CA 95825-3981

11 Keith B. Petersen, President
12 SixTen and Associates
13 5252 Balboa Avenue, Suite 807
14 San Diego, CA 92117

13 **BY MAIL**

14 I placed the envelope for collection and processing for mailing following this business's ordinary practice with
15 which I am readily familiar. On the same day correspondence is placed for collection and mailing, it is deposited
16 in the ordinary course of business with the United States Postal Service.

16 **BY PERSONAL SERVICE**

17 I caused to be delivered by hand to the above-listed addressees.

18 **BY OVERNIGHT MAIL/COURIER**


19 To expedite the delivery of the above-named document, said document was sent via overnight courier for next day
20 delivery to the above-listed party.

21 **BY FACSIMILE TRANSMISSION**

22 In addition to the manner of service indicated above, a copy was sent by facsimile transmission to the above-listed
23 party.

24 I declare that I am employed in the office of a member of the bar of this court at whose direction the
25 service was made. I declare under penalty of perjury under the laws of California that the foregoing is true and
correct.

Executed on March 11, 2008, at Sacramento, California.


Amber A. Camarena

**RESPONSE BY THE STATE CONTROLLER'S OFFICE
TO THE INCORRECT REDUCTION CLAIM (IRC) BY
LOS RIOS COMMUNITY COLLEGE DISTRICT
Health Fee Elimination Program**

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Memorandum from Thomas J. Nussbaum to all Community College Districts (March 5, 2001) ...	Exhibit F
Declaration of Carrie Bray	Exhibit G
Reimbursement Claim—FY 1997-98	Exhibit H
Reimbursement Claim—FY 1998-99	Exhibit I
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Reimbursement Claim—FY 2000-01	Exhibit K
Reimbursement Claim—FY 2001-02	Exhibit L

Tab 1

1 **OFFICE OF THE STATE CONTROLLER**
2 300 Capitol Mall, Suite 1850
3 Sacramento, CA 94250
4 Telephone No.: (916) 445-6854

5 BEFORE THE
6 COMMISSION ON STATE MANDATES
7 STATE OF CALIFORNIA
8

9
10 INCORRECT REDUCTION CLAIM ON:

11 *Health Fee Elimination Program*

12 Chapter 1, Statutes of 1984, 2nd Extraordinary
13 Session, and Chapter 1118, Statutes of 1987

14 LOS RIOS COMMUNITY
15 COLLEGE DISTRICT, Claimant

No.: CSM 05-4206-I-06

AFFIDAVIT OF BUREAU CHIEF

16 I, Jim L. Spano, make the following declarations:

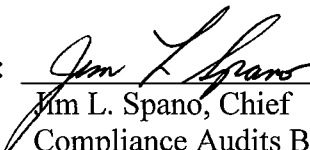
- 17 1) I am an employee of the State Controller's Office and am over the age of 18 years.
18 2) I am currently employed as a bureau chief, and have been so since April 21, 2000.
19 Before that, I was employed as an audit manager for two years and three months.
20 3) I am a California Certified Public Accountant (CPA).
21 4) I reviewed the work performed by the State Controller's Office (SCO) auditor.
22 5) Any attached copies of records are true copies of records, as provided by the Los Rios
23 Community College District or retained at our place of business.
24 6) The records include claims for reimbursement, along with any attached supporting
25 documentation, explanatory letters, or other documents relating to the above-entitled
Incorrect Reduction Claim.

1 7) A field audit of the claims for fiscal year (FY) 1997-98, FY 1998-99, FY 1999-2000,
2 FY 2000-01, and FY 2001-02 commenced on January 16, 2003, and ended on
3 March 11, 2004.

4 I do declare that the above declarations are made under penalty of perjury and are true and
5 correct to the best of my knowledge, and that such knowledge is based on personal
6 observation, information, or belief.

7 Date: April 14, 2006

8 OFFICE OF THE STATE CONTROLLER

9
10 By: 
11 Jim L. Spano, Chief
12 Compliance Audits Bureau
13 Division of Audits
14 State Controller's Office
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24
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Tab 2

**STATE CONTROLLER'S OFFICE ANALYSIS AND RESPONSE
TO THE INCORRECT REDUCTION CLAIM BY
LOS RIOS COMMUNITY COLLEGE DISTRICT**

For Fiscal Year (FY) 1997-98, FY 1998-99, FY 1999-2000, FY 2000-01, and FY 2001-02

Health Fee Elimination Program

Chapter 1, Statutes of 1984, 2nd Extraordinary Session, and Chapter 1118, Statutes of 1987

SUMMARY

The following is the State Controller's Office's (SCO) response to the Incorrect Reduction Claim that the Los Rios Community College District submitted on August 29, 2005. The SCO audited the district's claims for costs of the legislatively mandated Health Fee Elimination Program for the period of July 1, 1997, through June 30, 2002. The SCO issued its final report on June 24, 2004 (**Exhibit D**).

The district submitted reimbursement claims totaling \$3,205,600—\$606,532 for fiscal year (FY) 1997-98 (\$607,532 less a \$1,000 penalty for filing a late claim) (**Exhibit H**); \$625,570 for FY 1998-99 (**Exhibit I**); \$634,185 for FY 1999-2000 (**Exhibit J**); \$667,337 for FY 2000-01 (**Exhibit K**); and \$671,976 for FY 2001-02 (**Exhibit L**). Subsequently, the SCO performed an audit for the period of July 1, 1997, through June 30, 2002, and determined that the entire amount claimed is unallowable. The unallowable costs occurred primarily because the district claimed unallowable salary costs, overstated its indirect cost rates, and understated authorized health service fees. The State paid the district \$2,224,368, which should be returned to the State. The following table summarizes the audit results.

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment
<u>July 1, 1997, through June 30, 1998</u>			
Salaries	\$ 381,878	\$ 357,643	\$ (24,235)
Benefits	64,953	64,953	—
Services and supplies	16,332	9,118	(7,214)
Total direct costs	463,163	431,714	(31,449)
Indirect costs	144,369	64,757	(79,612)
Total direct and indirect costs	607,532	496,471	(111,061)
Less authorized health service fees	—	(953,090)	(953,090)
Less late penalty	(1,000)	(1,000)	—
Subtotals	606,532	(457,619)	(1,064,151)
Adjustment to eliminate negative balance	—	457,619	457,619
Total program costs	<u>\$ 606,532</u>	—	<u>\$ (606,532)</u>
Less amount paid by the State		(606,532)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (606,532)</u>	
<u>July 1, 1998, through June 30, 1999</u>			
Salaries	\$ 410,013	\$ 372,391	\$ (37,622)
Benefits	58,822	58,822	—
Services and supplies	10,897	7,104	(3,793)
Total direct costs	479,732	438,317	(41,415)
Indirect costs	145,838	64,520	(81,318)
Total direct and indirect costs	625,570	502,837	(122,733)
Less authorized health service fees	—	(1,057,996)	(1,057,996)
Subtotals	625,570	(555,159)	(1,180,729)
Adjustment to eliminate negative balance	—	555,159	555,159
Total program costs	<u>\$ 625,570</u>	—	<u>\$ (625,570)</u>
Less amount paid by the State		(625,570)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (625,570)</u>	

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>
<u>July 1, 1999, through June 30, 2000</u>			
Salaries	\$ 406,642	\$ 370,787	\$ (35,855)
Benefits	60,153	60,153	—
Services and supplies	19,543	12,852	(6,691)
Total direct costs	486,338	443,792	(42,546)
Indirect costs	147,847	69,276	(78,571)
Total direct and indirect costs	634,185	513,068	(121,117)
Less authorized health service fees	—	(1,151,391)	(1,151,391)
Subtotals	634,185	(638,323)	(1,272,508)
Adjustment to eliminate negative balance	—	638,323	638,323
Total program costs	<u>\$ 634,185</u>	—	<u>\$ (634,185)</u>
Less amount paid by the State		(634,185)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (634,185)</u>	
<u>July 1, 2000, through June 30, 2001</u>			
Salaries	\$ 425,343	\$ 404,551	\$ (20,792)
Benefits	70,350	70,350	—
Services and supplies	11,980	5,621	(6,359)
Total direct costs	507,673	480,522	(27,151)
Indirect costs	159,664	71,742	(87,922)
Total direct and indirect costs	667,337	552,264	(115,073)
Less authorized health service fees	—	(1,368,418)	(1,368,418)
Subtotals	667,337	(816,154)	(1,483,491)
Adjustment to eliminate negative balance	—	816,154	816,154
Total program costs	<u>\$ 667,337</u>	—	<u>\$ (667,337)</u>
Less amount paid by the State		(187,592)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (187,592)</u>	
<u>July 1, 2001, through June 30, 2002</u>			
Salaries	\$ 433,372	\$ 423,283	\$ (10,089)
Benefits	70,979	70,979	—
Services and supplies	9,706	4,981	(4,725)
Total direct costs	514,057	499,243	(14,814)
Indirect costs	157,919	75,237	(82,682)
Total direct and indirect costs	671,976	574,480	(97,496)
Less authorized health service fees	—	(1,571,052)	(1,571,052)
Subtotals	671,976	(996,572)	(1,668,548)
Adjustment to eliminate negative balance	—	996,572	996,572
Total program costs	<u>\$ 671,976</u>	—	<u>\$ (671,976)</u>
Less amount paid by the State		(170,489)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (170,489)</u>	

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>
<u>Summary: July 1, 1997, through June 30, 2002</u>			
Salaries	\$ 2,057,248	\$ 1,928,655	\$ (128,593)
Benefits	325,257	325,257	—
Services and supplies	68,458	39,676	(28,782)
Total direct costs	2,450,963	2,293,588	(157,375)
Indirect costs	755,637	345,532	(410,105)
Total direct and indirect costs	3,206,600	2,639,120	(567,480)
Less authorized health service fees	—	(6,101,947)	(6,101,947)
Less late penalty	(1,000)	(1,000)	—
Subtotals	3,205,600	(3,463,827)	(6,669,427)
Adjustment to eliminate negative balance	—	3,463,827	3,463,827
Total costs	<u>\$ 3,205,600</u>	—	<u>\$(3,205,600)</u>
Less amount paid by the State		<u>(2,224,368)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (2,224,368)</u>	

The district believes that all salary, services and supplies, and indirect costs claimed are reimbursable under the mandated program. The district also believes that it was not required to report authorized health service fees. In addition, the district believes that the SCO was not authorized to audit FY 1997-98, FY 1998-99, and FY 1999-2000.

**I. SCO REBUTTAL TO STATEMENT OF DISPUTE—
CLARIFICATION OF REIMBURSABLE ACTIVITIES, CLAIM CRITERIA,
AND DOCUMENTATION REQUIREMENTS**

Parameters and Guidelines

On August 27, 1987, the Commission on State Mandates (Commission) adopted *Parameters and Guidelines* for Chapter 1, Statutes of 1984, 2nd Extraordinary Session. The Commission amended *Parameters and Guidelines* on May 25, 1989 (**Exhibit B**), because of Chapter 1118, Statutes of 1987.

Parameters and Guidelines (amended May 25, 1989) identifies the scope of the mandate and the reimbursable activities as follows.

V. REIMBURSABLE COSTS

A. Scope of Mandate

Eligible community college districts shall be reimbursed for the costs of providing a health services program. Only services provided in 1986-87 fiscal year may be claimed.

B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year 1986-87. . . . [see **Exhibit B** for a list of reimbursable items.]

Parameters and Guidelines (amended May 25, 1989), Section VI.B, provides the following claim preparation criteria.

VI. CLAIM PREPARATION

B. Actual Costs of Claim Year for Providing 1986-87 Fiscal Year Program Level of Service

Claimed costs should be supported by the following information:

1. Employee Salaries and Benefits

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Services and Supplies

Only expenditures which can be identified as a direct cost of the mandate can be claimed. List cost of materials which have been consumed or expended specifically for the purpose of this mandate.

3. Allowable Overhead Cost

Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.

Parameters and Guidelines (amended May 25, 1989) defines supporting data as follows.

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

Parameters and Guidelines (amended May 25, 1989) defines offsetting savings and other reimbursements as follows.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount . . . authorized by Education Code Section 72246 for health services [now *Education Code* Section 76355].

SCO Claiming Instructions

The SCO annually issues mandated costs claiming instructions, which contain filing instructions for mandated cost programs. The September 2002 claiming instructions provide instructions for indirect costs (**Tab 3**). The September 2002 indirect cost claiming instructions are believed to be, for the purposes and scope of the audit period, substantially similar to the version extant at the time the district filed its FY 1997-98, FY 1998-99, FY 1999-2000, FY 2000-01, and FY 2001-02 mandated cost claims.

II. DISTRICT CLAIMED UNALLOWABLE SALARY AND RELATED INDIRECT COSTS

Issue

The district claimed unallowable salary costs totaling \$128,593. The related indirect costs total \$39,529. The unallowable salary costs are attributable to an increased level of health services provided by the district. The district believes these costs are allowable.

SCO Analysis:

For the audit period, the district's claims identified those health services that the district provided in the program base year (FY 1986-87). For each district college, the SCO reviewed a sample of health service logs that identified the actual health services provided during the audit period. For FY 1998-99 through FY 2001-02, American River College's (ARC) health service logs showed that the district provided health services that exceeded those services provided in the base year. The district did not provide ARC's health services logs for FY 1997-98. For Sacramento City College and Cosumnes River College, the health service logs did not show any health services provided that exceeded those services provided in the base year.

For the audit period, health services provided that exceed base year health services provided are unallowable. For each fiscal year from FY 1998-99 through FY 2001-02, the SCO calculated the percentage of unallowable services that ARC provided based on its health service logs. Because the district did not provide ARC's FY 1997-98 health service logs, the SCO averaged the percentage of unallowable services from the four subsequent fiscal years to calculate FY 1997-98 unallowable costs. The SCO applied these percentages to ARC's salary costs claimed to determine unallowable salary costs. The attached schedule, "Health Services Analysis for ARC" (**Tab 4**) details the total and allowable health services that ARC provided during the months sampled. The attached schedule "Summary of Unallowable Salary and Related Indirect Costs" (**Tab 5**) summarizes the audit adjustment.

District's Response

The Controller . . . states that its review of a sample of six months of logs of "actual" student health services provided during the period of FY 1998-99 through FY 2001-02 indicated that American River College "provided" student health services "exceeding" those services provided by the District during the base year. The Controller concluded that an "average" of only 84.26% of the audit year services matched services provided in the base year of FY 1986-87.

SCO's Comment

The district's statement is erroneous. Based on our review of health service logs provided, the audit finding identifies the percentage of mandate-related services for each fiscal year from FY 1998-99 through FY 2001-02. The mandate-related percentages ranged from 78.01% to 92.72%. The district did not provide any health service log documentation for FY 1997-98. Rather than disallowing all costs claimed because of insufficient documentation, we averaged the mandate-related percentages from the four subsequent fiscal years to calculate mandate-related services for FY 1997-98.

District's Comment

Statutory and Regulatory Requirements

Education Code Section 76355, subdivision (e) states:

“Any community college district that provided health services in the 1986-87 fiscal year shall maintain health services, at the level provided during the 1986-87 fiscal year, and each fiscal year thereafter.”

The parameters and guidelines state at Part III Eligible Claimants:

“Community college districts which provided health services in 1986-87 fiscal year and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs.”

Services Provided vs. Services Rendered

The Controller audit findings do not demonstrate if the enumerated services allegedly “not provided” in FY 1986-87 were actually available to students. As a preliminary matter, we feel the Controller misstates the law, there are no specific student health services required for each college district. The parameters and guidelines state that “[o]nly services provided in 1986-87 fiscal year may be claimed.” Thus, the requirement is to continue the level of services provided in FY 1986-87, but there is no statewide standard list of types of services to be provided. In addition, note that the cost of services is not compared, only the level of services.

The Controller is endeavoring to compare the student health services *rendered* during the fiscal years claimed (audit years) to those services *rendered* during 1986-87 fiscal year (the base year). . . . The Controller is requiring claimants to prove that services rendered in the audit years were also rendered in the base-year. In order to make this determination, the Controller is reviewing base year services claimed which are clearly beyond the statute of limitations for an audit or record retention.

The statutory requirement is that at least the same level of services be *provided*. There is no basis in law or fact which requires the entire variety of health care services *available* each year to actually have been utilized, which is to say *rendered*, each year in order to prove that the same services are *provided*. . . .

SCO's Comment

There is no misstatement of law. The audit finding makes no reference to “specific student health services required” in the context alleged in the district’s response. In addition, the district’s statement that there “is no statewide standard list of types of services to be provided” is misleading. While districts are not required to provide all the services listed, *Parameters and Guidelines* does identify specific health services that are eligible for mandate reimbursement, if the district provided the service in the FY 1986-87 base year.

The SCO did not compare services rendered during the audit period to services rendered during the FY 1986-87 base year. Instead, the SCO compared services rendered during the audit period to services provided (i.e., available) during the base year. The district reported the base year services that it provided on its mandate reimbursement claims. We did not require the district to prove that services rendered during the audit period were also rendered in the base year. Our audit tests disclosed services rendered during the audit period that the district did not report as available during the base year. In those instances, we did provide the district an opportunity to show that those services were actually rendered in the base year (and thus “provided” during the base year). In essence, we provided the district a “second chance” opportunity to show that it actually provided more base year services than those it originally reported on the mandate reimbursement claim. However, the district did not provide any documentation to support health services provided or rendered in the base year.

We disagree with the district's comments regarding the statute of limitations as it applies to the FY 1986-87 base year. *Parameters and Guidelines* states the following.

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort. [Emphasis added.] These documents must be kept on file by the agency submitting the claim for a period of no less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

Thus, for each claim that the district submits, documentation that supports FY 1986-87 services provided is subject to the same statute of limitations requirement as the current year claim.

District's Response

District Level Test of Services Provided

The Controller states that its review of a sample of six-months of logs of "actual" student health services provided indicated that *American River College* "provided" student health services "exceeding" those services provided by the *district* during the base year. This is not the standard of review to be used. The comparison of the levels of services provided is a *district* level test, not a *college* level test. . . .

SCO's Comment

The district misrepresents the audit finding. The SCO compared health services that the district provided during the audit period (through its three colleges collectively) to health services that the district provided during the FY 1986-87 base year (as reported by the district on its mandate reimbursement claims). During the audit period, the district provided and rendered health services that exceeded services provided during the base year. ARC provided these excess services.

District's Response

Audit by Sampling

Sampling does not result in a determination of actual costs. The parameters and guidelines do not allow the claimant to use sampling for reporting mandate costs. The parameters and guidelines do not allow the Controller to use sampling techniques for the determination of program compliance. Claimants were never on notice that the Controller would be utilizing sampling techniques. . . .

SCO's Comment

The district states, "The parameter and guidelines do not allow the claimant to use sampling for reporting mandate costs." This statement is irrelevant to the audit finding. The district also states, "The parameters and guidelines do not allow the Controller to use sampling techniques. . . ." This statement is misleading; regarding audits, *Parameters and Guidelines* states only that "For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. . . ." *Parameters and Guidelines* does not specify the methodology the SCO may use to validate program compliance.

The SCO conducted the audit in accordance with *Government Auditing Standards*. The audit standards specify that auditors may use professional judgment in "selecting the methodology, determining the type and amount of evidence to be gathered, and choosing the tests and procedures for their work."¹ Neither the *Government Code* nor *Parameters and Guidelines* require the SCO to provide claimants "notice" that the SCO will use sampling techniques.

¹ *Government Auditing Standards, 2003 Revision*, United States General Accounting Office.

District's Response

Sampling Method

The Controller's calculation of the cost of services "not provided" utilizes extrapolations of facts not related to the actual cost of those services. As stated before, the adjustment is incorrect because it is based on services rendered. Regardless, sampling here is too limited. First, the sample "universe" was limited to one college. Second, if a particular service was not included in the portion of the documentation selected for the sample, but was in the universe of services rendered, the sampling improperly penalizes the District for a type of service actually rendered.

As a separate issue, it is inappropriate to apply a percentage reduction to the audit period costs. The parameters and guidelines require maintenance of effort (level of service) rather than cost accounting for the services provided. There is no evidence that the cost of the services disallowed by the Controller represent the percentage of activities disallowed. There is no basis to presume that the services disallowed are uniform in cost to the services allowed. The method of adjustment used is not based on a factual foundation or a legal basis.

SCO's Comment

The district states that, "the adjustment is incorrect because it is based on services rendered." It appears the district has confused the separate issues of (1) verifying whether the district has maintained the same level of health services provided; versus (2) identifying costs applicable to audit period health services provided and rendered that exceed base year health services provided. *Parameters and Guidelines* states, "Only services provided in 1986-87 fiscal year may be claimed." Because only excess services actually rendered are unallowable, it is appropriate to calculate unallowable costs based on audit period services rendered. If the district had only "made available" (i.e., provided) the excess services, but not rendered the excess services, there would be no unallowable costs.

Regarding sample size, the district states, "sampling here is too limited." As previously stated, *Government Auditing Standards* specifies that auditors may use professional judgment in determining the type and amount of evidence gathered. In addition, the district incorrectly states that the SCO limited the audit universe to one college. The audit finding states, "The SCO auditor reviewed logs maintained by each college within the district . . ." [Emphasis added.] However, only ARC rendered health services that exceeded health services that the district provided in the FY 1986-87 base year. As a result, in calculating unallowable costs, the SCO calculated the percentage of unallowable services that ARC rendered, and applied that unallowable percentage to ARC's salary costs claimed.

The district also infers that the sampling may improperly "penalize" the district for a type of service rendered but not included in the sample selection. The district ignores the opposite possibility that the sample selection may have excluded additional unallowable services and thus, the unallowable costs are actually understated. Nevertheless, the SCO has concluded that the sample size is sufficient to support the audit finding in accordance with *Government Auditing Standards*. Title 2, California Code of Regulations (CCR), Section 1185(e)(3) states, "If the narrative describing the alleged incorrect reduction(s) involves more than discussion of statutes or regulations or legal argument and utilizes assertions or representations of fact, such assertions or representations shall be supported by testimonial or documentary evidence and shall be submitted with the claim." The district did not submit any documentation to support its assertion that the audit sample was too limited or improperly penalized the district.

The district also believes that it is inappropriate to apply a percentage reduction to the audit period costs. The district asserts that the SCO calculated unallowable costs using "extrapolations of facts not related to the actual cost of those services." The district also asserts "There is no evidence that the cost of the services disallowed by the Controller represent the percentage of activities disallowed."

The district further asserts that there is no basis to presume that the services disallowed are uniform in cost to the services allowed. However, during audit fieldwork, the district did not provide any documentation to support the actual cost of unallowable services. The district also did not provide any documentation with this Incorrect Reduction Claim. *Government Code* Section 17561(d)(2) states that the Controller may reduce any claim that he determines is excessive or unreasonable. In this case, the SCO concluded that the district's claims are excessive and unreasonable because they include costs applicable to unallowable services. Our only other alternative is to disallow all costs claimed because the district is unable to identify mandate-related costs. Instead, absent any other documentation provided by the district, we believe it is appropriate to calculate unallowable costs based on the percentage of unallowable services rendered.

District's Response

Source Documentation

This finding is also based, partially, upon the report's assertion that the "*Parameters and Guidelines* states [sic] that all costs claimed must be traceable to source documentation that shows evidence of the validity of such costs. . . ." The Controller's audit report states that its adjustment was based on logs of services provided to students. The logs upon which the Controller relied upon for its adjustments are not documentation specifically required by the parameters and guidelines. The Education Code and parameters and guidelines do not require the claimant to provide records of the services rendered as a condition of reimbursement, only to certify to the services available. . . .

As a factual matter, if the documentation used by the Controller was sufficient for the Controller to calculate the dollar amount of alleged new services, it is contrary for the Controller to assert that the adjustment is based on insufficient documentation. . . .

SCO's Comment

For salary and benefit costs claimed, *Parameters and Guidelines* states that districts must provide documentation that describes the mandated functions performed (i.e., rendered). The health service logs are appropriate documentation to verify that health services rendered are mandate-related. *Parameters and Guidelines* further states that only services provided in the FY 1986-87 base year may be claimed, and costs claimed must be traceable to source documents that show evidence of the validity of such costs. Again, the health service logs are appropriate documentation to show that costs claimed are valid (i.e., applicable to allowable activities.)

The audit finding does not state that the audit adjustment is based on insufficient documentation; it states that the audit adjustment occurred because the district provided unallowable health services. However, the district did not provide documentation that shows the actual costs of the unallowable services. Thus, the SCO calculated unallowable costs based on the percentage of unallowable services provided. Therefore, there is no contradiction in the audit finding.

District's Response

Unreasonable or Excessive

None of the adjustments were made because the costs claimed were excessive or unreasonable. The Controller does not assert that the claimed costs were excessive or unreasonable, which is the only mandated cost audit standard in statute (*Government Code* Section 17561(d)(2)). It would therefore appear that the entire findings are based upon the wrong standard for review. . . .

SCO's Comment

Government Code Section 17558.5 requires the district to file a reimbursement claim for actual mandate-related costs. *Government Code* Section 17561(d)(2) allows the SCO to audit the district's records to verify actual mandate-related costs and reduce any claim that the SCO determines is excessive or unreasonable. In addition, *Government Code* Section 12410 states, "The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment."

The SCO did conclude that the district's costs claimed were excessive. "Excessive" is defined as "exceeding what is usual, proper, necessary, or normal. . . . Excessive implies an amount or degree too great to be reasonable or acceptable. . . . [Emphasis added.]"² The district claimed costs that exceeded those costs that were "proper," because the district claimed costs for health services rendered during the audit period that exceeded health services provided during the FY 1986-87 base year.

² Merriam-Webster's Collegiate Dictionary, Tenth Edition, © 2001.

III. DISTRICT CLAIMED UNALLOWABLE SERVICES AND SUPPLIES AND RELATED INDIRECT COSTS

Issue

The district claimed costs for services not reimbursable under the mandated program, services not provided in the FY 1986-87 base year, and costs not supported by source documentation. The district believes these costs are allowable; however, the district did not specifically address those costs not supported by source documentation.

SCO Analysis:

The district claimed costs for physical exams for intercollegiate athletics and salaries of health professionals present at athletic events. These costs are not reimbursable under the mandated program. The district also claimed costs for Hepatitis B vaccinations; however, the district did not provide this service during the FY 1986-87 base year and *Parameters and Guidelines* does not identify the service as a reimbursable activity. Furthermore, the district claimed \$557 that was not supported by source documentation,

District's Response

. . . This finding includes a disallowance of \$26,100 in costs incurred for physical exams for intercollegiate athletics and for salaries of health professionals present at athletic events. . . . Some of the claimable services enumerated in the parameters and guidelines include accident reports, a college physician, outside physician, registered nurse, examinations, first aid, physicals for *athletes*, and dressing change, which would seem to satisfactorily encompass the scope of services which the Controller believes are unallowable.

The Controller asserts Hepatitis B vaccination costs of \$2,125 are unallowable. The Controller concludes that since the Hepatitis B vaccinations, specifically, were not identified as a service available at the college health center in FY 1986-87, and not listed in the parameters and guidelines, the costs are not reimbursable. The [district reported] that immunization *services* were available in FY 1986-87. Hepatitis B vaccinations now are just a part of the whole scope of *services* which may comprise immunization services, and the parameters and guidelines allow for reimbursement of immunization services.

Student Health Services Fund

The Controller seems to be using reimbursable services as defined by the parameters and guidelines as a basis for permissible use of the student health services fees. Education Code Section 76355, subdivision (a), permits the collection of student health fees for student health services. Subdivision (d) requires that these fees, if collected, be deposited in a designated fund and be expended only as authorized. Subdivision (d) prohibits expenditures *from the fund* for physical examinations for intercollegiate athletics or the salaries of health professionals for athletic events. The prohibition only applies to expenditure of funds from the special account designated in which student health fees are deposited. . . .

Unless the student health services fees exceed the direct and indirect cost of all student health services, there is no supportable presumption that the student health fees fund is funding the services to athletes. Furthermore, since this District did not collect student health services fees, the presumption could not apply to this District in any case. . . .

Unreasonable or Excessive

None of the adjustments were made because the costs claimed were excessive or unreasonable. The Controller does not assert that the claimed costs were excessive or unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17561 (d)(2)). It would therefore appear that the entire findings are based upon the wrong standard for review. . . .

SCO's Comment

Regarding athletic-related costs, *Education Code* Section 76355(e) states, "Any community college district that provided health services in the 1986-87 fiscal year shall maintain health services, at the level provided during the 1986-87 fiscal year, and each fiscal year thereafter. If the cost to maintain that level of service exceeds the limits specified in subdivision (a), the excess cost shall be borne by the district." *Education Code* Section 76355(a) defines the authorized health services fees. Thus, the mandated program "maintenance of effort" requirement applies to those health services for which the district may levy a fee. *Education Code* Section 76355(d) states that athletic-related costs are not authorized expenditures of health services fees. Because the mandated program does not require a "maintenance of effort" for athletic-related services, the district is not required to provide these services. Therefore, these costs are not mandated costs as defined by *Government Code* Section 17514.

Regarding Hepatitis B vaccinations, the district may provide whatever immunizations it chooses; however, these immunizations do not automatically become mandate-reimbursable. *Parameters and Guidelines*, Section V.B, states, "For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year 1986-87. . . ." *Parameters and Guidelines* does not list immunization services as a reimbursable activity; instead, *Parameters and Guidelines* identifies specific immunizations -- Diphtheria/Tetanus, Measles/Rubella, and Influenza. Hepatitis B vaccination is not within the scope of the mandate; therefore, these costs are not mandate-reimbursable.

Government Code Section 17558.5 requires the district to file a reimbursement claim for actual mandate-related costs. *Government Code* Section 17561(d)(2) allows the SCO to audit the district's records to verify actual mandate-related costs and reduce any claim that the SCO determines is excessive or unreasonable. In addition, *Government Code* Section 12410 states, "The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment." Therefore, the district's contention that the "entire findings are based upon the wrong standard for review" is without merit.

IV. DISTRICT OVERSTATED ITS INDIRECT COST RATES CLAIMED

Issue

The district overstated its indirect cost rates, thus overstating indirect costs by \$361,689 for the audit period. The district claimed indirect costs based on indirect cost rate proposals (ICRPs) that the district prepared using Office of Management and Budget (OMB) Circular A-21 methodology. However, the district did not obtain federal approval of its ICRPs. The SCO's claiming instructions provide an alternate indirect cost rate methodology. The SCO calculated indirect cost rates using the alternate methodology. The alternate methodology indirect cost rates did not support the rates that the district claimed.

SCO Analysis:

Parameters and Guidelines allows community college districts to claim indirect costs according to the SCO's claiming instructions (**Tab 3**). The claiming instructions require that districts obtain federal approval of ICRPs prepared using OMB Circular A-21 methodology. Alternatively, districts may use the SCO's Form FAM-29C to compute indirect cost rates. Form FAM-29C calculates indirect cost rates using total expenditures reported on the *California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)*. Form FAM-29C eliminates unallowable expenses and segregates the adjusted expenses between those incurred for direct and indirect activities relative to the mandated cost program.

District's Response

... Contrary to the Controller's interpretation, there is no requirement in law that the District's indirect cost rate must be "federally" approved. The Controller has never specified the federal agencies which have the authority to approve indirect cost rates. Further, it should be noted that the Controller did not determine that the District's rate was excessive or unreasonable. ...

CCFS-311

In fact, both the District's method and the Controller's method utilized the same source document, the CCFS-311 annual financial and budget report required by the state. The difference in the claimed and audited methods is in the determination of which of those cost elements are direct costs and which are indirect costs. ...

Regulatory Requirements

No particular indirect cost rate calculation is required by law. The parameters and guidelines state that "Indirect costs *may be claimed* in the manner described by the State Controller in his claiming instructions." The district claimed these indirect costs "in the manner" described by the Controller. The correct forms were used and the claimed amounts were entered at the correct locations. Further, "may" is not "shall"; the parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller. In the audit report, the Controller asserts that because parameters and guidelines specifically references the claiming instructions, the claiming instructions thereby become authoritative criteria. The Government Code makes no allowances for "authoritative criteria" for purpose of mandate reimbursement, this is a meaningless fiction created by the Controller. Nor does the "specific" reference to the claiming instructions in the parameters and guidelines change "may" into a "shall." Since the Controller's claiming instructions were never adopted as law, or regulations pursuant to the Administrative Procedure Act, the claiming instructions are a statement of the Controller's interpretation and not law.

Unreasonable or Excessive

Government Code Section 17561(d)(2) requires the Controller to pay claims, provided that the Controller may audit the records of any school district to verify the actual amount of the mandated costs, and may reduce any claim that the Controller determines is excessive or unreasonable. The Controller is authorized to reduce a claim only if it determines the claim to be excessive or unreasonable. Here, the District has computed its ICRPs utilizing cost accounting principles from the Office of Management and Budget Circular A-21, and the Controller has disallowed it without a determination of whether the product of the District's calculation would, or would not, be excessive, unreasonable, or inconsistent with cost accounting principles.

The District reported indirect cost rates of 31.17%, 30.40%, 30.40%, 31.45%, 30.72% for the five fiscal years audited. Subsequent to the audit, the District . . . receive[d] a federally approved rate of 30.0% from the Department of Health and Human Services, for use in fiscal years beginning 2005-06. The five rates used on the claims were less than two percentage points different from the federally negotiated rate. It can be clearly seen that the OMB A-21 cost accounting methods are not the intellectual property of the federal government and can be competently utilized by Districts to generate a reasonable indirect cost rate without the need for federal approval.

Neither State law nor the parameters and guidelines made compliance with the Controller's claiming instructions a condition of reimbursement. The district has followed the parameters and guidelines. The burden of proof is on the Controller to prove that the product of District's calculation is unreasonable, not to recalculate the rate according to its unenforceable ministerial preferences. Therefore, the Controller made no determination as to whether the method used by the District was reasonable, but, substituted its FAM-29C method for the method reported by the District. The substitution of the FAM-29C method is not a "finding" enforceable either by fact or law. . . .

SCO's Comment

Parameters and Guidelines, Section VI, states, "Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions." The district misinterprets "may be claimed" by concluding that compliance with the claiming instructions is voluntary. Instead, "may be claimed" simply permits the district to claim indirect costs. However, if the district chooses to claim indirect costs, then the district must comply with the SCO's claiming instructions. The district's implication that it claimed costs in the manner described by the SCO by correctly completing what it interprets to be the correct forms is without merit.

The SCO's claiming instructions state: "A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21 "Cost Principles for Educational Institutions," or the Controller's methodology outlined in the following paragraphs [FAM-29C]. . . ." This is consistent with *Parameters and Guidelines* for other community college district mandated programs, including the following.

- Absentee Ballots
- Collective Bargaining
- Health Benefits for Survivors of Peace Officers and Firefighters
- Law Enforcement College Jurisdiction Agreements
- Mandate Reimbursement Process
- Open Meetings Act
- Photographic Record of Evidence
- Sex Offenders Disclosure by Law Enforcement Officers
- Sexual Assault Response Procedure

(Note: *Parameters and Guidelines* provide a third option, a 7% flat rate.) Therefore, contrary to the district's statement, the SCO did not act arbitrarily by using the FAM-29C methodology to calculate allowable indirect cost rates.

We agree with the district's statement that the difference between the claimed and audited rates is identifying costs as direct or indirect. The FAM-29C methodology classifies costs as direct or indirect as they relate to the mandated cost program.

In addition, neither this district nor any other district requested that the Commission review the SCO's claiming instructions pursuant to Title 2 CCR Section 1186. Furthermore, the district may not now request a review of the claiming instructions applicable to the audit period. Title 2 CCR Section 1186(j)(2) states, "A request for review filed after the initial claiming deadline must be submitted on or before January 15 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year."

The SCO is not responsible for identifying the district's responsible federal agency. OMB Circular A-21 states:

[Cognizant agency responsibility] is assigned to the Department of Health and Human Services (HHS) or the Department of Defense's Office of Naval Research (DOD), normally depending on which of the two agencies (HHS or DOD) provides more funds to the educational institution for the most recent three years. . . . In cases where neither HHS nor DOD provides Federal funding to an educational institution, the cognizant agency assignment shall default to HHS.

Clearly, the district is aware of its cognizant agency, since the district states that it received a federally approved rate for FY 2005-06. However, this rate is irrelevant to the audit period.

Government Code Section 17558.5 requires the district to file a reimbursement claim for actual mandate-related costs. *Government Code* Section 17561(d)(2) allows the SCO to audit the school district's records to verify actual mandate-related costs and reduce any claim that the SCO determines is excessive or unreasonable. In addition, *Government Code* Section 12410 states, "The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment." Therefore, the district's contention that the SCO "is authorized to reduce a claim only if it determines the claim to be excessive or unreasonable" is without merit.

Nevertheless, the SCO did conclude that the district's indirect cost rates were excessive. "Excessive" is defined as "exceeding what is usual, proper, necessary, or normal. . . . Excessive implies an amount or degree too great to be reasonable or acceptable. . . ." ³ The district did not obtain federal approval of its ICRPs. The SCO calculated indirect cost rates using the alternate methodology identified in the SCO's claiming instructions. The alternate methodology indirect cost rates did not support the rates that the district claimed; thus, the rates claimed were excessive.

³ Ibid.

V. DISTRICT UNDERSTATED AUTHORIZED HEALTH SERVICE FEES

Issue

For the audit period, the district understated authorized health service fees by \$6,101,947. The district believes that because it did not levy a health service fee, it is not required to report authorized health service fees.

SCO Analysis:

Parameters and Guidelines requires districts to deduct authorized health fees from costs claimed. *Education Code* Section 76355(c) authorizes health fees for all students except those who: (1) depend exclusively on prayer for healing; (2) attend a community college under an approved apprenticeship training program; or (3) demonstrate financial need. (Effective with the Summer 2001 session, *Education Code* Section 76355(a) authorized a \$1.00 increase to health service fees.)

Government Code Section 17514 defines “costs mandated by the state” as 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 COSM 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.

District’s Response

Education Code Section 76355

Education Code Section 76355, subdivision (a), in relevant part, provides: “The governing board of a district maintaining a community college *may require* community college students to pay a fee . . . for health supervision and services. . . . “There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states “*If, pursuant to this Section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.*” [Emphasis added by district.]

Parameters and Guidelines

This Controller states that the “*Parameters and Guidelines* states that health fees authorized by the *Education Code* must be deducted from the costs claimed.” The parameters and guidelines actually state:

“Any offsetting savings that the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount of [student fees] as authorized by *Education Code* Section 72246(a)⁴.”

In order for a district to “experience” these “offsetting savings” the district must actually have collected these fees. Student health fees actually collected must be used to offset costs, but not student health fees that could have been collected and were not. The use of the term “any offsetting savings” further illustrates the permissive nature of the fees.

Government Code Section 17514

The Controller relies upon *Government Code* Section 17514 for the conclusion that “[t]o the extent community college districts can charge a fee, they are not required to incur a cost.” . . . There is nothing in the language of the statute regarding the authority to charge a fee, any nexus of fee revenue to increased cost, nor any language which describes the legal effect of fees collected.

Government Code Section 17556

The Controller relies upon Government Code Section 17556 for the conclusion that “the COSM 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.” . . . We believe the Controller misrepresents the law. Government Code Section 17556 prohibits the Commission on State Mandates from finding costs subject to reimbursement, that is, approving a test claim, where there is authority to levy fees in an amount sufficient to offset the entire mandated costs. Here, the Commission has already approved the test claim and made a finding of a new program or increased costs, and further, that the student health fees are per se insufficient to offset the entire cost of the mandate.

Student Health Services Fee Amount

The Controller asserts that the district should have collected a student health service fee each semester from non-exempt students in the amount of \$8, \$9, \$11, or \$12, depending on the fiscal year and whether the student is enrolled full time or part time. Districts receive notice of these fee amounts from the Chancellor of the California Community Colleges. An example of one such notice is the letter dated March 5, 2001, attached as Exhibit “F.” While Education Code Section 76355 provides for an increase in the student health service fee, it did not grant the Chancellor the authority to establish mandatory fee amounts or mandatory fee increases. . . . Therefore, the Controller cannot rely upon the Chancellor’s notice to college districts of the opportunity to increase student health services fees as a basis to adjust the claim for collectible student health services fees.

Fees Collected vs. Fees Collectible

This issue is one of student health fees revenue actually received, rather than student health fees which might be collected. The Commission determined, as stated in the parameters and guidelines that the student health fees “experienced” (*collected*) would reduce the amount subject to reimbursement. Student fees not collected are student fees not “experienced” an [*sic*] as such should not reduce reimbursement. Further, the amount “collectible” will never equal actual revenues collected due to changes in a student’s BOGG eligibility, bad debt accounts, and refunds.

Because districts are not required to collect a fee from students for student health services, and if such a fee is collected the amount is to be determined by the district and not the Controller, the Controller’s adjustment is without legal basis. What districts are required by the parameters and guidelines to do is to reduce the amount of their claimed costs by the amount of student health services fee revenue actually received. Therefore, student health fees are merely collectible, they are not mandatory, and it is inappropriate for the Controller to reduce claim amounts by revenues not received.

⁴ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

SCO’s Comment

We agree that community college districts may choose not to levy a health service fee. However, *Education Code* Section 76355(a) provides districts the authority to levy a health service fee. *Education Code* Section 76355(c) specifies the authorized fees. We also agree that the California Community Colleges Chancellor’s Office (CCCCO) does not have the authority to establish mandatory fee amounts or mandatory fee increases. The CCCCCO merely notifies districts of changes to the authorized fee amount, pursuant to *Education Code* Section 76355(a).

Regardless of the district’s decision to levy or not levy a health service fee, the district does have the authority to levy the fees. In addition, contrary to the district’s response, the SCO made no distinction between full-time or part-time students regarding the authorized health service fee. Districts are authorized to levy the full fee amount to both part-time and full time students. *Government Code* Section 17514 states that “costs mandated by the state” means any increased costs that a school district is required to incur. Furthermore, *Government Code* Section 17556(d) states that the Commission 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. For the Health Fee Elimination mandated program, the Commission clearly recognized the availability of another funding source by including the fees as offsetting savings in *Parameters and Guidelines*, Section VIII (amended May 25, 1989). To the extent districts have authority to charge a fee, they are not required to incur a cost.

The district misrepresents the Commission's determination regarding authorized health service fees. The Commission's staff analysis of May 25, 1989, regarding the proposed *Parameters and Guidelines* amendments (**Tab 7**), states:

Staff amended Item "VIII. Offsetting Savings and Other Reimbursements" to reflect the reinstatement of [the] fee authority.

In response to that amendment, the [Department of Finance (DOF)] has proposed the addition of the following language to Item VIII. to clarify the impact of the fee authority on claimants' reimbursable costs:

"If a claimant does not levy the fee authorized by Education Code Section 72246(a), it shall deduct an amount equal to what it would have received had the fee been levied."

Staff concurs with the DOF proposed language which does not substantively change the scope of Item VIII.

Thus, it is clear that the Commission's intent was that claimants deduct authorized health service fees from mandate-reimbursable costs claimed. Furthermore, the staff analysis included an attached letter from the CCCCCO, dated April 3, 1989. In that letter, the CCCCCO concurred with the DOF and the Commission regarding authorized health service fees.

Since the Commission's staff concluded that DOF's proposed language did not substantively change the scope of staff's proposed language, Commission staff did not further revise the proposed *Parameters and Guidelines*. The Commission's meeting minutes of May 25, 1989 (**Tab 8**) show that the Commission adopted the proposed *Parameters and Guidelines* on consent, with no additional discussion. Therefore, there was no change to the Commission's interpretation regarding authorized health service fees.

Two court cases addressed the issue of fee authority.⁵ Both cases concluded that "costs" as used in the constitutional provision, exclude "expenses that are recoverable from sources other than taxes." In both cases, the source other than taxes was fee authority.

The district also states, "the amount 'collectible' will never equal actual revenues collected due to changes in a student's BOGG eligibility, bad debt accounts, and refunds." The SCO calculated authorized health service fees based on the district's records of enrollment and BOGG grants. The district is responsible for providing accurate enrollment and BOGG grant data, including any changes that result from BOGG grant eligibility or students who disenroll. Consistent with OMB Circular A-21, Section J, the district is responsible for any bad debt accounts.

⁵ *County of Fresno v. California* (1991) 53 Cal. 3d 482; *Connell v. Santa Margarita* (1997) 59 Cal. App. 4th 382.

VI. STATUTE OF LIMITATIONS FOR AUDIT

Issue

Based on the statute of limitations for audit, the district believes the SCO had no authority to assess audit adjustments for FY 1997-98, FY 1998-99, and FY 1999-2000.

SCO Analysis:

Government Code Section 17558.5(a), effective July 1, 1996, states that a district's reimbursement claim is subject to audit no later than two years after the end of the calendar year in which the claim is filed or last amended. The district filed its FY 1997-98 and FY 1998-99 claims on January 18, 2000, and filed its FY 1999-2000 claim on December 29, 2000. The SCO made several attempts to contact the district and conduct an entrance conference during December 2002. Ultimately, at the district's request, the SCO delayed the entrance conference until January 16, 2003 (**Tab 6**). Therefore, the SCO notified the district that it would conduct an audit within the period that all claims were subject to audit.

District's Response

... The District asserts that the first three claims of the five claims audited, fiscal years 1997-98, 1998-99, and 1999-00, were beyond the statute of limitations for audit when the Controller completed its audit on June 24, 2004. The District raised this issue at the beginning of the audit and in its letter dated May 24, 2004 in response to the draft audit report. ...

In its final audit report, the Controller responded as follows:

"No statutory language defines when the SCO must issue an audit report. Furthermore, no statutory language requires an entrance conference or some other formal event to be held before the two-year period expires. SCO staff contacted the district to initiate the audit in December 2002, within the statute of limitations. This district requested that the audit start in January 2003, rather than December 2002. *Government Code* Section 17558.5(d) [*sic*], effective July 1, 1996, states "Nothing in this section shall be construed to limit the adjustment of payments . . . when a delay in the completion of an audit is the result of willful acts by the claimant or inability to reach agreement on terms of final settlement."

The Controller is thus asserting that when the audit was "initiated" is relevant to the period of limitations, and that some "willful" act of the District prevented the Controller from "completing" the audit. However, if the date the audit was initiated is the relevant event for the tolling of the statute, then the alleged delay in completion is not relevant, and would be harmless. In any case, a review of the statutory history of *Government Code* Section 17558.5 indicates that the matter of the audit "initiation" date is not relevant to any fiscal year claims which are the subject of this audit.

Statutory History

Prior to January 1, 1994, no statute governed the statute of limitations for audits of mandate reimbursement claims. Statutes of 1993, Chapter 906, Section 2, operative January 1, 1994, added *Government Code* Section 17558.5 to establish for the first time a specific statute of limitations for audit of mandate reimbursement claims. ...

Statutes of 1995, Chapter 945, Section 13, operative July 1, 1996, repealed and replaced Section 17558.5, changing only the period of limitations. ...

All of the annual claims which are the subject of the incorrect reduction claim are subject to the two-year statute of limitations established by Chapter 945/95. The claims for the first three years (FY 1997-98, FY 1998-99, and FY 1999-00) were beyond audit when the audit report was issued. . . . [T]he potential factual issue of when the audit is initiated is not relevant.

Statutes of 2002, Chapter 1128, Section 14.5, operative January 1, 2003 amended Section 17558.5. . . . The amendment is pertinent in that it indicates this is the first time that the factual issue of the date the audit is "initiated" for mandate programs for which funds are appropriated is introduced. . . .

Statutes of 2004, Chapter 890, Section 18, operative January 1, 2005 amended Section 17558.5. . . . The amendment is pertinent since it indicates this is the first time that the Controller audits may be completed at a time other than the stated period of limitations.

Initiation of An Audit

The audit report states that the Controller's staff telephone contact with the District in December 2002 initiated the audit. First, initiation of the audit is not relevant to the claims which are the subject of this incorrect reduction claim. The words "initiate an audit" are used only in the second sentence of Section 17558.5, that is, in a situation when no funds are appropriated for the program for the fiscal year for which the claim is made. Then, and only then, is the Controller authorized to "initiate an audit" within two years from the date of initial payment. . . .

Chapter 1128, Statutes of 2002, amended subdivision (a) of Government Code Section 17558.5 to change the "subject to audit" language of the first sentence to "subject to the initiation of an audit." Had the Legislature intended the former Section to mean "subject to the initiation of an audit," there would have been no need to amend the statute to now say "subject to the initiation of an audit. . . ."

The Controller's standard for "initiation" of an audit is actually the date of the entrance conference, not the date of the phone contact. In this audit . . . the Controller asserts the telephone contact as the initiation date for the audit. In other mandate audit reports issued after the Los Rios audits, the Controller states that the entrance conference date initiates the audit.^[6] Further, in the matter of the Health Fee Elimination audit of North Orange [County] Community College District . . . [the district] asserted that the statute of limitations for the audit of the FY 2000-01 claim expired December 31, 2003. . . . In the final audit report dated July 22, 2005, the Controller agreed that FY 2000-01 was past audit . . . [because] the "FY 2000-01 claim was not subject to audit due to the expiration of the statute of limitations within which to initiate an audit." The North Orange County audit entrance conference date was January 26, 2004, which is the date, according to the Controller, that an audit is "initiated."

Given this contradiction in measurement dates, there does not appear to be a consistent Controller position on this issue. It can therefore be concluded that the Controller has no legal basis for their policy on the initiation date of audits.

Delay of the Audit

The Controller asserts that the District somehow committed a willful act intended to delay the completion of the audit. However, the Controller provides no evidence that there was any willful act by the District intended to delay the completion of the audit. If there was any delay to the start of the audit, it was by unilateral action of the Controller. . . .

The Controller's audit staff first called the District on December 12, 2002 . . . When Ms. Bray was able to return the call on December 18, 2002 . . . the employee of the Controller's office stated to Ms. Bray that "she assumed that [they] were too busy to meet in December, so she requested a meeting during the first or second week of January." Ms. Bray called the Controller's employee again on December 19, 2002 to set a date in January as requested by the Controller's employee. A copy of Ms. Bray's declaration dated September 30, 2004 is attached as Exhibit "G." There was no credible attempt by the Controller's office "to initiate the audit" in December 2002. But as stated above, the argument that an attempt was made to "initiate an audit" in December 2002 is not legally relevant since the claims were only "subject to audit" through December 2002.

The Controller did not complete the audit within the statutory period allowed for the first three fiscal year claims included in this audit. The date the audit was “initiated” for these three years is irrelevant, only the date the audit was completed is relevant as evidenced by the (final) Controller’s audit report. . . .

⁶ Some of those other audit reports where the entrance date is specifically stated as the initiation date for the audit are:

- Newport-Mesa Unified School District, School District of Choice, issued August 31, 2004.
- Clovis Unified School District, Graduation Requirements, issued October 22, 2004.
- State Center Community College District, Health Fee Elimination, issued September 17, 2004.
- West Valley-Mission Community College District, Health Fee Elimination, issued April 8, 2005.
- Long Beach Community College District, Health Fee Elimination, issued April 27, 2005.

All of these audit reports were issued after the Los Rios audit report.

SCO’s Comment

The district incorrectly states that the SCO first contacted the district on December 12, 2002. The SCO first contacted the district on December 10, 2002. The auditor left a telephone message for Ms. Bray. The auditor requested to schedule a meeting for the week of December 16, 2002, and identified the mandated programs and fiscal years to be audited. The auditor made additional attempts to contact the district on December 12, 2002, and December 16, 2002. The auditor was able to contact Ms. Bray on December 19, 2002, and requested to hold a meeting with her. Ms. Bray stated that December “would not work” for the district, because another district employee, Ms. Kim Sayles, would need to be present. Based on the district’s refusal to schedule a meeting during December 2002, the SCO scheduled an audit entrance conference for January 16, 2003. Attached (**Tab 6**) are a declaration of the Auditor-In-Charge, Mary Khoshmashrab, and a copy of the auditor’s contact log information from the audit work papers.

In addition, the district incorrectly concludes that the SCO does not have a consistent position on audit initiation by misrepresenting the circumstances for this audit versus other audits referenced. The SCO initiates an audit by conducting the audit entrance conference. However, for this audit, the district denied the SCO’s request to conduct an entrance conference in December 2002. *Government Code* Section 17558.5(c), effective July 1, 1996, states “Nothing in this section shall be construed to limit the adjustment of payments. . . . when a delay in the completion of an audit is the result of willful acts by the claimant. . . .” The district delayed the audit completion by willfully denying the SCO’s request to conduct an audit entrance conference in December 2002. Because the district delayed the audit start date, the district equally delayed the audit completion. Therefore, based on *Government Code* Section 17558.5(c), this audit was effectively initiated in December 2002, based on the SCO’s initial contact with the district.

The district believes that the audit initiation date is not relevant because the term “initiate an audit” is not specifically stated in the *Government Code* language applicable to these claims. Instead, the district believes the audit report date is relevant. In particular, the district believes that Chapter 890, Statutes of 2004 is pertinent because “it indicates this is the first time that the Controller audits may be completed at a time other than the stated period of limitations.” This is an erroneous conclusion; before Chapter 890, Statutes of 2004, there was no statutory language defining when the SCO must complete an audit. In addition, the district states, “Had the Legislature intended the former Section to mean ‘subject to the initiation of an audit,’ there would have been no need to amend the statute to now say ‘subject to the initiation of an audit.’” Clearly the opposite is true; the Legislature modified the previous language to clarify its intent.

As of July 1, 1996, *Government Code* Section 17558.5(a) stated, “A reimbursement claim. . . . is subject to audit by the Controller no later than two years after the end of the calendar year in which the reimbursement claim is filed or last amended. . . .” In construing statutory language, we are to

“ascertain the intent of the Legislature so as to effectuate the purpose of the law.” (*Dyna-Med, Inc. v. Fair Employment and Housing Com.* (1987) 43 Cal.3d 1379, 1386.) In doing so, we look first to the statute’s words, giving them their usual and ordinary meaning. (*Committee of Seven Thousand v. Superior Court* (1988) 45 Cal. 3d 491, 501.)

In *Government Code* Section 17558.5(a), the words “subject to” mean that the district is “in a position or circumstance that places it under the power or authority of another.”⁷ The SCO exercised its authority to audit the district’s claims by conducting the audit entrance conference within the statute of limitations. There is no statutory language that requires the SCO to issue a final audit report before the two-year period expires.

As of January 1, 2003, *Government Code* Section 17558.5(a) was amended to state “A reimbursement claim. . . is subject to the initiation of an audit by the Controller no later than three years after the reimbursement claim is filed or last amended, whichever is later. . . .” [Emphasis added.] While the amendment does not define the start of an audit, the phrase “initiation of an audit” implies the first step taken by the Controller. Construing the statutory language to permit the Controller’s initial contact as the audit’s initiation is consistent with the statutory language as well as subsequent amendments. To read the statute as requiring that the SCO issue a final report within a certain timeframe would be to read into the statute provisions that do not exist. Therefore, although the SCO has used the audit entrance conference as the audit initiation date, the statute supports the argument that the initial contact suffices as audit initiation.

The fundamental purpose underlying statute of limitations is “to protect the defendants from having to defend stale claims by providing notice in time to prepare a fair defense on the merits.” (*Downs v. Department of Water & Power* (1977) 58 Cal. App. 4th 1093.) Here, the district had notice of the SCO’s intent to audit before the statute of limitations expired. The SCO first contacted the district on December 10, 2002, and advised the district of the mandated programs and fiscal years that the SCO would audit. Thus, the SCO provided the district with adequate notice before the statute of limitations expired that the SCO intended to exercise its authority to audit.

⁷ Source: American Heritage Dictionary of the English Language, Fourth Edition © 2000.

VII. CONCLUSION

The State Controller’s Office audited Los Rios Community College District’s claims for costs of 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, 1997, through June 30, 2002. The district claimed unallowable costs totaling \$3,205,600. The unallowable costs occurred primarily because the district claimed unallowable salary costs, overstated its indirect cost rates, and understated authorized health services fees.

The district claimed unallowable salary and related indirect costs applicable to an increased level of health services versus health services provided in the FY 1986-87 base year.

The district claimed unallowable services and supplies costs, including costs related to intercollegiate athletics and Hepatitis B vaccinations. The district also claimed unsupported costs.

The district overstated its indirect cost rates. The district did not obtain federal approval of its indirect cost rate proposals prepared using OMB Circular A-21 methodology. The SCO calculated indirect cost rates using its alternate methodology; these rates did not support the rates claimed.

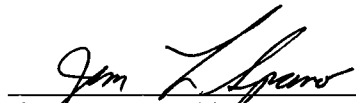
The district understated authorized health service fees. The district did not levy health service fees and mistakenly believed that it was not required to deduct authorized health service fees from costs claimed.

In conclusion, the Commission on State Mandates should find that: (1) the SCO had authority to audit FY 1997-98, FY 1998-99, and FY 1999-2000; (2) the SCO correctly reduced the district's FY 1997-98 claim by \$606,532; (3) the SCO correctly reduced the district's FY 1998-99 claim by \$625,570; (4) the SCO correctly reduced the district's FY 1999-2000 claim by \$634,185; (5) the SCO correctly reduced the district's FY 2000-01 claim by \$667,337; and (6) the SCO correctly reduced the district's FY 2001-02 claim by \$671,976.

VIII. CERTIFICATION

I hereby certify by my signature below that the statements made in this document are true and correct of my own knowledge, or, as to all other matters, I believe them to be true and correct based upon information and belief.

Executed on April 14, 2006, at Sacramento, California, by:



Jim L. Spano, Chief
Compliance Audits Bureau
Division of Audits
State Controller's Office

Tab 3

B. Indirect Cost

Indirect costs are: (a) Incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. Indirect costs can originate in the department performing the mandate or in departments that supply the department performing the mandate with goods, services and facilities. As noted previously, in order for a cost to be allowable, it must be allocable to a particular cost objective. With respect to indirect costs, this requires that the cost be distributed to benefiting cost objectives on bases, which produce an equitable result in relation to the benefits derived by the mandate.

(1) Indirect Costs for Schools

School districts and county superintendents of schools may claim indirect costs incurred for mandated costs. For fiscal years prior to 1986-87, school districts and county superintendents of schools may use the Department of Education Form Nos. J41A or J-73A, respectively, applicable to the fiscal year of the claim. The rate, however, must not be applied to items of direct costs claimed in complying with the mandate if those same costs are included in cost centers identified as General Support (i.e., EDP Codes 400, 405, 410 in Column 3). For the 1986-87 and subsequent fiscal years, school districts and county superintendents of schools may use the Annual Program Cost Data Report, Department of Education Form Nos. J-380 or J-580, respectively, applicable to the fiscal year of the claim.

The amount of indirect costs the claimant is eligible to claim is computed by multiplying the rate by direct costs. When applying the rate, multiply the rate by direct costs not included in total support services EDP No. 422 of the J-380 or J-580. If there are any exceptions to this general rule for applying the indirect cost rate, they will be found in the individual mandate instructions.

(2) Indirect Cost Rate for Community Colleges

A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21 "Cost Principles for Educational Institutions," or the Controller's methodology outlined in the following paragraphs. If the federal rate is used, it must be from the same fiscal year in which the costs were incurred.

The Controller allows the following methodology for use by community colleges in computing an indirect cost rate for state mandates. The objective of this computation is to determine an equitable rate for use in allocating administrative support to personnel that performed the mandated cost activities claimed by the community college. This methodology assumes that administrative services are provided to all activities of the institution in relation to the direct costs incurred in the performance of those activities. Form FAM-29C has been developed to assist the community college in computing an indirect cost rate for state mandates. Completion of this form consists of three main steps:

- The elimination of unallowable costs from the expenses reported on the financial statements.
- The segregation of the adjusted expenses between those incurred for direct and indirect activities.
- The development of a ratio between the total indirect expenses and total direct expenses incurred by the community college.

The computation is based on total expenditures as reported in "California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)." Expenditures classified by activity are segregated by the function they serve. Each function may include expenses for salaries, fringe benefits, supplies, and capital outlay. OMB Circular A-21 requires expenditures for capital outlays to be excluded from the indirect cost rate computation.

Generally, a direct cost is one incurred specifically for one activity, while indirect costs are of a more general nature and are incurred for the benefit of several activities. As previously noted, the objective of this computation is to equitably allocate administrative support costs to personnel that perform mandated cost activities claimed by the college. For the purpose of this computation we have defined indirect costs to be those costs which provide administrative support to personnel who perform mandated cost activities. We have defined direct costs to be those indirect costs that do not provide administrative support to personnel who perform mandated cost activities and those costs that are directly related to instructional activities of the college. Accounts that should be classified as indirect costs are: Planning and Policy Making, Fiscal Operations, General Administrative Services, and Logistical Services. If any costs included in these accounts are claimed as a mandated cost, i.e., salaries of employee performing mandated cost activities, the cost should be reclassified as a direct cost. Accounts in the following groups of accounts should be classified as direct costs: Instruction, Instructional Administration, Instructional Support Services, Admissions and Records, Counseling and Guidance, Other Student Services, Operation and Maintenance of Plant, Community Relations, Staff Services, Non-instructional Staff-Retirees' Benefits and Retirement Incentives, Community Services, Ancillary Services and Auxiliary Operations. A college may classify a portion of the expenses reported in the account Operation and Maintenance of Plant as indirect. The claimant has the option of using a 7% or a higher expense percentage is allowable if the college can support its allocation basis.

The rate, derived by determining the ratio of total indirect expenses and total direct expenses when applied to the direct costs claimed, will result in an equitable distribution of the college's mandate related indirect costs. An example of the methodology used to compute an indirect cost rate is presented in Table 4.

Table 4 Indirect Cost Rate for Community Colleges

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Subtotal Instruction	599	\$19,590,357	\$1,339,059	\$18,251,298	\$0	\$18,251,298
Instructional Administration	6000					
Academic Administration	301	2,941,386	105,348	2,836,038	0	2,836,038
Course Curriculum & Develop.	302	21,595	0	21,595	0	21,595
Instructional Support Service	6100					
Learning Center	311	22,737	863	21,874	0	21,874
Library	312	518,220	2,591	515,629	0	515,629
Media	313	522,530	115,710	406,820	0	406,820
Museums and Galleries	314	0	0	0	0	0
Admissions and Records	6200	584,939	12,952	571,987	0	571,987
Counseling and Guidance	6300	1,679,596	54,401	1,625,195	0	1,625,195
Other Student Services	6400					
Financial Aid Administration	321	391,459	20,724	370,735	0	370,735
Health Services	322	0	0	0	0	0
Job Placement Services	323	83,663	0	83,663	0	83,663
Student Personnel Admin.	324	289,926	12,953	276,973	0	276,973
Veterans Services	325	25,427	0	25,427	0	25,427
Other Student Services	329	0	0	0	0	0
Operation & Maintenance	6500					
Building Maintenance	331	1,079,260	44,039	1,035,221	0	1,035,221
Custodial Services	332	1,227,668	33,677	1,193,991	0	1,193,991
Grounds Maintenance	333	596,257	70,807	525,450	0	525,450
Utilities	334	1,236,305	0	1,236,305	0	1,236,305
Other	339	3,454	3,454	0	0	0
Planning and Policy Making	6600	587,817	22,451	565,366	565,366	0
General Inst. Support Services	6700					
Community Relations	341	0	0	0	0	0
Fiscal Operations	342	634,605	17,270	617,335	553,184	(a) 64,151
Subtotal		\$32,037,201	\$1,856,299	\$30,180,902	\$1,118,550	\$29,062,352

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
General Inst. Sup. Serv. (cont.)	6700					
Administrative Services	343	\$1,244,248	\$219,331	\$1,024,917	\$933,494	(a) \$91,423
Logistical Services	344	1,650,889	126,935	1,523,954	1,523,954	0
Staff Services	345	0	0	0	0	0
Noninstr. Staff Benefit & Incent.	346	10,937	0	10,937	0	10,937
Community Services	6800					
Community Recreation	351	703,858	20,509	683,349	0	683,349
Community Service Classes	352	423,188	24,826	398,362	0	398,362
Community Use of Facilities	353	89,877	10,096	79,781	0	79,781
Ancillary Services	6900					
Bookstores	361	0	0	0	0	0
Child Development Center	362	89,051	1,206	87,845	0	87,845
Farm Operations	363	0	0	0	0	0
Food Services	364	0	0	0	0	0
Parking	365	420,274	6,857	413,417	0	413,417
Student Activities	3663	0	0	0	0	0
Student Housing	67	0	0	0	0	0
Other	379	0	0	0	0	0
Auxiliary Operations	7000					
Auxiliary Classes	381	1,124,557	12,401	1,112,156	0	1,112,156
Other Auxiliary Operations	382	0	0	0	0	0
Physical Property Acquisitions	7100	814,318	814,318	0	0	0
(05) Total		\$38,608,398	\$3,092,778	\$35,515,620	\$3,575,998	\$31,939,622
(06) Indirect Cost Rate: (Total Indirect Cost/Total Direct Cost)				11.1961%		
(07) Notes						
(a) Mandated Cost activities designated as direct costs per claim instructions.						

Tab 4

**Health Services Analysis for ARC
FY 1997-98 through FY 2001-02**

<u>Fiscal Year</u>	<u>Month</u>	<u>Total Services Provided</u>	<u>Allowable Services Provided</u>	<u>Percentage of Unallowable Services</u>
<u>1997-98</u>	no records provided.			
<u>1998-99</u>	January	815	704	
	February	777	630	
	March	622	466	
	April	498	372	
	May	503	346	
	June	282	228	
	Total	<u>3,497</u>	<u>2,746</u>	<u>(21.48%)</u>
<u>1999-2000</u>	August	924	769	
	October	534	419	
	December	280	218	
	February	572	386	
	April	338	247	
	June	308	267	
	Total	<u>2,956</u>	<u>2,306</u>	<u>(21.99%)</u>
<u>2000-01</u>	July	261	238	
	September	650	558	
	November	398	335	
	January	833	787	
	March	571	476	
	May	385	325	
	Total	<u>3,098</u>	<u>2,719</u>	<u>(12.23%)</u>
<u>2001-02</u>	August	725	702	
	October	650	593	
	December	345	321	
	February	687	628	
	April	531	485	
	June	262	238	
	Total	<u>3,200</u>	<u>2,967</u>	<u>(7.28%)</u>
Average, FY 1998-99 through FY 2001-02				<u>(15.74%)</u>

Tab 5

**Summary of Unallowable Salary and Related Indirect Costs
FY 1997-98 through FY 2001-02**

	Fiscal Year					Total
	1997-98	1998-99	1999-2000	2000-01	2001-02	
ARC salary costs claimed	\$ 153,969	\$ 175,149	\$ 163,054	\$ 170,007	\$ 138,586	
Percentage of unallowable services	x (15.74%)	x (21.48%)	x (21.99%)	x (12.23%)	x (7.28%)	
Unallowable salary costs	(24,235)	(37,622)	(35,855)	(20,792)	(10,089)	\$ (128,593)
Related indirect costs	(7,554)	(11,437)	(10,900)	(6,539)	(3,099)	(39,529)
Audit adjustment	\$ (31,789)	\$ (49,059)	\$ (46,755)	\$ (27,331)	\$ (13,188)	\$ (168,122)

Tab 6

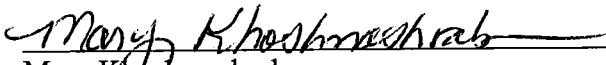
Declaration of Mary Khoshmashrab

I, Mary Khoshmashrab, the undersigned, declare:

1. I am over the age of 18 and otherwise competent to testify in any court or administrative proceeding.
2. I have been employed by the State Controller's Office (SCO) since August 1999.
3. At the present time, I am a Staff Management Auditor – Specialist in the SCO's Division of Audits.
4. The attached "Exhibit A" is a true and exact copy of the General Information – Contact Log maintained in the SCO's audit work papers for the audit of Los Rios Community College District, Health Fee Elimination Program, fiscal year 1997-98 through fiscal year 2001-02.
5. The General Information – Contact Log documents my efforts to schedule an audit entrance conference with Los Rios Community College District, to be held in December 2002. However, the district requested that the entrance conference be delayed until January 2003 based on the availability of district staff.

The foregoing facts are known to me personally, and, if so required, I could testify to the statements made herein. I hereby declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct except where stated upon information or belief and where so stated I declare that I believe them to be true.

Executed this 13th day of December, 2005, at Sacramento, California.



Mary Khoshmashrab

2A1/2
11/10/03 @

**LOS RIOS COMMUNITY COLLEGE DISTRICT
GENERAL INFORMATION-CONTACT LOG
AUDIT ID NO. SO3-MCC-00016,17
FISCAL YEAR 1998/99 THROUGH 2000-01**

12/10/02- called district to set up entrance meeting for week of December 16, 2002. Left message for Carrie to call me about meeting and gave the mandate and fiscal years we were going to audit.

12/12/02- called district to follow up on entrance conference. Left message for Carrie to call regarding meeting. Asked for Vice Chancellor's name. Jon Sharpe name was provided.

12/16/02- called district to set up an entrance conference for this week. Still no call back from Carrie requested her to call as soon as possible. Noted to secretary that I have left several messages.

12/19/02- called district Carrie answered phone. Requested meeting with her she stated that December would not work because Kim Sayles needed to attend and she would not be in. Carrie would call me back.

12/19/02- Carrie Called back set entrance for January 16, 2003 at 9:30am.

12/19/02- Called left message with Carrie for fax number to fax copy of Contract Letter.

Tab 7

Hearing: 5/25/89
File Number: CSM-4206
Staff: Deborah Fraga-Decker
WP 0366d

PROPOSED PARAMETERS AND GUIDELINES AMENDMENTS
Chapter 1, Statutes of 1984, 2nd E.S.
Chapter 1118, Statutes of 1987
Health Fee Elimination ✓

Executive Summary

At its hearing of November 20, 1986, the Commission on State Mandates found that Chapter 1, Statutes of 1984, 2nd E.S., imposed state mandated costs upon local community college districts by (1) requiring those community college districts which provided health services for which it was authorized to and did charge a fee to maintain such health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter and (2) repealing the district's authority to charge a health fee. The requirements of this statute would repeal on December 31, 1987, unless subsequent legislation was enacted.

Chapter 1118, Statutes of 1987, was enacted September 24, 1987, and became effective January 1, 1988. Chapter 1118/87 modified the requirements contained in Chapter 1/84, 2nd E.S., to require those community college districts which provided health services in fiscal year 1986-87 to maintain such health services in the 1987-88 fiscal year and each fiscal year thereafter. Additionally, the language contained in Chapter 1/84, 2nd E.S., which repealed the districts' authority to charge a health fee to cover the costs of the health services program was allowed to sunset, thereby reinstating the districts' authority to charge a fee as specified. Parameters and guidelines amendments are appropriate to address the changes contained in Chapter 1118/87 because this statute amended the same Education Code sections previously enacted by Chapter 1/84, 2nd E.S., and found to contain a mandate.

Commission staff included the Department of Finance suggested non-substantive amendment to the staff's proposed parameters and guidelines amendments. The Chancellor's Office, the State Controller's Office, and the claimant are in agreement with these amendments. Therefore, staff recommends that the Commission adopt the parameters and guidelines amendments as requested by the Chancellor's Office and as developed by staff.

Claimant

Rio Hondo Community College District

Requesting Party

California Community Colleges Chancellor's Office

Chronology

12/2/85 Test Claim filed with Commission on State Mandates.
7/24/86 Test Claim continued at claimant's request.
11/20/86 Commission approved mandate.
1/22/87 Commission adopted Statement of Decision.
4/9/87 Claimant submitted proposed parameters and guidelines.
8/27/87 Commission adopted parameters and guidelines
10/22/87 Commission adopted cost estimate
9/28/88 Mandate funded in Commission's Claims Bill, Chapter 1425/88

Summary of Mandate

Chapter 1/84, 2nd E.S., effective July 1, 1984, repealed Education Code (EC) Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. The statute also required that any community college district which provided health services for which it was authorized to charge a fee shall maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter.

Prior to the passage of Chapter 1/84, 2nd E.S., the implementation of a health services program was at the local community college district's option. If implemented, the respective community college district had the authority to charge a health fee up to \$7.50 per semester for day and evening students, and \$5 per summer session.

Proposed Amendments

The Community Colleges Chancellor's Office (Chancellor's Office) has requested parameters and guidelines amendments be made to address the changes in mandated activities effectuated by Chapter 1118/87. (Attachment G) In order to expedite the process, staff has developed language to accomplish the following: (1) change the eligible claimants to those community college districts which provided a health services program in fiscal year 1986-87; and (2) change the offsetting savings and other reimbursements to include the reinstated authority to charge a health fee. (Attachment B)

Recommendations

The Department of Finance (DOF) proposed one non-substantive amendment to clarify the effect of the fee authority language on the scope of the reimbursable costs. With this amendment, the DOF believes the amendments to the parameters and guidelines are appropriate for this mandate and recommends the Commission adopt them. (Attachment C)

The Chancellor's Office recommends that the Commission approve the amended parameters and guidelines developed by staff with the additional language suggested by the DOF. (Attachment D)

The State Controller's Office (SCO), upon review of the proposed amendments, finds the proposals proper and acceptable. (Attachment E)

The claimant, in its recommendation, states its belief that the revisions are appropriate and concurs with the proposed changes. (Attachment F)

Staff Analysis

Issue 1: Eligible Claimants

The mandate found in Chapter 1/84, 2nd E.S., was for a new program with a required maintenance of effort at the fiscal year 1983-84 level. Chapter 1118/87 superseded that level of service by requiring that community college districts which provided a health services program in fiscal year 1986-87 maintain that level of effort in fiscal year 1987-88 and each subsequent year thereafter. Additionally, this expanded the group of eligible claimants because the requirement is no longer imposed on only those community college districts which had charged a health fee for the program. At the time of enactment of Chapter 1118/87, there were 11 community college districts which provided the health services program but had never charged a health fee for the service.

Therefore, staff has amended the language in Item III. "Eligible Claimants" to reflect this change in the scope of the mandate.

Issue 2: Reimbursement Alternatives

In response to Chapter 1/84, 2nd E.S., Item VI.B. contained two alternatives for claiming reimbursement costs. This gave claimants a choice between claiming actual costs for providing the health services program, or funding the program as was done prior to the mandate when a health fee could be charged.

The first alternative was in Item VI.B.1. and provided for the use of the formula which the eligible claimants were authorized to utilize prior to the implementation of Chapter 1/84, 2nd E.S.--total eligible enrollment multiplied by the health fee charged per student in fiscal year 1983-84. With the sunset of the repeal of the health fee authority as contained in Chapter 1/84, 2nd E.S., claimants can now charge the health fee as was allowed prior to fiscal year 1983-84, thereby funding the program as was done prior to the mandate. Therefore, this alternative is no longer applicable to this mandate and has been deleted by staff.

The second alternative was in Item VI.B.2. and provided for the claiming of actual costs involved in maintaining a health services program at the fiscal year 1983-84 level. This alternative is now the sole method of reimbursement for this mandate. However, it has been amended to reflect that Chapter 1118/87 requires a maintenance of effort at the fiscal year 1986-87 level.

Issue 3: Offsetting Savings and Other Reimbursements

With the sunset of the repeal of the fee authority contained in Chapter 1/84, 2nd E.S., Education Code (EC) section 72246(a) again provides community college districts with the authority to charge a health fee as follows:

"72246.(a) The governing board of a district maintaining a community college may require community college students to pay a fee in the total amount of not more than seven dollars and fifty cents (\$7.50) for each semester, and five dollars (\$5) for summer school, or five dollars (\$5) for each quarter for health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, authorized by Section 72244, or both."

Staff amended Item "VIII. Offsetting Savings and Other Reimbursements" to reflect the reinstatement of this fee authority.

In response to that amendment, the DOF has proposed the addition of the following language to Item VIII. to clarify the impact of the fee authority on claimants' reimbursable costs:

"If a claimant does not levy the fee authorized by Education Code Section 72246(a), it shall deduct an amount equal to what it would have received had the fee been levied."

Staff concurs with the DOF proposed language which does not substantively change the scope of Item VIII.

Issue 4: Editorial Changes

In preparing the proposed parameters and guidelines amendments, it was not necessary for staff to make any of the normal editorial changes as the original parameters and guidelines contained the language usually adopted by the commission.

Staff, the DOF, the Chancellor's Office, the SCO, and the claimant are in agreement with the recommended amendments which are shown in Attachment A with additions indicated by underlining and deletions by strikeout.

Staff Recommendation

Staff recommends the adoption of the staff's proposed parameters and guidelines amendments, which are based on the original parameters and guidelines adopted in response to Chapter 1/84, 2nd E.S., and amended in response to Chapter 1118/87, as well as incorporating the amendment recommended by the DOF. All parties concur with these amendments.

Adopted: 8/27/87

PARAMETERS AND GUIDELINES
Chapter 1118, Statutes of 1984, 2nd E.S.
Health Fee Elimination

I. SUMMARY OF MANDATE

Chapter 1, Statutes of 1984, 2nd E.S. repealed Education Code Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during the 1983-84 fiscal year had to be maintained at that level in the 1984-85 fiscal year and every year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community colleges districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987, amended Education Code section 72246 to require any community college district that provided health services in 1986-87 to maintain health services at the level provided during the 1986-87 fiscal year in 1987-88 and each fiscal year thereafter.

II. COMMISSION ON STATE MANDATES' DECISION

At its hearing on November 20, 1986, the Commission on State Mandates determined that Chapter 1, Statutes of 1984, 2nd E.S. imposed a "new program" upon community college districts by requiring any community college district which provided health services for which it was authorized to charge a fee pursuant to former Section 72246 in the 1983-84 fiscal year to maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter. This maintenance of effort requirement applies to all community college districts which levied a health services fee in the 1983-84 fiscal year, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the 1983-84 fiscal year level.

At its hearing of April 27, 1989, the Commission determined that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to apply to all community college districts which provided health services in fiscal year 1986-87 and required them to maintain that level in fiscal year 1987-88 and each fiscal year thereafter.

III. ELIGIBLE CLAIMANTS

Community college districts which provided health services ~~for~~ in 1983-84 fiscal year and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs.

IV. PERIOD OF REIMBURSEMENT

Chapter 1, Statutes of 1984, 2nd E.S., became effective July 1, 1984. Section 17557 of the Government Code states that a test claim must be submitted on or before November 30th following a given fiscal year to establish for that fiscal year. The test claim for this mandate was filed on November 27, 1985; therefore, costs incurred on or after July 1, 1984, are reimbursable. Chapter 1118, Statutes of 1987, became effective January 1, 1988. Title 2, California Code of Regulations, section 1185.3(a) states that a parameters and guidelines amendment filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines; therefore, costs incurred on or after January 1, 1988, for Chapter 1118, Statutes of 1987, are reimbursable.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim if applicable. Pursuant to Section 17561(d)(3) of the Government Code, all claims for reimbursement of costs shall be submitted within 120 days of notification by the State Controller of the enactment of the claims bill.

If the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code Section 17564.

V. REIMBURSEMENTABLE COSTS

A. Scope of Mandate

Eligible community college districts shall be reimbursed for the costs of providing a health services program ~~with the/with the/during the/~~ ~~to/they/d/fee~~. Only services provided ~~for/fee/in~~ 1986-87 fiscal year may be claimed.

B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year ~~1983-84~~ 1986-87:

ACCIDENT REPORTS

APPOINTMENTS

- College Physician - Surgeon
 - Dermatology, Family Practice, Internal Medicine
- Outside Physician
- Dental Services
- Outside Labs (X-ray, etc.)
- Psychologist, full services
- Cancel/Change Appointments
- R.N.
- Check Appointments

ASSESSMENT, INTERVENTION & COUNSELING

Birth Control
Lab Reports
Nutrition
Test Results (office)
VD
Other Medical Problems
CD
URI
ENT
Eye/Vision
Derm./Allergy
Gyn/Pregnancy Services
Neuro
Ortho
GU
Dental
GI
Stress Counseling
Crisis Intervention
Child Abuse Reporting and Counseling
Substance Abuse Identification and Counseling
Aids
Eating Disorders
Weight Control
Personal Hygiene
Burnout

EXAMINATIONS (Minor Illnesses)

Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION

Sexually Transmitted Disease
Drugs
Aids
Child Abuse
Birth Control/Family Planning
Stop Smoking
Etc.
Library - videos and cassettes

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

Diphtheria/Tetanus
Measles/Rubella
Influenza
Information

INSURANCE

On Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE

Inquiry/Interpretation
Pap Smears

PHYSICALS

Employees
Students
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

Antacids
Antidiarrhial
Antihistamines
Aspirin, Tylenol, etc.
Skin rash preparations
Misc.
Eye drops
Ear drops
Toothache - Oil cloves
Stingkill
Midol - Menstrual Cramps

PARKING CARDS/ELEVATOR KEYS

Tokens
Return card/key
Parking inquiry
Elevator passes
Temporary handicapped parking permits

REFERRALS TO OUTSIDE AGENCIES

Private Medical Doctor
Health Department
Clinic
Dental
Counseling Centers
Crisis Centers
Transitional Living Facilities (Battered/Homeless Women)
Family Planning Facilities
Other Health Agencies

TESTS

Blood Pressure
Hearing
Tuberculosis
 Reading
 Information
Vision
Glucometer
Urinalysis
Hemoglobin
E.K.G.
Strep A testing
P.G. testing
Monospot
Hemacult
Misc.

MISCELLANEOUS

Absence Excuses/PE Waiver
Allergy Injections
Band-aids
Booklets/Pamphlets
Dressing Change
Rest
Suture Removal
Temperature
Weigh
Misc.
Information
Report/Form
Wart Removal

COMMITTEES

Safety
Environmental
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety
Stress Management
Communication Skills
Weight Loss
Assertiveness Skills

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a list of each item for which reimbursement is claimed under this mandate. // *Every item/claim/costs/under one/two/alternatives///XX/fee/amount/previously/collected/per student/and/enrollment/count//or/XX/actual/costs/of/program/*

A. Description of Activity

1. Show the total number of full-time students enrolled per semester/quarter.
2. Show the total number of full-time students enrolled in the summer program.
3. Show the total number of part-time students enrolled per semester/quarter.
4. Show the total number of part-time students enrolled in the summer program.

B. Claiming/Alternatives

Claimed costs should be supported by the following information:

Alternative/1//Fees/Previously/Collected/in/1983-84/Fiscal/Year/

1/ Fees/collected/in/the/1983-84/fiscal/year/to/support
the/headen/serVICES/program/

2/ Total/number/of/students/under/item/VI/A/Y//through/4/
above///listing/chis/alternative//the/total/amount
claimed/would/be/item/VI/B/Y//multiplied/by/item
VI/B/2//with/the/total/amount/reimbursed/increased/by
the/applicable/impACT/price/Defactor/

Alternative/2//Actual Costs of Claim Year for Providing
1986-87 Fiscal Year Program Level of Service.

1. Employee Salaries and Benefits

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Services and Supplies

Only expenditures which can be identified as a direct cost of the mandate can be claimed. List cost of materials which have been consumed or expended specifically for the purpose of this mandate.

3. Allowable Overhead Cost

Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 19836-847 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount of \$7.50 per full-time student per semester, \$5.00 per full-time student for summer school, or \$5.00 per full-time student per quarter, as authorized by Education Code section 72246(a). This shall also include payments (fees) now received from individuals other than students who were not covered by former Education Code Section 72246 for health services.

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

THAT Section 1090 to 1096, inclusive, of the Government Code and other applicable provisions of the law have been complied with;

and

THAT I am the person authorized by the local agency to file claims for funds with the State of California.

Signature of Authorized Representative

Date

Title

Telephone No.

CALIFORNIA COMMUNITY COLLEGES

1107 NINTH STREET
SACRAMENTO, CALIFORNIA 95814
(916) 445-8752 445-1163



February 22, 1989



Mr. Robert W. Eich
Executive Director
Commission on State Mandates
1130 "K" Street, Suite LL50
Sacramento, CA 95814-3927

Dear Mr. Eich:

As you know, the Commission on August 27, 1987 adopted Parameters and Guidelines for claiming reimbursements of mandated costs related to community college health services. Fees formerly collected by community colleges had been eliminated by Chapter 1, Statutes of 1984, Second Extraordinary Session. Last year's mandate claims bill (AB 2763) included funding to pay all these claims through 1988-89.

The Governor's partial approval of AB 2763 last September included a stipulation that claims for the current year would be paid this fiscal year, but prior-year claims will be paid in equal installments from the next three budget acts. The Governor did not address the fact that the ongoing costs of providing the mandated level of service will continue to exceed the maximum permissible fee of \$7.50 per student per semester.

On behalf of all eligible community college districts, the Chancellor's Office proposes the following changes in the Parameters and Guidelines:

- o Payment of 1988-89 mandated costs in excess of maximum permissible fees. (This amount is payable from AB 2763.)
- o Payment of all prior-year claims in installments over the next three years. (Funds for these payments will be included in the next 3 budget acts.)
- o Payment of future-years mandated costs in excess of the maximum permissible fees. (No funding has yet been provided for these costs.)

Mr. Eich

2

February 22, 1989

If you have any questions regarding this proposal, please contact Patrick Ryan at (916) 445-1163.

Sincerely,

David Mertes

DAVID MERDES
Chancellor

DM:PR:mh

cc: / Deborah Fraga-Decker, CSM
Douglas Burris
Joseph Newmyer
Gary Cook

State of California

Memorandum

Date: March 22, 1989

To: Deborah Fraga-Decker
Program Analyst
Commission on State Mandates

From: Department of Finance

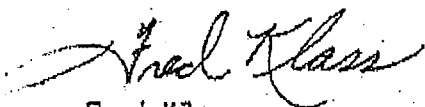
Proposed Amendments to Parameters and Guidelines for Claim No. CSM-4206 -- Chapter 1, Statutes of 1984, 2nd E.S. and Chapter 1118, Statutes of 1987 -- Health Fee Elimination

Pursuant to your request, the Department of Finance has reviewed the proposed amendments to the parameters and guidelines related to community college health services. These amendments, which are requested by the Chancellor's Office, reflect the impact that Chapter 1118/87 has on the original parameters adopted by the Commission for Chapter 1/84 on August 27, 1987. Specifically, Chapter 1118/87:

- (1) requires districts which were providing health services in 1986-87, rather than 1983-84, to continue to provide such services, irrespective of whether or not a fee was charged for the services; and
- (2) allows all districts to again charge a fee of up to \$7.50 per student for the services. In this regard, we would point out that the proposed amendment to "VIII. Offsetting Savings, and Other Reimbursements" could be interpreted to require that, if a district elected not to charge fees it would not have to deduct anything from its claim. We believe that, pursuant to Section 17556 (d) of the Government Code, an amount equal to \$7.50 per student must be deducted whether or not it is actually charged since the district has the authority to levy the fee. We suggest that the following language be added as a second paragraph under "VIII": "If a claimant does not levy the fee authorized by Education Code Section 72246 (a), it shall deduct an amount equal to what it would have received had the fee been levied."

With the amendment described above, we believe the amendments to the parameters and guidelines are appropriate for this mandate and recommend the Commission adopt them at its April 27, 1989, meeting.

Any questions regarding this recommendation should be directed to James M. Apps or Kim Clement of my staff at 324-0043.


Fred Klass
Assistant Program Budget Manager

cc: see second page

cc: Glen Beatie, State Controller's Office
Pat Ryan, Chancellor's Office, Community College
Juliet Musso, Legislative Analyst's Office
Richard Frank, Attorney General

LR:1988-2

CHIEF OF STAFF'S OFFICE

GEORGE DEUKMEJIAN, Governor

CALIFORNIA COMMUNITY COLLEGES

1501 NINTH STREET
 SACRAMENTO, CALIFORNIA 95814
 (916) 445-8752 445-1163



April 3, 1989

Mr. Robert W. Eich
 Executive Director
 Commission on State Mandates
 170 K Street, Suite LL50
 Sacramento, CA 95814

Attention: Ms. Deborah Fraga-Decker

Subject: CSM 4206
 Amendments to Parameters and Guidelines
 Chapter 1, Statutes of 1984, 2nd E.S.
 Chapter 118, Statutes of 1987
Health Fee Elimination

Dear Mr. Eich:

In response to your request of March 8, we have reviewed the proposed language changes necessary to amend the existing parameters and guidelines to meet the requirements of Chapter 1118, Statutes of 1987.

The Department of Finance has also provided us a copy of their suggestion to add the following language in part VIII: "If a claimant does not levy the fee authorized by Education Code Section 72246(a), it shall deduct an amount equal to what it would have received had the fee been levied." This office concurs with their suggestion which is consistent with the law and with our request of February 22.

With the additional language suggested by the Department of Finance, the Chancellor's Office recommends approval of the amended parameters and guidelines as drafted for presentation to the Commission on April 27, 1989.

Sincerely,

DAVID MERTES
 Chancellor

DM:PR:mh

cc: Jim Apps, Department of Finance
 Glen Beatie, State Controller's Office
 Richard Frank, Attorney General's Office
 Juliet Muso, Legislative Analyst's Office
 Douglas Burris
 Joseph Newmyer
 Gary Cook



GRAY DAVIS
 Controller of the State of California
 P.O. BOX 942850
 SACRAMENTO, CA 94250-0001

April 3, 1989

Ms. Deborah Fraga-Decker
 Program Analyst
 Commission on State Mandates
 1130 K Street, Suite LL50
 Sacramento, CA 95814



Dear Ms. Fraga-Decker:

RE: Proposed Amendments to Parameters and Guidelines: Chapter 1/84, 2nd
 E.S., and Chapter 1118/87 - Health Fee Elimination

We have reviewed the amendments proposed on the above subject and find the proposals proper and acceptable.

However, the Commission may wish to clarify section "VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS" that the required offset is the amount received or would have received per student in the claim year.

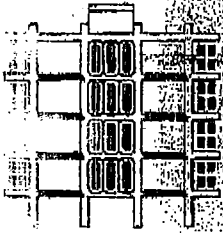
If you have any questions, please call Glen Beatie at 3-8137.

Sincerely,

Glenn Haas, Assistant Chief
 Division of Accounting

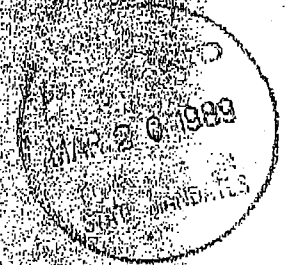
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SC81822



HR/60

RIO HONDO COMMUNITY COLLEGE DISTRICT
 3600 Workman Mill Road • Whittier, CA 90808 • Phone (213) 692-0921



March 16, 1989

Ms. Deborah Fraga-Decker
 Program Analyst
 Commission on State Mandates
 1130 K Street, Suite LL50
 Sacramento, CA 95814

REFERENCE: CSM-4206
 AMENDMENTS TO PARAMETERS AND GUIDELINES
 CHAPTER 1, STATUTES OF 1984, 2ND E.S.
 CHAPTER 1118, STATUTES OF 1987
 HEALTH FEE ELIMINATION

Dear Deborah:

We have reviewed your letter of March 7 to Chancellor David Mertes and the attached amendments to the health fee parameters and guidelines. We believe these revisions to be most appropriate and concur totally with the changes you have proposed.

I would like to thank you again for your expertise and helpfulness throughout this entire process.

Yours very truly,

Timothy M. Wood
 Vice President
 Administrative Affairs

TMW:hh

COMMISSION ON STATE MANDATES

980 NINTH STREET, SUITE 300
SACRAMENTO, CA 95814
PHONE: (916) 323-3562
FAX: (916) 445-0278
E-mail: csminfo@csm.ca.gov



September 19, 2005

Mr. Keith B. Petersen
SixTen and Associates
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Ms. Ginny Brummels
Division of Accounting and Reporting
State Controller's Office
3301 C Street, Suite 501
Sacramento, CA 95816

Re: **Incorrect Reduction Claim**
Health Fee Elimination, 05-4206-I-06
Los Rios Community College District, Claimant
Education Code Section 76355
Statutes 1984, Chapter 1, 2nd E.S.; Statutes 1987, Chapter 1118
Fiscal Years 1997-1998, 1998-1999, 1999-2000, 2000-2001, 2001-2002

Dear Mr. Petersen and Ms. Brummels:

On September 9, 2005, the Los Rios Community College District filed an incorrect reduction claim (IRC) with the Commission on State Mandates (Commission) based on the *Health Fee Elimination* program for fiscal years 1997-1998, 1998-1999, 1999-2000, 2000-2001, and 2001-2002. Commission staff determined that the IRC filing is complete.

Government Code section 17551, subdivision (b), requires the Commission to hear and decide upon claims filed by local agencies and school districts that the State Controller's Office (SCO) has incorrectly reduced payments to the local agencies or school districts.

SCO Review and Response. Please file the SCO response and supporting documentation regarding this claim within 90 days of the date of this letter. Please include an explanation of the reason(s) for the reductions and the computation of reimbursements. All documentary evidence must be authenticated by declarations under penalty of perjury signed by persons who are authorized and competent to do so and be based on the declarant's personal knowledge, information or belief. The Commission's regulations also require that the responses (opposition or recommendation) filed with the Commission be simultaneously served on the claimants and their designated representatives, and accompanied by a proof of service. (Cal. Code Regs., tit. 2, § 1185.01.)

The failure of the SCO to respond within this 90-day timeline shall not cause the Commission to delay consideration of this IRC.

Claimant's Rebuttal. Upon receipt of the SCO response, the claimant and interested parties may file rebuttals. The rebuttals are due 30 days from the service date of the response.

Prehearing Conference. A prehearing conference will be scheduled if requested.

Public Hearing and Staff Analysis. The public hearing on this claim will be scheduled after the record closes. A staff analysis will be issued on the IRC at least eight weeks prior to the public hearing.

Dismissal of Incorrect Reduction Claims. Under section 1188.31 of the Commission's regulations, IRCs may be dismissed if postponed or placed on inactive status by the claimant for more than one year. Prior to dismissing a claim, the Commission will provide 60 days notice and opportunity for the claimant to be heard on the proposed dismissal.

Please contact Tina Poole at (916) 323-8220 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy Patton", written in a cursive style.

NANCY PATTON
Assistant Executive Director

Enclosure: Incorrect Reduction Claim Filing - (SCO only)

02

SixTen and Associates

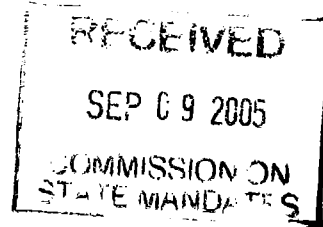
Mandate Reimbursement Services

KEITH B. PETERSEN, MPA, JD, President
252 Balboa Avenue, Suite 807
San Diego, CA 92117

Telephone: (858) 514-8605
Fax: (858) 514-8645
E-Mail: Kbpsixten@aol.com

September 7, 2005

Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814



RE: Health Fee Elimination
Fiscal Years: 1997-98 through 2001-02
Incorrect Reduction Claim

Dear Ms. Higashi:

Enclosed is the original and two copies of the above referenced incorrect reduction claim for Los Rios Community College District.

SixTen and Associates has been appointed by the District as its representative for this matter and all interested parties should direct their inquiries to me, with a copy as follows:

Jon Sharpe, Deputy Chancellor
Los Rios Community College District
1919 Spanos Court
Sacramento, CA 95825-3981

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith B. Petersen".

Keith B. Petersen

NCORRECT REDUCTION CLAIM FORM

Claim No. 05-4206-I-06

Local Agency or School District Submitting Claim

LOS RIOS COMMUNITY COLLEGE DISTRICT

Contact Person

Telephone Number

Keith B. Petersen, President
SixTen and Associates
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Voice: 858-514-8605
Fax: 858-514-8645
E-mail: Kbpsixten@aol.com

Address

Jon Sharpe, Deputy Chancellor
Los Rios Community College District
1919 Spanos Court
Sacramento, CA 95825-3981

Representative Organization to be Notified

Telephone Number

Robert Miyashiro, Consultant, Education Mandated Cost Network
c/o School Services of California
1121 L Street, Suite 1060
Sacramento, CA 95814

Voice: 916-446-7517
Fax: 916-446-2011
E-mail: robertm@SSCal.com

This claim alleges an incorrect reduction of a reimbursement claim filed with the State Controller's Office pursuant to section 17561 of the Government Code. This incorrect reduction claim is filed pursuant to section 17561(b) of the Government Code.

CLAIM IDENTIFICATION: Specify Statute or Executive Order

HEALTH FEE ELIMINATION Chapter 1, Statutes of 1984, 2nd E.S. Education Code Section 76355
Chapter 1118, Statutes of 1987

<u>Fiscal Year</u>	<u>Amount of the Incorrect Reduction</u>
1997-1998	\$606,532
1998-1999	\$625,570
1999-2000	\$634,185
2000-2001	\$667,337
2001-2002	\$671,976
Total Amount	\$3,205,600

IMPORTANT: PLEASE SEE INSTRUCTIONS AND FILING REQUIREMENTS FOR COMPLETING AN INCORRECT REDUCTION CLAIM ON THE REVERSE SIDE.

Name and Title of Authorized Representative

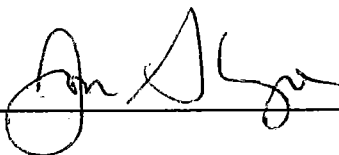
Telephone No.

Jon Sharpe, Deputy Chancellor

Voice: 916-568-3058
Fax: 916-568-3078
E-mail: SharpeJ@losrios.edu

Signature of Authorized Representative

Date

x 

August 29, 2005

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8

9 BEFORE THE
10 COMMISSION ON STATE MANDATES
11 STATE OF CALIFORNIA

12 INCORRECT REDUCTION CLAIM OF:)
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LOS RIOS
Community College District,

Claimant.

No. CSM _____
Chapter 1, Statutes of 1984, 2nd E.S.
Chapter 1118, Statutes of 1987
Education Code Section 76355
Health Fee Elimination
Annual Reimbursement Claims:
Fiscal Year 1997-1998
Fiscal Year 1998-1999
Fiscal Year 1999-2000
Fiscal Year 2000-2001
Fiscal Year 2001-2002

INCORRECT REDUCTION CLAIM FILING

31 PART I. AUTHORITY FOR THE CLAIM

32 The Commission on State Mandates has the authority pursuant to Government
33 Code Section 17551(d) " . . . to hear and decide upon a claim by a local agency or
34 school district filed on or after January 1, 1985, that the Controller has incorrectly
35 reduced payments to the local agency or school district pursuant to paragraph (2) of

Incorrect Reduction Claim of Los Rios Community College District
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1 subdivision (d) of Section 17561.” Los Rios Community College District (hereafter
2 “District” or “Claimant”) is a school district as defined in Government Code Section
3 17519.¹ Title 2, CCR, Section 1185 (a), requires claimants to file the incorrect
4 reduction claim with the Commission.

5 This incorrect reduction claim is timely filed. Title 2, CCR, Section 1185 (b),
6 requires incorrect reduction claims to be filed no later than three years following the
7 date of the Controller’s remittance advice notifying the claimant of a reduction. A
8 Controller’s audit report dated June 24, 2004 has been issued, but no remittance
9 advices have been issued. The audit report constitutes a demand for repayment and
10 adjudication of the claim. On July 15, 2005, the Controller issued “results of review
11 letters” reporting the audit results for all five fiscal years and demanding payment of
12 amounts due to the state.

13 There is no alternative dispute resolution process available from the Controller’s
14 office. In response to an audit issued March 10, 2004, Foothill-De Anza Community
15 College attempted to utilize the informal audit review process established by the
16 Controller to resolve factual disputes. Foothill-De Anza was notified by the Controller’s
17 legal counsel by letter of July 15, 2004 (attached as Exhibit “A”), that the Controller’s

¹ Government Code Section 17519, added by Chapter 1459, Statutes of 1984,
Section 1:

“‘School district’ means any school district, community college district, or county
superintendent of schools.”

Incorrect Reduction Claim of Los Rios Community College District
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1 informal audit review process was not available for mandate audits and that the proper
2 forum was the Commission on State Mandates.

3 PART II. SUMMARY OF THE CLAIM

4 The Controller has conducted a field audit of District's annual reimbursement
5 claims for the District's actual costs of complying with the legislatively mandated Health
6 Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session and
7 Chapter 1118, Statutes of 1987) for the period of July 1, 1997 through June 30, 2002.
8 As a result of the audit, the Controller determined that none of the claimed costs were
9 allowable and that \$2,224,368 should be returned to the State. We believe this is an
10 incorrect reduction, based on facts to follow.

Fiscal	Amount	Audit	SCO	Amount Due
<u>Year</u>	<u>Claimed</u>	<u>Adjustment</u>	<u>Payments</u>	<u><State></u>
1997-98	\$606,532*	\$606,532	\$606,532	<\$606,532>
1998-99	\$625,570	\$625,570	\$625,570	<\$625,570>
1999-00	\$634,185	\$634,185	\$634,185	<\$634,185>
2000-01	\$667,337	\$667,337	\$187,592	<\$187,592>
2001-02	\$671,976	\$671,976	\$170,489	<\$170,489>
Totals	\$3,205,600	\$3,205,600	\$2,224,368	<\$2,224,368>

19 * Net amount claimed after \$1,000 late filing penalty

20 PART III. PREVIOUS INCORRECT REDUCTION CLAIMS

21 The District has not filed any previous incorrect reduction claims for this

1 mandate program. The District is not aware of any other incorrect reduction claims
2 having been adjudicated on the specific issues or subject matter raised by this incorrect
3 reduction claim.

4 **PART IV. BASIS FOR REIMBURSEMENT**

5 1. Mandate Legislation

6 Chapter 1, Statutes of 1984, 2nd Extraordinary Session, repealed Education
7 Code Section 72246 which had authorized community college districts to charge a
8 student health services fee for the purpose of providing health supervision and
9 services, direct and indirect medical and hospitalization services, and operation of
10 student health centers. This statute also required the scope of student health services
for which a community college district charged a fee during the 1983-84 fiscal year be
12 maintained at that level in the 1984-85 fiscal year and every year thereafter. The
13 provisions of this statute were to automatically repeal on December 31, 1987.

14 Chapter 1118, Statutes of 1987, amended Education Code Section 72246 to
15 require any community college district that provided student health services in 1986-87
16 to maintain student health services at that level in 1987-88 and each fiscal year
17 thereafter.

18 Chapter 8, Statutes of 1993, Section 29, repealed Education Code Section
19 72246, effective April 15, 1993. Chapter 8, Statutes of 1993, Section 34, added

Incorrect Reduction Claim of Los Rios Community College District
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1 Education Code Section 76355², containing substantially the same provisions as former

² Education Code Section 76355, added by Chapter 8, Statutes of 1993, Section 34, effective April 15, 1993, as last amended by Chapter 758, Statutes of 1995, Section 99:

“(a) The governing board of a district maintaining a community college may require community college students to pay a fee in the total amount of not more than ten dollars (\$10) for each semester, seven dollars (\$7) for summer school, seven dollars (\$7) for each intersession of at least four weeks, or seven dollars (\$7) for each quarter for health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both.

The governing board of each community college district may increase this fee by the same percentage increase as the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar (\$1) above the existing fee, the fee may be increased by one dollar (\$1).

(b) If, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.

(c) The governing board of a district maintaining a community college shall adopt rules and regulations that exempt the following students from any fee required pursuant to subdivision (a):

(1) Students who depend exclusively upon prayer for healing in accordance with the teachings of a bona fide religious sect, denomination, or organization.

(2) Students who are attending a community college under an approved apprenticeship training program.

(3) Low-income students, including students who demonstrate financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid and students who demonstrate eligibility according to income standards established by the board of governors and contained in Section 58620 of Title 5 of the California Code of Regulations.

(d) All fees collected pursuant to this section shall be deposited in the fund of the district designated by the California Community Colleges Budget and Accounting Manual. These fees shall be expended only to provide health services as specified in regulations adopted by the board of governors.

Authorized expenditures shall not include, among other things, athletic trainers' salaries, athletic insurance, medical supplies for athletics, physical examinations for

Incorrect Reduction Claim of Los Rios Community College District
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1 Section 72246, effective April 15, 1993.

2 2. Test Claim

3 On December 2, 1985, Rio Hondo Community College District filed a test claim
4 alleging that Chapter 1, Statutes of 1984, 2nd Extraordinary Session, by requiring a
5 maintenance of effort, mandated increased costs by mandating a new program or the
6 higher level of service of an existing program within the meaning of California
7 Constitution Article XIII B, Section 6.

8 On November 20, 1986, the Commission on State Mandates determined that
9 Chapter 1, Statutes of 1984, 2nd Extraordinary Session, imposed a new program upon
10 community college districts by requiring any community college district, which provided
11 student health services for which it was authorized to charge a fee pursuant to former
12 Section 72246 in the 1983-1984 fiscal year, to maintain student health services at that

intercollegiate athletics, ambulance services, the salaries of health professionals for athletic events, any deductible portion of accident claims filed for athletic team members, or any other expense that is not available to all students. No student shall be denied a service supported by student health fees on account of participation in athletic programs.

(e) Any community college district that provided health services in the 1986-87 fiscal year shall maintain health services, at the level provided during the 1986-87 fiscal year, and each fiscal year thereafter. If the cost to maintain that level of service exceeds the limits specified in subdivision (a), the excess cost shall be borne by the district.

(f) A district that begins charging a health fee may use funds for startup costs from other district funds and may recover all or part of those funds from health fees collected within the first five years following the commencement of charging the fee.

(g) The board of governors shall adopt regulations that generally describe the types of health services included in the health service program."

Incorrect Reduction Claim of Los Rios Community College District
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1 level in the 1984-1985 fiscal year and each fiscal year thereafter.

2 At a hearing on April 27, 1989, the Commission on State Mandates determined
3 that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to
4 apply to all community college districts which provided student health services in fiscal
5 year 1986-1987 and required them to maintain that level of student health services in
6 fiscal year 1987-1988 and each fiscal year thereafter.

7 3. Parameters and Guidelines

8 On August 27, 1987, the original parameters and guidelines were adopted. On
9 May 25, 1989, those parameters and guidelines were amended. A copy of the
10 parameters and guidelines, as amended on May 25, 1989, is attached hereto as Exhibit
"B." So far as is relevant to the issues presented below, the parameters and guidelines
12 state:

13 "V. REIMBURSABLE COSTS

14 A. Scope of Mandate

15 Eligible community college districts shall be reimbursed for
16 the costs of providing a health services program. Only
17 services provided in 1986-87 fiscal year may be claimed.

18 VI. CLAIM PREPARATION

19 B... 3. Allowable Overhead Cost

20 Indirect costs may be claimed in the manner
21 described by the State Controller in his claiming
22 instructions.

1 VII. SUPPORTING DATA

2 For auditing purposes, all costs claimed must be traceable to
3 source documents and/or worksheets that show evidence of the
4 validity of such costs...

5 VIII OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

6 Any offsetting savings the claimant experiences as a direct result
7 of this statute must be deducted from the costs claimed. In
8 addition, reimbursement for this mandate received from any
9 source, e.g., federal, state, etc., shall be identified and deducted
10 from this claim. This shall include the amount of \$7.50 per full-time
11 student per semester, \$5.00 per full-time student for summer
12 school, or \$5.00 per full-time student per quarter, as authorized by
13 Education Code section 72246(a)³. This shall also include
14 payments (fees) received from individuals other than students who
15 are not covered by Education Code Section 72246 for health
16 services. ...”

4. Claiming Instructions

18 The Controller has annually issued or revised claiming instructions for the
19 Health Fee Elimination mandate. A copy of the September 1997 revision of the
20 claiming instructions is attached as Exhibit “C.” The September 1997 claiming
21 instructions are believed to be, for the purposes and scope of this incorrect reduction
22 claim, substantially similar to the version extant at the time the claims which are the

³ The authorized dollar amounts of student health fees was changed by Education Code Section 76355. See: Footnote 2. Subdivision (a) of Section 76355 permits the governing board of each community college district to increase these fees by the same percentage increase as the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. The Chancellor’s Office of the California Community Colleges notifies all districts that the Implicit Price Deflator allowed an increase in permissible fees.

1 subject of this incorrect reduction claim were filed. However, since the Controller's
2 claim forms and instructions have not been adopted as regulations, they have no force
3 of law, and, therefore, have no effect on the outcome of this claim.

4 PART V. STATE CONTROLLER CLAIM ADJUDICATION

5 The Controller conducted an audit of District's annual reimbursement claims for
6 fiscal years 1997-98, 1998-99, 1999-00, 2000-01 and 2001-02. The audit concluded
7 that none of the District's costs, as claimed, were allowable. A copy of the June 24,
8 2004-audit report is attached hereto as Exhibit "D."

9 VI. CLAIMANT'S RESPONSE TO THE STATE CONTROLLER

10 By letter dated May 5, 2004, the Controller transmitted a copy of its draft audit
report. By letter dated May 24, 2004, the District objected to the proposed adjustments
12 set forth in the draft copy of the audit report. A copy of the District's response is
13 attached hereto as Exhibit "E." The Controller then issued its final audit report without
14 change in its adjustments.

15 PART VII. STATEMENT OF THE ISSUES

16 **Finding 1: Unallowable salaries and fringe benefits**

17 The Controller asserts unallowable salaries totaling \$128,593 and related
18 indirect costs of \$39,529 for an increased level of student health services based on the
19 student health services inventory for American River College, one of the District's
20 (then) three (now four) colleges. The Controller states that its review of a sample of six

Incorrect Reduction Claim of Los Rios Community College District
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1 months of logs of "actual" student health services provided during the period of FY
2 1998-99 through FY 2001-02 indicated that American River College "provided" student
3 health services "exceeding" those services provided by the District during the base
4 year. The Controller concluded that an "average" of only 84.26% of the audit year
5 services matched services provided in the base year of FY 1986-87.

6 Statutory and Regulatory Requirements

7 Education Code Section 76355, subdivision (e), states:

8 "Any community college district that provided health services in the 1986-87
9 fiscal year shall maintain health services, at the level provided during the 1986-
10 87 fiscal year, and each fiscal year thereafter."

11 The parameters and guidelines state at Part III Eligible Claimants:

12 "Community college districts which provided health services in 1986-87 fiscal
13 year and continue to provide the same services as a result of this mandate are
14 eligible to claim reimbursement of those costs."

15 Services Provided vs. Services Rendered

16 The Controller audit findings do not demonstrate if the enumerated services
17 allegedly "not provided" in FY 1986-87 were actually available to students. As a
18 preliminary matter, we feel the Controller misstates the law, there are no specific
19 student health services required for each college district. The parameters and
20 guidelines state that "[o]nly services provided in 1986-87 fiscal year may be claimed."
21 Thus, the requirement is to continue the level of services provided in FY 1986-87, but
22 there is no statewide standard list of types of services to be provided. In addition, note
23 that the cost of services is not compared, only the level of services.

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1 The Controller is endeavoring to compare the student health services *rendered*
2 during the fiscal years claimed (audit years) to those services *rendered* during 1986-87
3 fiscal year (the base year). The comparison is intended to determine whether the same
4 or greater level of services are *rendered* in the audit years which may result in some
5 audit year costs being disallowed for being in excess of the mandate. The Controller
6 is requiring claimants to prove that services rendered in the audit years were also
7 rendered in the base year. In order to make this determination, the Controller is
8 reviewing base year services claimed which are clearly beyond the statute of limitations
9 for an audit or record retention.

10 The statutory requirement is that at least the same level of services be *provided*.
There is no basis in law or fact which requires the entire variety of health care services
12 *available* each year to actually have been utilized, which is to say *rendered*, each year
13 in order to prove that the same services are *provided*. The District is certifying that the
14 same level of services continue to be available, not that each and every service was
15 rendered each year. In other words, for example, hearing tests may be available every
16 year, but there may be a year in which no hearing tests were required by students.

17 Incidences of diseases and courses of treatment change over a period of fifteen
18 years. This dynamic perhaps was not anticipated when the parameters and guidelines
19 were adopted about twenty years ago. If so, this matter cannot be charged to the
20 claimants, as it is a Commission-adopted document.

Incorrect Reduction Claim of Los Rios Community College District
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1 District Level Test of Services Provided

2 The Controller states that its review of a sample of six-months of logs of "actual"
3 student health services provided indicated that *American River College* "provided"
4 student health services "exceeding" those services provided by the *district* during the
5 base year. This is not the standard of review to be used. The comparison of the levels
6 of services provided is a *district* level test, not a *college* level test. The Controller's
7 Form HFE 2.1 is consistent with the parameters and guidelines which establish the
8 inventory of student health services as a district-level test, not a particular college
9 within the district.

10 Audit by Sampling

 Sampling does not result in a determination of actual costs. The parameters and
12 guidelines do not allow the claimant to use sampling for reporting mandate costs. The
13 parameters and guidelines do not allow the Controller to use sampling techniques for
14 the determination of program compliance. Claimants were never on notice that the
15 Controller would be utilizing sampling techniques. This is a standard of general
16 application being enforced by the Controller without benefit of the rulemaking
17 procedures required by the Administrative Procedure Act.

18 Sampling Method

19 The Controller's calculation of the cost of services "not provided" utilizes
20 extrapolations of facts not related to the actual cost of those services. As stated
21 before, the adjustment is incorrect because it is based on services rendered.

Incorrect Reduction Claim of Los Rios Community College District
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1 Regardless, sampling here is too limited. First, the sample "universe" was limited to
2 one college. Second, if a particular service was not included in the portion of the
3 documentation selected for the sample, but was in the universe of services rendered,
4 the sampling improperly penalizes the District for a type of service actually rendered.

5 As a separate issue, it is inappropriate to apply a percentage reduction to the
6 audit period costs. The parameters and guidelines require maintenance of effort (level
7 of service) rather than cost accounting for the services provided. There is no evidence
8 that the cost of the services disallowed by the Controller represent the percentage of
9 activities disallowed. There is no basis to presume that the services disallowed are
10 uniform in cost to the services allowed. The method of adjustment used is not based
on a factual foundation or a legal basis.

12 Source Documentation

13 This finding is also based, partially, upon the report's assertion that the
14 "*Parameters and Guidelines* states [sic] that all costs claimed must be traceable to
15 source documentation that shows evidence of the validity of such costs." The
16 parameters and guidelines actually state, in that regard, that "...all costs claimed must
17 be traceable to source documents and/or worksheets that show evidence of the validity
18 of such costs." The Controller's audit report states that its adjustment was based on
19 logs of services provided to students. The logs upon which the Controller relied upon
20 for its adjustments are not documentation specifically required by the parameters and
21 guidelines. The Education Code and parameters and guidelines do not require the

Incorrect Reduction Claim of Los Rios Community College District
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1 claimant to provide records of the services rendered as a condition of reimbursement,
2 only to certify to the services available. Thus, the Controller is incorrectly adjusting the
3 claim reimbursement based on the claimant not having documentation which it is not
4 required to maintain.

5 As a factual matter, if the documentation used by the Controller was sufficient for
6 the Controller to calculate the dollar amount of alleged new services, it is contrary for
7 the Controller to assert that the adjustment is based on insufficient documentation. It
8 would therefore appear that this finding is based upon the incorrect standard for review.
9 The Controller, as the audit agency imposing the adjustment, has the burden of proving
10 the factual and legal basis for its adjustments. Instead, we contend the Controller
11 incorrectly audited the services rendered rather than services available to the students;
12 incorrectly used only the services provided at one college when the test is for the entire
13 district; incorrectly utilized a sample of the services rendered at one college which
14 could exclude the very thing they were seeking, that is a complete listing of services
15 rendered; and incorrectly applied their findings as a percentage reduction in cost
16 without a factual basis to presume that the cost of services disallowed are uniform.

17 Unreasonable or Excessive

18 None of the adjustments were made because the costs claimed were excessive
19 or unreasonable. The Controller does not assert that the claimed costs were excessive
20 or unreasonable, which is the only mandated cost audit standard in statute
21 (Government Code Section 17561(d) (2)). It would therefore appear that the entire

Incorrect Reduction Claim of Los Rios Community College District
1/84,1118/87 Health Fee Elimination

1 findings are based upon the wrong standard for review. If the Controller wishes to
2 enforce other audit standards for mandated cost reimbursement, the Controller should
3 comply with the Administrative Procedure Act.

4 **Finding 2: Unallowable services and supplies**

5 The Controller asserts unallowable services and supplies totaling \$28,782 and
6 related indirect costs of \$8,887 as services not reimbursable under the mandate
7 program and services not provided in the base year. The statutory and regulatory
8 requirements are the same as in Finding 1.

9 This finding includes a disallowance of \$26,100 in costs incurred for physical
10 exams for intercollegiate athletics and for salaries of health professionals present at
11 athletic events. Other than concluding that "[t]hese costs are not reimbursable under
12 the mandated program," the Controller does not cite a legal basis for this adjustment.
13 Some of the claimable services enumerated in the parameters and guidelines include
14 accident reports, a college physician, outside physician, registered nurse,
15 examinations, first aid, physicals for *athletes*, and dressing change, which would seem
16 to satisfactorily encompass the scope of services which the Controller believes are
17 unallowable.

18 The Controller asserts Hepatitis B vaccination costs of \$2,125 are unallowable.
19 The Controller concludes that since the Hepatitis B vaccinations, specifically, were not
20 identified as a service available at the college health center in FY 1986-87, and not

Incorrect Reduction Claim of Los Rios Community College District
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1 listed in the parameters and guidelines, the costs are not reimbursable. The District's
2 Form HFE 2.1 submitted for each fiscal year accurately reflects that immunization
3 services were available in FY 1986-87. Hepatitis B vaccinations now are just a part of
4 the whole scope of services which may comprise immunization services, and the
5 parameters and guidelines allow for reimbursement of immunization services.

6 Student Health Services Fund

7 The Controller seems to be using reimbursable services as defined by the
8 parameters and guidelines as a basis for permissible use of the student health services
9 fees. Education Code Section 76355, subdivision (a), permits the collection of student
10 health fees for student health services. Subdivision (d) requires that these fees, if
collected, be deposited in a designated fund and be expended only as authorized.
12 Subdivision (d) prohibits expenditures *from the fund* for physical examinations for
13 intercollegiate athletics or the salaries of health professionals for athletic events. The
14 prohibition only applies to expenditure of funds from the special account designated in
15 which student health fees are deposited.

16 The March 5, 2001-letter from the Chancellor of the California Community
17 Colleges clearly states that:

18 "All fees collected pursuant to this section shall be deposited in the
19 Student Health Fee Account in the Restricted General Fund of the district.
20 These fees shall be expended only to provide health services as specified in
21 regulations adopted by the board of governors. Allowable expenditures include
22 health supervision and services, including direct or indirect medical and
23 hospitalization services, or the operation of a student health center or centers, or
24 both. Allowable expenditure exclude athletic-related salaries, services,

Incorrect Reduction Claim of Los Rios Community College District
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1 insurance, insurance deductibles, or any other expense that is not available to
2 all students.”

3 The “regulations” referenced are found at Title 5, CCR, Sections 54700-54710. The
4 regulations clearly exclude athletic services but arguably include immunization
5 services. However, since Title 5 does not control mandate reimbursement it is not
6 relevant. The scope of services defined in Title 5 as properly chargeable to the student
7 health services fund is not determinative of the types of services for which the
8 parameters and guidelines permit reimbursement, and the Controller has already
9 properly asserted that the parameters and guidelines define the scope of
10 reimbursement. Unless the student health services fees exceed the direct and indirect
11 cost of all student health services, there is no supportable presumption that the student
12 health fees fund is funding the services to athletes. Furthermore, since this District did
13 not collect student health services fees, the presumption could not apply to this District
14 in any case.

15 The Controller, as the audit agency proposing the adjustment, has the burden of
16 proving the factual and legal basis for its adjustments. The Controller provides no legal
17 basis to disallow reimbursement of athletic and immunization services allowed by the
18 parameters and guidelines.

19 Unreasonable or Excessive

20 None of the adjustments were made because the costs claimed were excessive
21 or unreasonable. The Controller does not assert that the claimed costs were excessive

Incorrect Reduction Claim of Los Rios Community College District
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1 or unreasonable, which is the only mandated cost audit standard in statute
2 (Government Code Section 17561(d) (2)). It would therefore appear that the entire
3 findings are based upon the wrong standard for review. If the Controller wishes to
4 enforce other audit standards for mandated cost reimbursement, the Controller should
5 comply with the Administrative Procedure Act.

6 **Finding 3 - Overstated Indirect Cost Rates Claimed**

7 The Controller asserts that the District overstated its indirect cost rates and
8 costs in the amount of \$361,689. This finding is based upon the report's statement that
9 "(t)he district claimed indirect costs based on an indirect cost rate proposals (IRCP)
10 prepared for each fiscal year. However, the District did not obtain federal approval for
11 its IRCPs. The SCO auditor calculated indirect cost rates using the methodology
12 allowed by the SCO claiming instructions." Contrary to the Controller's interpretation,
13 there is no requirement in law that the District's indirect cost rate must be "federally"
14 approved. The Controller has never specified the federal agencies which have the
15 authority to approve indirect cost rates. Further, it should be noted that the Controller
16 did not determine that the District's rate was excessive or unreasonable.

17 CCFS-311

18 In fact, both the District's method and the Controller's method utilized the same
19 source document, the CCFS-311 annual financial and budget report required by the
20 state. The difference in the claimed and audited methods is in the determination of

Incorrect Reduction Claim of Los Rios Community College District
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1 which of those cost elements are direct costs and which are indirect costs. Indeed,
2 federally "approved" rates which the Controller will accept without further action, are
3 "negotiated" rates calculated by the district and submitted for approval, indicating that
4 the process is not an exact science, but a determination of the relevance and
5 reasonableness of the cost allocation assumptions made for the method used.

6 The finding regarding the "previous fiscal year's costs" is a distinction without a
7 difference. The CCFS-311 is prepared each September based on prior year costs for
8 use in the budget fiscal year. The District used the rate calculated based on the actual
9 cost for the prior year. It's a timing difference, only. However, since the District is not
10 required to use the CCFS-311, merely allowed to do so, the choice of fiscal year data is
11 similarly not required. To make the ultimate point, federal cost studies are used for as
12 many as five years, based on data from the first of the five years, and the Controller
13 accepts federally approved indirect cost studies.

14 Regulatory Requirements

15 No particular indirect cost rate calculation is required by law. The parameters
16 and guidelines state that "Indirect costs *may be claimed* in the manner described by the
17 State Controller in his claiming instructions." The district claimed these indirect costs
18 "in the manner" described by the Controller. The correct forms were used and the
19 claimed amounts were entered at the correct locations. Further, "may" is not "shall";
20 the parameters and guidelines do not require that indirect costs be claimed in the
21 manner described by the Controller. In the audit report, the Controller asserts that

Incorrect Reduction Claim of Los Rios Community College District
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1 because parameters and guidelines specifically references the claiming instructions,
2 the claiming instructions thereby become authoritative criteria. The Government Code
3 makes no allowances for "authoritative criteria" for purpose of mandate reimbursement,
4 this is a meaningless fiction created by the Controller. . Nor does the "specific"
5 reference to the claiming instructions in the parameters and guidelines change "may"
6 into a "shall." Since the Controller's claiming instructions were never adopted as law, or
7 regulations pursuant to the Administrative Procedure Act, the claiming instructions are
8 a statement of the Controller's interpretation and not law.

9 Unreasonable or Excessive

10 Government Code Section 17561(d)(2) requires the Controller to pay claims,
11 provided that the Controller may audit the records of any school district to verify the
12 actual amount of the mandated costs, and may reduce any claim that the Controller
13 determines is excessive or unreasonable. The Controller is authorized to reduce a
14 claim only if it determines the claim to be excessive or unreasonable. Here, the District
15 has computed its ICRPs utilizing cost accounting principles from the Office of
16 Management and Budget Circular A-21, and the Controller has disallowed it without a
17 determination of whether the product of the District's calculation would, or would not, be
18 excessive, unreasonable, or inconsistent with cost accounting principles.

19 The District reported indirect cost rates of 31.17%, 30.40%, 30.40%, 31.45%,
20 30.72% for the five fiscal years audited. Subsequent to the audit, the District
21 performed the complex cost accounting and time consuming negotiation process to

Incorrect Reduction Claim of Los Rios Community College District
1/84,1118/87 Health Fee Elimination

1 receive a federally approved rate of 30.0% from the Department of Health and Human
2 Services, for use in fiscal years beginning 2005-06. The five rates used on the claims
3 were less than two percentage points different from the federally negotiated rate. It can
4 be clearly seen that the OMB A-21 cost accounting methods are not the intellectual
5 property of the federal government and can be competently utilized by Districts to
6 generate a reasonable indirect cost rate without the need for federal approval.

7 Neither State law nor the parameters and guidelines made compliance with the
8 Controller's claiming instructions a condition of reimbursement. The district has
9 followed the parameters and guidelines. The burden of proof is on the Controller to
10 prove that the product of District's calculation is unreasonable, not to recalculate the
rate according to its unenforceable ministerial preferences. Therefore, the Controller
12 made no determination as to whether the method used by the District was reasonable,
13 but, substituted its FAM-29C method for the method reported by the District. The
14 substitution of the FAM-29C method is not a "finding" enforceable either by fact or law.
15 The Controller's insistence that OMB A-21 costs accounting is the sole province of the
16 federal government is both legally incorrect and factually refuted.

17 **Finding 4: Understated authorized health fee revenues claimed**

18 This finding is based on the Controller's conclusion that the District did not offset
19 student health services program costs by the amount of authorized health fee revenues
20 in the amount of \$6,101,947 in student health service fees.

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1 Education Code Section 76355

2 Education Code Section 76355, subdivision (a), in relevant part, provides: "The
3 governing board of a district maintaining a community college *may require* community
4 college students to pay a fee...for health supervision and services..." There is no
5 requirement that community colleges levy these fees. The permissive nature of the
6 provision is further illustrated in subdivision (b) which states "*If, pursuant to this*
7 *Section, a fee is required, the governing board of the district shall decide the amount of*
8 *the fee, if any, that a part-time student is required to pay. The governing board may*
9 *decide whether the fee shall be mandatory or optional.*"

10 Parameters and Guidelines

The Controller states that the "*Parameters and Guidelines* states that health fees
12 authorized by the *Education Code* must be deducted from the costs claimed." The
13 parameters and guidelines actually state:

14 "Any offsetting savings that the claimant experiences as a direct result of
15 this statute must be deducted from the costs claimed. In addition,
16 reimbursement for this mandate received from any source, e.g., federal, state,
17 etc., shall be identified and deducted from this claim. This shall include the
18 amount of [student fees] as authorized by Education Code Section 72246(a)⁴."

19 In order for a district to "experience" these "offsetting savings" the district must actually
20 have collected these fees. Student health fees actually collected must be used to
21 offset costs, but not student health fees that could have been collected and were not.

⁴ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

Incorrect Reduction Claim of Los Rios Community College District
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1 The use of the term "any offsetting savings" further illustrates the permissive nature of
2 the fees.

3 Government Code Section 17514

4 The Controller relies upon Government Code Section 17514 for the conclusion
5 that "[t]o the extent community college districts can charge a fee, they are not required
6 to incur a cost." Government Code Section 17514, as added by Chapter 1459,
7 Statutes of 1984, actually states:

8 " Costs mandated by the state" means any increased costs which a local
9 agency or school district is required to incur after July 1, 1980, as a result of any
10 statute enacted on or after January 1, 1975, or any executive order
11 implementing any statute enacted on or after January 1, 1975, which mandates
12 a new program or higher level of service of an existing program within the
13 meaning of Section 6 of Article XIII B of the California Constitution."

14 There is nothing in the language of the statute regarding the authority to charge a fee,
15 any nexus of fee revenue to increased cost, nor any language which describes the
16 legal effect of fees collected.

17 Government Code Section 17556

18 The Controller relies upon Government Code Section 17556 for the conclusion
19 that "the COSM shall not find costs mandated by the State if the school district has the
20 authority to levy fees to pay for the mandated program or increased level of service."

21 Government Code Section 17556 as last amended by Chapter 589/89 actually states:

22 "The commission shall not find costs mandated by the state, as defined in
23 Section 17514, in any claim submitted by a local agency or school district, if after
24 a hearing, the commission finds that: . . .

25 (d) The local agency or school district has the authority to levy service

Incorrect Reduction Claim of Los Rios Community College District
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1 charges, fees, or assessments sufficient to pay for the mandated program or
2 increased level of service. ...”

3 We believe the Controller misrepresents the law. Government Code Section 17556
4 prohibits the Commission on State Mandates from finding costs subject to
5 reimbursement, that is, approving a test claim, where there is authority to levy fees in
6 an amount sufficient to offset the entire mandated costs. Here, the Commission has
7 already approved the test claim and made a finding of a new program or increased
8 costs, and further, that the student health fees are per se insufficient to offset the entire
9 cost of the mandate.

10 Student Health Services Fee Amount

11 The Controller asserts that the District should have collected a student health
12 service fee each semester from non-exempt students in the amount of \$8, \$9, \$11, or
13 \$12, depending on the fiscal year and whether the student is enrolled full time or part
14 time. Districts receive notice of these fee amounts from the Chancellor of the
15 California Community Colleges. An example of one such notice is the letter dated
16 March 5, 2001, attached as Exhibit “F.” While Education Code Section 76355
17 provides for an increase in the student health service fee, it did not grant the
18 Chancellor the authority to establish mandatory fee amounts or mandatory fee
19 increases. No state agency was granted that authority by the Education Code, and no
20 state agency has exercised its rulemaking authority to establish mandatory fee
21 amounts. It should be noted that the Chancellor’s letter properly states that increasing

Incorrect Reduction Claim of Los Rios Community College District
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1 the amount of the fee is at the option of the district, and that the Chancellor is not
2 asserting that authority. Therefore, the Controller cannot rely upon the Chancellor's
3 notice to college districts of the opportunity to increase student health services fees as
4 a basis to adjust the claim for collectible student health services fees.

5 Fees Collected vs. Fees Collectible

6 This issue is one of student health fees revenue actually received, rather than
7 student health fees which might be collected. The Commission determined, as stated
8 in the parameters and guidelines that the student health fees "experienced" (*collected*)
9 would reduce the amount subject to reimbursement. Student fees not collected are
10 student fees not "experienced" and as such should not reduce reimbursement. Further,
11 the amount "collectible" will never equal actual revenues collected due to changes in a
12 student's BOGG eligibility, bad debt accounts, and refunds.

13 Because districts are not required to collect a fee from students for student
14 health services, and if such a fee is collected the amount is to be determined by the
15 district and not the Controller, the Controller's adjustment is without legal basis. What
16 districts are required by the parameters and guidelines to do is to reduce the amount of
17 their claimed costs by the amount of student health services fee revenue actually
18 received. Therefore, student health fees are merely collectible, they are not
19 mandatory, and it is inappropriate for the Controller to reduce claim amounts by
20 revenues not received.

Incorrect Reduction Claim of Los Rios Community College District
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1 **Statute of Limitations for Audit**

2 This issue is not a finding of the Controller. The District asserts that the first
3 three claims of the five claims audited, fiscal years 1997-98, 1998-99 and 1999-00,
4 were beyond the statute of limitations for audit when the Controller completed its audit
5 on June 24, 2004. The District raised this issue at the beginning of the audit and in its
6 letter dated May 24, 2004 in response to the draft audit report.

7 Chronology of Claim Action Dates

8	January 15, 2000	FY 1997-98 Claim filed by District
9	January 15, 2000	FY 1998-99 Claim filed by District
10	December 30, 2000	FY 1999-00 Claim filed by District
11	December 12, 2002	SCO telephone call to District
12	December 31, 2002	FY 1997-98 Statute of Limitations for audit expires
	December 31, 2002	FY 1998-99 Statute of Limitations for audit expires
14	December 31, 2002	FY 1999-00 Statute of Limitations for audit expires
15	January 16, 2003	Entrance Conference meeting
16	June 24, 2004	SCO Final Audit Report

17 In its final audit report, the Controller responded as follows:

18 "No statutory language defines when the SCO must issue an audit report.
19 Furthermore, no statutory language requires an entrance conference or some
20 other formal event to be held before the two-year period expires. SCO staff
21 contacted the district to initiate the audit in December 2002, within the statute of
22 limitations. This district requested that the audit start in January 2003, rather
23 than December 2002, Government Code Section 17558.5 (d), effective July 1,
24 1996, states, "Nothing in this section shall be construed to limit the adjustment of
25 payments ...when a delay in the completion of an audit is the result of willful acts
26 by the claimant or inability to reach agreement on terms of final settlement."

27 The Controller is thus asserting that when the audit was "initiated" is relevant to
28 the period of limitations, and that some "willful" act of the District prevented the

Incorrect Reduction Claim of Los Rios Community College District
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1 Controller from "completing" the audit. However, if the date the audit was initiated is
2 the relevant event for the tolling of the statute, then the alleged delay in completion is
3 not relevant, and would be harmless. In any case, a review of the statutory history of
4 Government Code Section 17558.5 indicates that the matter of the audit "initiation" date
5 is not relevant to any fiscal year claims which are the subject of this audit.

6 Statutory History

7 Prior to January 1, 1994, no statute governed the statute of limitations for audits
8 of mandate reimbursement claims. Statutes of 1993, Chapter 906, Section 2, operative
9 January 1, 1994, added Government Code Section 17558.5 to establish for the first
10 time a specific statute of limitations for audit of mandate reimbursement claims:

12 "(a) A reimbursement claim for actual costs filed by a local agency or school
13 district pursuant to this chapter is subject to audit by the Controller no later than
14 four years after the end of the calendar year in which the reimbursement claim is
15 filed or last amended. However, if no funds are appropriated for the program for
16 the fiscal year for which the claim is made, the time for the Controller to initiate
an audit shall commence to run from the date of initial payment of the claim."

17 Thus, there were two standards. A funded claim was "subject to audit" for four years
18 after the end of the calendar year in which the claim was filed. An "unfunded" claim
19 must have its audit "initiated" within four years of first payment.

20 Statutes of 1995, Chapter 945, Section 13, operative July 1, 1996, repealed and
21 replaced Section 17558.5, changing only the period of limitations:

22 "(a) A reimbursement claim for actual costs filed by a local agency or school
23 district pursuant to this chapter is subject to audit by the Controller no later than
24 two years after the end of the calendar year in which the reimbursement claim is
25 filed or last amended. However, if no funds are appropriated for the program for

Incorrect Reduction Claim of Los Rios Community College District
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1 the fiscal year for which the claim is made, the time for the Controller to initiate
2 an audit shall commence to run from the date of initial payment of the claim.”

3 All of the annual claims which are the subject of the incorrect reduction claim are
4 subject to the two-year statute of limitations established by Chapter 945/95. The claims
5 for the first three years (FY 1997-98, FY 1998-99, and FY 1999-00) were beyond audit
6 when the audit report was issued. The last two years (FY 2000-01 and FY 2000-02)
7 were still subject to audit when the audit report was issued. Since funds were
8 appropriated for the program for all the fiscal years which are the subject of the audit,
9 the alternative measurement date is not applicable, and the potential factual issue of
10 when the audit is initiated is not relevant.

11 Statutes of 2002, Chapter 1128, Section 14.5, operative January 1, 2003
12 amended Section 17558.5 to state:

13 “(a) A reimbursement claim for actual costs filed by a local agency or school
14 district pursuant to this chapter is subject to the initiation of an audit by the
15 Controller no later than three years after the ~~end of the calendar year in which~~
16 the date that the actual reimbursement claim is filed or last amended, whichever
17 is later. However, if no funds are appropriated or no payment is made to a
18 claimant for the program for the fiscal year for which the claim is made filed, the
19 time for the Controller to initiate an audit shall commence to run from the date of
20 initial payment of the claim.”

21 None of the fiscal period claims which are the subject of the audit are subject to
22 this amended version of Section 17558.5. The amendment is pertinent in that it
23 indicates this is the first time that the factual issue of the date the audit is “initiated” for
24 mandate programs for which funds are appropriated is introduced. Therefore, at the
25 time the claim is filed, it is impossible for the claimant to know when the statute of

Incorrect Reduction Claim of Los Rios Community College District
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1 limitations will expire, which is contrary to the purpose of a statute of limitations.

2 Statutes of 2004, Chapter 890, Section 18, operative January 1, 2005 amended
3 Section 17558.5 to state:

4 "(a) A reimbursement claim for actual costs filed by a local agency or school
5 district pursuant to this chapter is subject to the initiation of an audit by the
6 Controller no later than three years after the date that the actual reimbursement
7 claim is filed or last amended, whichever is later. However, if no funds are
8 appropriated or no payment is made to a claimant for the program for the fiscal
9 year for which the claim is filed, the time for the Controller to initiate an audit
10 shall commence to run from the date of initial payment of the claim. In any case,
11 an audit shall be completed not later than two years after the date that the audit
12 is commenced."

13 None of the fiscal period claims which are the subject of the audit are subject to
14 this amended version of Section 17558.5. The amendment is pertinent since it
15 indicates this is the first time that the Controller audits may be completed at a time
16 other than the stated period of limitations.

17 Initiation of An Audit

18 The audit report states that the Controller's staff telephone contact with the
19 District in December 2002 initiated the audit. First, initiation of the audit is not relevant
20 to the claims which are the subject of this incorrect reduction claim. The words "initiate
21 an audit" are used only in the second sentence of Section 17558.5, that is, in a
22 situation when no funds are appropriated for the program for the fiscal year for which
23 the claim is made. Then, and only then, is the Controller authorized to "initiate an
24 audit" within two years from the date of initial payment. The claim years at issue here
25 were not subject to the "no funds appropriated" provision, they were subject only to the

Incorrect Reduction Claim of Los Rios Community College District
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1 first sentence of the statute, i.e., they were only “subject to audit” through December
2 2002.

3 The unmistakable language of Section 17558.5 is confirmed by the later actions
4 of the Legislature. Chapter 1128, Statutes of 2002, amended subdivision (a) of
5 Government Code Section 17558.5 to change the “subject to audit” language of the first
6 sentence to “subject to the initiation of an audit.” Had the Legislature intended the
7 former Section to mean “subject to the initiation of an audit,” there would have been no
8 need to amend the statute to now say “subject to the initiation of an audit.” Even if the
9 Controller had “initiated” the audit on the date of the first phone call, it could not have
10 completed its two months of field work, exit conference, office review, draft audit report,
and issued a final audit report on or before December 31, 2002.

12 The Controller’s standard for “initiation” of an audit is actually the date of the
13 entrance conference, not the date of the phone contact. In this audit, and the
14 concurrent audit of the Los Rios Mandate Reimbursement Process claims, the
15 Controller asserts the telephone contact as the initiation date for the audit. In other
16 mandate audit reports issued after the Los Rios audits, the Controller states that the
17 entrance conference date initiates the audit.⁵ Further, in the matter of the Health Fee

⁵ Some of those other audit reports where the entrance date is specifically stated as the initiation date for the audit are:

- Newport-Mesa Unified School District, School District of Choice, issued August 31, 2004
- Clovis Unified School District, Graduation Requirements, issued October 22,

Incorrect Reduction Claim of Los Rios Community College District
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1 Elimination audit of North Orange Community College District, the draft audit report
2 dated May 6, 2005, included the three fiscal years audited by the Controller: FY 2000-
3 01, FY 2001-02, and FY2002-03. In its response letter dated June 15, 2005, North
4 Orange County asserted that the statute of limitations for the audit of the FY 2000-01
5 claim expired December 31, 2003, pursuant to Government Code Section 17558.5,
6 because the audit report was issued after that date. In the final audit report dated July
7 22, 2005, the Controller agreed that FY 2000-01 was past audit, but for another reason,
8 the stated reason being that the "FY 2000-01 claim was not subject to audit due to the
9 expiration of the statute of limitations within which to initiate an audit." The North
10 Orange County audit entrance conference date was January 26, 2004, which is the
date, according to the Controller, that an audit is "initiated."

12 Given this contradiction in measurement dates, there does not appear to be a
13 consistent Controller position on this issue. It can therefore be concluded that the
14 Controller has no legal basis for their policy on the initiation date of audits.

2004

- State Center Community College District, Health Fee Elimination, issued September 17, 2004.
- West Valley-Mission Community College District, Health Fee Elimination, issued April 8, 2005.
- Long Beach Community College District, Health Fee Elimination, issued April 27, 2005.

All of these audit reports were issued after the Los Rios audit report

Incorrect Reduction Claim of Los Rios Community College District
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1 Delay of the Audit

2 The Controller asserts that the District somehow committed a willful act intended
3 to delay the completion of the audit. However, the Controller provides no evidence that
4 there was any willful act by the District intended to delay the completion of the audit. If
5 there was any delay to the start of the audit, it was by unilateral action of the Controller.

6 Regardless, the delay in the start of an audit which could not have been timely
7 completed is not relevant.

8 The Controller's audit staff first called the District on December 12, 2002 (two
9 weeks prior to the Christmas holidays) and asked to speak to Ms. Bray "about an
10 audit." When Ms. Bray was able to return the call on December 18, 2002 (the week
11 prior to the Christmas holidays), the employee of the Controller's office stated to Ms.
12 Bray that "she assumed that [they] were too busy to meet in December, so she
13 requested a meeting during the first or second week of January." Ms. Bray called the
14 Controller's employee again on December 19, 2002 to set a date in January as
15 requested by the Controller's employee. A copy of Ms. Bray's declaration dated
16 September 30, 2004 is attached as Exhibit "G." There was no credible attempt by the
17 Controller's office "to initiate the audit" in December 2002. But as stated above, the
18 argument that an attempt was made to "initiate an audit" in December 2002 is not
19 legally relevant since the claims were only "subject to audit" through December 2002.

20 The Controller did not complete the audit within the statutory period allowed for
21 the first three fiscal year claims included in this audit. The date the audit was "initiated"

1 for these three years is irrelevant, only the date the audit was completed is relevant as
2 evidenced by the (final) Controller's audit report. The audit findings are therefore void
3 for those three claims.

4 **PART VIII. RELIEF REQUESTED**

5 The District filed its annual reimbursement claims within the time limits
6 prescribed by the Government Code. The amounts claimed by the District for
7 reimbursement of the costs of implementing the program imposed by Chapter 1,
8 Statutes of 1984, 2nd E.S., Chapter 1118, Statutes of 1987, and Education Code
9 Section 76355 represent the actual costs incurred by the District to carry out this
10 program. These costs were properly claimed pursuant to the Commission's parameters
and guidelines. Reimbursement of these costs is required under Article XIII B, Section
12 6 of the California Constitution. The Controller denied reimbursement without any
13 basis in law or fact. The District has met its burden of going forward on this claim by
14 complying with the requirements of Section 1185, Title 2, California Code of
15 Regulations. Because the Controller has enforced and is seeking to enforce these
16 adjustments without benefit of statute or regulation, the burden of proof is now upon the
17 Controller to establish a legal basis for its actions.


18 The District requests that the Commission make findings of fact and law on each
19 and every adjustment made by the Controller and each and every procedural and
20 jurisdictional issue raised in this claim, and order the Controller to correct its audit
21 report findings therefrom.

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PART IX. CERTIFICATION

By my signature below, I hereby declare, under penalty of perjury under the laws of the State of California, that the information in this incorrect reduction claim submission is true and complete to the best of my own knowledge or information or belief, and that the attached documents are true and correct copies of documents received from or sent by the state agency which originated the document.

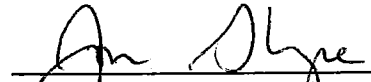
Executed on August 29, at Sacramento, California, by



Jon Sharpe, Deputy Chancellor
Los Rios Community College District
1919 Spanos Court
Sacramento, California 95825-3981
Voice: 916-568-3058
Fax: 916-568-3078
E-mail: SharpeJ@losrios.edu

APPOINTMENT OF REPRESENTATIVE

Los Rios Community College District appoints Keith B. Petersen, SixTen and Associates, as its representative for this Incorrect reduction claim.



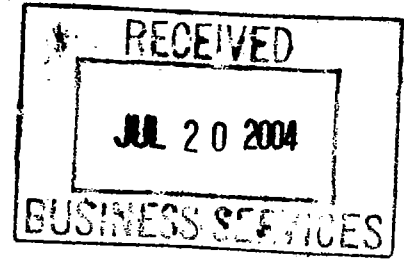
Jon Sharpe, Deputy Chancellor
Los Rios Community College District

8/29/05

Date

- Attachments:
- Exhibit "A" SCO Legal Counsel's Letter dated July 15, 2004
 - Exhibit "B" Parameters and Guidelines as amended May 25, 1989
 - Exhibit "C" Controller's Claiming Instructions September 1997
 - Exhibit "D" SCO Audit Report dated June 24, 2004
 - Exhibit "E" District's Letter dated May 24, 2004
 - Exhibit "F" Chancellor's Letter dated March 5, 2001
 - Exhibit "G" Declaration of Carrie Bray dated September 30, 2004

Exhibit A



STEVE WESTLY
California State Controller

July 15, 2004

Mike Brandy, Vice Chancellor
Foothill-De Anza Community College District
12345 El Monte Road
Los Altos, CA 94022

Re: Foothill-De Anza Community College District Audit

Dear Mr. Brandy:

This is in response to your letter to me dated May 13, 2004, concerning the Controller's Audit of the Health Fee claim.

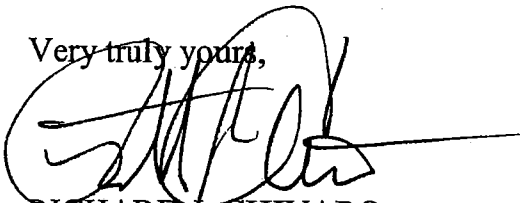
The Controller's informal audit review process was established to resolve factual disputes where no other forum for resolution, other than a judicial proceeding, is available.

The proper forum for resolving issues involving mandated cost programs is through the incorrect reduction process through the Commission on State Mandates. As such, this office will not be scheduling an informal conference for this matter.

However, in light of the concerns expressed in your letter concerning the auditors assigned and the validity of the findings, I am forwarding your letter to Vince Brown, Chief Operating Officer, for his review and response.

If you have any questions you may contact Mr. Vince Brown at (916) 445-2038.

Very truly yours,



RICHARD J. CHIVARO
Chief Counsel

RJC/st

cc: Vincent P. Brown, Chief Operating Officer, State Controller's Office
Jeff Brownfield, Chief, Division of Audits, State Controller's Office

Exhibit B

Adopted: 8/27/87
Amended: 5/25/89

PARAMETERS AND GUIDELINES
Chapter 1, Statutes of 1984, 2nd E.S. .
Chapter 1118, Statutes of 1987
Health Fee Elimination

I. SUMMARY OF MANDATE

Chapter 1, Statutes of 1984, 2nd E.S. repealed Education Code Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during the 1983-84 fiscal year had to be maintained at that level in the 1984-85 fiscal year and every year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community colleges districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987, amended Education Code section 72246 to require any community college district that provided health services in 1986-87 to maintain health services at the level provided during the 1986-87 fiscal year in 1987-88 and each fiscal year thereafter.

II. COMMISSION ON STATE MANDATES' DECISION

At its hearing on November 20, 1986, the Commission on State Mandates determined that Chapter 1, Statutes of 1984, 2nd E.S. imposed a "new program" upon community college districts by requiring any community college district which provided health services for which it was authorized to charge a fee pursuant to former Section 72246 in the 1983-84 fiscal year to maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter. This maintenance of effort requirement applies to all community college districts which levied a health services fee in the 1983-84 fiscal year, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the 1983-84 fiscal year level.

At its hearing of April 27, 1989, the Commission determined that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to apply to all community college districts which provided health services in fiscal year 1986-87 and required them to maintain that level in fiscal year 1987-88 and each fiscal year thereafter.

III. ELIGIBLE CLAIMANTS

Community college districts which provided health services in 1986-87 fiscal year and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs.

IV. PERIOD OF REIMBURSEMENT

Chapter 1, Statutes of 1984, 2nd E.S., became effective July 1, 1984. Section 17557 of the Government Code states that a test claim must be submitted on or before November 30th following a given fiscal year to establish for that fiscal year. The test claim for this mandate was filed on November 27, 1985; therefore, costs incurred on or after July 1, 1984, are reimbursable. Chapter 1118, Statutes of 1987, became effective January 1, 1988. Title 2, California Code of Regulations, section 1185.3(a) states that a parameters and guidelines amendment filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines; therefore, costs incurred on or after January 1, 1988, for Chapter 1118, Statutes of 1987, are reimbursable.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim if applicable. Pursuant to Section 17561(d)(3) of the Government Code, all claims for reimbursement of costs shall be submitted within 120 days of notification by the State Controller of the enactment of the claims bill.

If the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code Section 17564.

V. REIMBURSABLE COSTS

A. Scope of Mandate

Eligible community college districts shall be reimbursed for the costs of providing a health services program. Only services provided in 1986-87 fiscal year may be claimed.

B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year 1986-87:

ACCIDENT REPORTS

APPOINTMENTS

- College Physician - Surgeon
 - Dermatology, Family Practice, Internal Medicine
- Outside Physician
- Dental Services
- Outside Labs (X-ray, etc.)
- Psychologist, full services
- Cancel/Change Appointments
- R.N.
- Check Appointments

ASSESSMENT, INTERVENTION & COUNSELING

- Birth Control
- Lab Reports
- Nutrition
- Test Results (office)
- VD
- Other Medical Problems
- CD
- URI
- ENT
- Eye/Vision
- Derm./Allergy
- Gyn/Pregnancy Services
- Neuro
- Ortho
- GU
- Dental
- GI
- Stress Counseling
- Crisis Intervention
- Child Abuse Reporting and Counseling
- Substance Abuse Identification and Counseling
- Aids
- Eating Disorders
- Weight Control
- Personal Hygiene
- Burnout

EXAMINATIONS (Minor Illnesses)

- Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION

- Sexually Transmitted Disease
- Drugs
- Aids
- Child Abuse
- Birth Control/Family Planning
- Stop Smoking
- Etc.
- Library - videos and cassettes

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

- Diphtheria/Tetanus
- Measles/Rubella
- Influenza
- Information

INSURANCE

On Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE

Inquiry/Interpretation
Pap Smears

PHYSICALS

Employees
Students
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

Antacids
Antidiarrhial
Antihistamines
Aspirin, Tylenol, etc.
Skin rash preparations
Misc.
Eye drops
Ear drops
Toothache - Oil cloves
Stingkill
Midol - Menstrual Cramps

PARKING CARDS/ELEVATOR KEYS

Tokens
Return card/key
Parking inquiry
Elevator passes
Temporary handicapped parking permits

REFERRALS TO OUTSIDE AGENCIES

Private Medical Doctor
Health Department
Clinic
Dental
Counseling Centers
Crisis Centers
Transitional Living Facilities (Battered/Homeless Women)
Family Planning Facilities
Other Health Agencies

TESTS

Blood Pressure
Hearing
Tuberculosis
 Reading
 Information
Vision
Glucometer
Urinalysis

Hemoglobin
E.K.G.
Strep A testing
P.G. testing
Monospot
Hemacult
Misc.

MISCELLANEOUS

Absence Excuses/PE Waiver
Allergy Injections
Band-aids
Booklets/Pamphlets
Dressing Change
Rest
Suture Removal
Temperature
Weigh
Misc.
Information
Report/Form
Wart Removal

COMMITTEES

Safety
Environmental
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety
Stress Management
Communication Skills
Weight Loss
Assertiveness Skills

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a list of each item for which reimbursement is claimed under this mandate.

A. Description of Activity

1. Show the total number of full-time students enrolled per semester/quarter.
2. Show the total number of full-time students enrolled in the summer program.
3. Show the total number of part-time students enrolled per semester/quarter.
4. Show the total number of part-time students enrolled in the summer program.

B. Actual Costs of Claim Year for Providing 1986-87 Fiscal Year Program Level of Service

Claimed costs should be supported by the following information:

1. Employee Salaries and Benefits

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Services and Supplies

Only expenditures which can be identified as a direct cost of the mandate can be claimed. List cost of materials which have been consumed or expended specifically for the purpose of this mandate.

3. Allowable Overhead Cost

Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no

less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount of \$7.50 per full-time student per semester, \$5.00 per full-time student for summer school, or \$5.00 per full-time student per quarter, as authorized by Education Code section 72246(a). This shall also include payments (fees) received from individuals other than students who are not covered by Education Code Section 72246 for health services.

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

THAT Section 1090 to 1096, inclusive, of the Government Code and other applicable provisions of the law have been complied with;

and

THAT I am the person authorized by the local agency to file claims for funds with the State of California.

Signature of Authorized Representative

Date

Title

Telephone No.

Exhibit C

HEALTH FEE ELIMINATION

1. Summary of Chapters 1/84, 2nd E.S., and Chapter 1118/87

Chapter 1, Statutes of 1984, 2nd E.S., repealed Education Code § 72246 which authorized community college districts to charge a fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. The statute also required community college districts that charged a fee in the 1983/84 fiscal year to maintain that level of health services in the 1984/85 fiscal year and each fiscal year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community college districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987 amended Education Code § 72246 to require any community college district that provided health services in the 1986/87 fiscal year to maintain health services at that level in the 1986/87 fiscal year and each fiscal year thereafter. Chapter 8, Statutes of 1993, has revised the numbering of § 72246 to § 76355.

2. Eligible Claimants

Any community college district incurring increased costs as a result of this mandate is eligible to claim reimbursement of these costs.

3. Appropriations

To determine if current funding is available for this program, refer to the schedule "Appropriations for State Mandated Cost Programs" in the "Annual Claiming Instructions for State Mandated Costs" issued in mid-September of each year to community college presidents.

4. Types of Claims

A. Reimbursement and Estimated Claims

A claimant may file a reimbursement claim and/or an estimated claim. A reimbursement claim details the costs actually incurred for a prior fiscal year. An estimated claim shows the costs to be incurred for the current fiscal year.

B. Minimum Claim

Section 17564(a), Government Code, provides that no claim shall be filed pursuant to Section 17561 unless such a claim exceeds \$200 per program per fiscal year.

5. Filing Deadline

- (1) Refer to Item 3 "Appropriations" to determine if the program is funded for the current fiscal year. If funding is available, an estimated claim must be filed with the State Controller's Office and postmarked by November 30, of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30, of the following fiscal year regardless whether the payment was more or less than the actual costs. If the local agency fails to file a reimbursement claim, monies received must be returned to the State. If no estimated claim was filed, the local agency may file a reimbursement

claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. (See item 3 above).

- (2) A reimbursement claim detailing the actual costs must be filed with the State Controller's Office and postmarked by November 30 following the fiscal year in which costs were incurred. If the claim is filed after the deadline but by November 30 of the succeeding fiscal year, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.

6. Reimbursable Components

Eligible claimants will be reimbursed for health service costs at the level of service provided in the 1986/87 fiscal year. The reimbursement will be reduced by the amount of student health fees authorized per the Education Code § 76355.

After January 1, 1993, pursuant to Chapter 8, Statutes of 1993, the fees students were required to pay for health supervision and services were not more than:

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

The district may increase fees by the same percentage increase as the Implicit Price Deflator (IPD) for the state and local government purchase of goods and services.

Whenever the IPD calculates an increase of one dollar (\$1) above the existing amount, the fees may be increased by one dollar (\$1).

7. Reimbursement Limitations

- A. If the level at which health services were provided during the fiscal year of reimbursement is less than the level of health services that were provided in the 1986/87 fiscal year, no reimbursement is forthcoming.
- B. Any offsetting savings or reimbursement the claimant received from any source (e.g. federal, state grants, foundations, etc.) as a result of this mandate, shall be identified and deducted so only net local costs are claimed.

8. Claiming Forms and Instructions

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms HFE-1.0, HFE-1.1, and form HFE-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated and reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

A. Form HFE-2, Health Services

This form is used to list the health services the community college provided during the 1986/87 fiscal year and the fiscal year of the reimbursement claim.

B. Form HFE-1.1, Claim Summary

This form is used to compute the allowable increased costs an individual college of the community college district has incurred to comply with the state mandate. The level of health services reported on this form must be supported by official financial records of the community college district. A copy of the document must be submitted with the claim. The amount shown on line (13) of this form is carried to form HFE-1.0.

C. Form HFE-1.0, Claim Summary

This form is used to list the individual colleges that had increased costs due to the state mandate and to compute a total claimable cost for the district. The "Total Amount Claimed", line (04) on this form is carried forward to form FAM-27, line 13, for the reimbursement claim, or line (07) for the estimated claim.

D. Form FAM-27, Claim for Payment

This form contains a certification that must be signed by an authorized representative of the local agency. All applicable information from form HFE-1.0 and HFE 1.1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

Illustration of Claim Forms

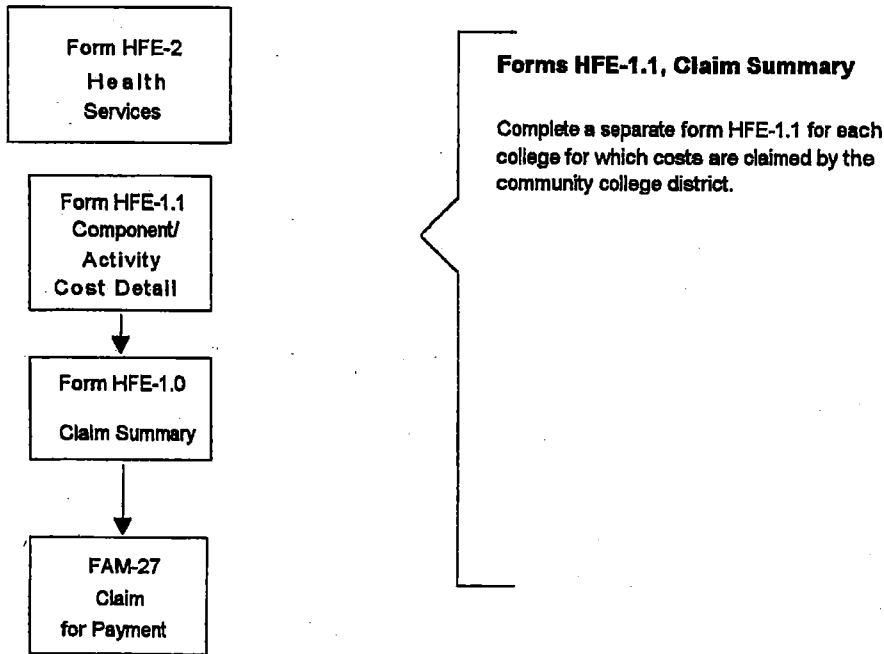


Exhibit D

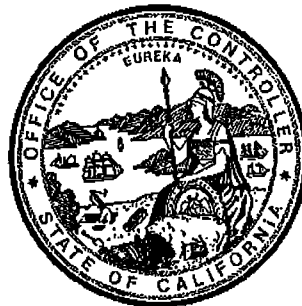
LOS RIOS COMMUNITY COLLEGE DISTRICT

Audit Report

HEALTH FEE ELIMINATION PROGRAM

Chapter 1, Statutes of 1984, 2nd E.S.,
and Chapter 1118, Statutes of 1987

July 1, 1997, through June 30, 2002



STEVE WESTLY
California State Controller

June 2004



STEVE WESTLY
California State Controller

June 24, 2004

Brice W. Harris, Chancellor
Los Rios Community College District
1919 Spanos Court
Sacramento, CA 95825

Dear Mr. Harris:

The State Controller's Office (SCO) has completed an audit of the claims filed by Los Rios Community College District for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd E.S., and Chapter 1118, Statutes of 1987) for the period of July 1, 1997, through June 30, 2002.

The district claimed \$3,205,600 (\$3,206,600 in costs less a \$1,000 penalty for filing late) for the mandated program. Our audit disclosed that none of the claimed costs is allowable. Claimed costs are unallowable primarily because the district did not reduce allowable program costs by the amount of health services fees authorized by *Education Code* Section 76355. The district was paid \$2,224,368. The total amount paid should be returned to the State.

The SCO has established an informal audit review process to resolve a dispute of facts. The auditee should submit, in writing, a request for a review and all information pertinent to the disputed issues within 60 days after receiving the final report. The request and supporting documentation should be submitted to Richard J. Chivaro, Chief Counsel, State Controller's Office, Post Office Box 942850, Sacramento, CA 94250-0001. In addition, please provide a copy of the request letter to Jim L. Spano, Chief, Compliance Audits Bureau, State Controller's Office, Division of Audits, Post Office Box 942850, Sacramento, California 94250-5874.

If you have any questions, please contact Mr. Spano at (916) 323-5849.

Sincerely,

A handwritten signature in cursive script that reads "Vincent P. Brown".

VINCENT P. BROWN
Chief Operating Officer

VPB:ams

cc: Jon Sharpe, Vice Chancellor
Finance and Administration
Los Rios Community College District
Carrie Bray
Director of Accounting Services
Los Rios Community College District
Ed Monroe, Program Assistant
Fiscal Accountability Section
Chancellor's Office
California Community Colleges
Jeannie Oropeza, Program Budget Manager
Education Systems Unit
Department of Finance
Charles Pillsbury
School Apportionment Specialist
Department of Finance

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Audit Report

Summary

The State Controller's Office (SCO) has completed an audit of the claims filed by Los Rios Community College District for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session (E.S.), and Chapter 1118, Statutes of 1987) for the period of July 1, 1997, through June 30, 2002. The last day of fieldwork was March 11, 2004.

The district claimed \$3,205,600 (\$3,206,600 in costs less a \$1,000 penalty for filing late) for the mandated program. The audit disclosed that none of the claimed costs is allowable. Claimed costs are unallowable primarily because the district did not reduce allowable program costs by the amount of health services fees authorized by *Education Code* Session 76355. The district was paid \$2,224,368. The total amount paid should be returned to the State.

Background

Chapter 1, Statutes of 1984, 2nd E.S., repealed *Education Code* Section 72246, which authorized community college districts to charge a health fee for providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during fiscal year (FY) 1983-84 had to be maintained at that level in FY 1984-85 and every year thereafter. The provisions of this statute would automatically sunset on December 31, 1987, reinstating community colleges districts' authority to charge a health fee as specified. Chapter 1118, Statutes of 1987, amended *Education Code* Section 72246 to require any community college district that provided health services in FY 1986-87 to maintain health services at the level provided during that year in FY 1987-88 and each fiscal year thereafter.

On November 20, 1986, the Commission on State Mandates (COSM) determined that Chapter 1, Statutes of 1984, 2nd E.S., imposed a "new program" upon community college districts by requiring any community college district that provided health services for which it was authorized to charge a fee pursuant to former *Education Code* Section 72246 in FY 1983-84 to maintain health services at the level provided during that year in FY 1984-85 and each fiscal year thereafter. This maintenance-of-effort requirement applies to all community college districts that levied a health services fee in FY 1983-84, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the FY 1983-84 level. On April 27, 1989, COSM determined that Chapter 1118, Statutes of 1987, amended this maintenance-of-effort requirement to apply to all community college districts that provided health services in FY 1986-87 and required them to maintain that level in FY 1987-88 and each fiscal year thereafter.

Parameters and Guidelines, adopted by COSM on August 27, 1987 (and amended on May 25, 1989), establishes the state mandate and defines criteria for reimbursement. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for each mandate requiring state reimbursement to assist school districts and local agencies in claiming reimbursable costs.

Objective, Scope, and Methodology

The audit objective was to determine whether costs claimed are increased costs incurred as a result of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd E.S., and Chapter 1118, Statutes of 1987) for the period of July 1, 1997, through June 30, 2002.

The auditors performed the following procedures:

- Reviewed the costs claimed to determine if they were increased costs resulting from the mandated program;
- Traced the costs claimed to the supporting documentation to determine whether the costs were properly supported;
- Confirmed that the costs claimed were not funded by another source; and
- Reviewed the costs claimed to determine that the costs were not unreasonable and/or excessive.

The SCO conducted the audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, and under the authority provided by *Government Code* Section 17558.5. The SCO did not audit the district's financial statements. The scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance concerning the allowability of expenditures claimed for reimbursement. Accordingly, transactions were examined, on a test basis, to determine whether the amounts claimed for reimbursement were supported.

Review of the district's internal controls was limited to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

The audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, Los Rios Community College District claimed \$3,205,600 (\$3,206,600 in costs less a \$1,000 penalty for filing late) for costs of the legislatively mandated Health Fee Elimination Program. The district was paid \$2,224,368 by the State for the audit period: \$606,532 (\$607,532 in costs less a \$1,000 penalty for filing late) for FY 1997-98; \$625,570 for FY 1998-99; \$634,185 for FY 1999-2000; \$187,592 for FY 2000-01; and \$170,489 for FY 2001-02.

The audit disclosed that none of the costs claimed is allowable. The amount paid in excess of allowable costs claimed, totaling \$2,224,368, should be returned to the State.

**Views of
Responsible
Official**

The SCO issued a draft audit report on May 5, 2004. Jon Sharpe, Vice Chancellor, Finance and Administration, responded by letter dated May 24, 2004, disagreeing with the audit results. The district's response is included in this final audit report.

Restricted Use

This report is solely for the information and use of Los Rios Community College District, the California Department of Education, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.



JEFFREY V. BROWNFIELD
Chief, Division of Audits

**Schedule 1—
Summary of Program Costs
July 1, 1999, through June 30, 2002**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference ¹
July 1, 1997, through June 30, 1998				
Salaries	\$ 381,878	\$ 357,643	\$ (24,235)	Finding 1
Benefits	64,953	64,953	—	
Services and supplies	16,332	9,118	(7,214)	Finding 2
Subtotals	463,163	431,714	(31,449)	
Indirect costs	144,369	64,757	(79,612)	Findings 1, 2, 3
Subtotals, health expenditures	607,532	496,471	(111,061)	
Less costs subject to fee authority	—	(953,090)	(953,090)	Finding 4
Less late penalty	(1,000)	(1,000)	—	
Subtotals	606,532	(457,619)	(1,064,151)	
Adjustment to eliminate negative balance	—	457,619	457,619	
Total costs	<u>\$ 606,532</u>	—	<u>\$ (606,532)</u>	
Less amount paid by the State		(606,532)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (606,532)</u>		
July 1, 1998, through June 30, 1999				
Salaries	\$ 410,013	\$ 372,391	\$ (37,622)	Finding 1
Benefits	58,822	58,822	—	
Services and supplies	10,897	7,104	(3,793)	Finding 2
Subtotals	479,732	438,317	(41,415)	
Indirect costs	145,838	64,520	(81,318)	Findings 1, 2, 3
Subtotals, health expenditures	625,570	502,837	(122,733)	
Less costs subject to fee authority	—	(1,057,996)	(1,057,996)	Finding 4
Subtotals	625,570	(555,159)	(1,180,729)	
Adjustment to eliminate negative balance	—	555,159	555,159	
Total costs	<u>\$ 625,570</u>	—	<u>\$ (625,570)</u>	
Less amount paid by the State		(625,570)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (625,570)</u>		
July 1, 1999, through June 30, 2000				
Salaries	\$ 406,642	\$ 370,787	\$ (35,855)	Finding 1
Benefits	60,153	60,153	—	
Services and supplies	19,543	12,852	(6,691)	Finding 2
Subtotals	486,338	443,792	(42,546)	
Indirect costs	147,847	69,276	(78,571)	Findings 1, 2, 3
Subtotals, health expenditures	634,185	513,068	(121,117)	
Less costs subject to fee authority	—	(1,151,391)	(1,151,391)	Finding 4
Subtotals	634,185	(638,323)	(1,272,508)	
Adjustment to eliminate negative balance	—	638,323	638,323	
Total costs	<u>\$ 634,185</u>	—	<u>\$ (634,185)</u>	
Less amount paid by the State		(634,185)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (634,185)</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference ¹
July 1, 2000, through June 30, 2001				
Salaries	\$ 425,343	\$ 404,551	\$ (20,792)	Finding 1
Benefits	70,350	70,350	—	
Services and supplies	11,980	5,621	(6,359)	Finding 2
Subtotals	507,673	480,522	(27,151)	
Indirect costs	159,664	71,742	(87,922)	Findings 1, 2, 3
Subtotals, health expenditures	667,337	552,264	(115,073)	
Less costs subject to fee authority	—	(1,368,418)	(1,368,418)	Finding 4
Subtotals	667,337	(816,154)	(1,483,491)	
Adjustment to eliminate negative balance	—	816,154	816,154	
Total costs	<u>\$ 667,337</u>	—	<u>\$ (667,337)</u>	
Less amount paid by the State		(187,592)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (187,592)</u>		
July 1, 2001, through June 30, 2002				
Salaries	\$ 433,372	\$ 423,283	\$ (10,089)	Finding 1
Benefits	70,979	70,979	—	
Services and supplies	9,706	4,981	(4,725)	Finding 2
Subtotals	514,057	499,243	(14,814)	
Indirect costs	157,919	75,237	(82,682)	Findings 1, 2, 3
Subtotals, health expenditures	671,976	574,480	(97,496)	
Less costs subject to fee authority	—	(1,571,052)	(1,571,052)	Finding 4
Subtotals	671,976	(996,572)	(1,668,548)	
Adjustment to eliminate negative balance	—	996,572	996,572	
Total costs	<u>\$ 671,976</u>	—	<u>\$ (671,976)</u>	
Less amount paid by the State		(170,489)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (170,489)</u>		
Summary: July 1, 1997, through June 30, 2002				
Salaries	\$ 2,057,248	\$ 1,928,655	\$ (128,593)	Finding 1
Benefits	325,257	325,257	—	
Services and supplies	68,458	39,676	(28,782)	Finding 2
Subtotals	2,450,963	2,293,588	(157,375)	
Indirect costs	755,637	345,532	(410,105)	Findings 1, 2, 3
Subtotals, health expenditures	3,206,600	2,639,120	(567,480)	
Less costs subject to fee authority	—	(6,101,947)	(6,101,947)	Finding 4
Less late penalty	(1,000)	(1,000)	—	
Subtotals	3,205,600	(3,463,827)	(6,669,427)	
Adjustment to eliminate negative balance	—	3,463,827	3,463,827	
Total costs	<u>\$ 3,205,600</u>	—	<u>\$ (3,205,600)</u>	
Less amount paid by the State		(2,224,368)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (2,224,368)</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

**FINDING 1—
Unallowable salaries
and fringe benefits**

The district claimed unallowable salaries totaling \$128,593 for the audit period. The related indirect cost is \$39,529, based on the indirect cost rates claimed during the audit period. The unallowable salary costs are attributable to the increased level of health services provided by American River College during each fiscal year.

The district’s claims for the audit period identified those health services that were provided in the base year for this program (FY 1986-87). The SCO auditor reviewed logs maintained by each college within the district that identified actual health services provided during the audit period. Logs for American River College showed that the college provided health services exceeding those services provided by the district during the base year.

The auditor sampled six months of logs maintained by American River College for each fiscal year during the period of FY 1998-99 through FY 2001-02. The logs showed that only 78.52% of the services provided in FY 1998-99 were allowable. Similarly, the logs showed that 78.01%, 87.77%, and 92.72% of services provided in FY 1999-2000, FY 2000-01, and FY 2001-02, respectively, were allowable. The district was unable to provide logs for American River College for FY 1997-98. Therefore, the auditor calculated an average allowable percentage of 84.26% based on the percentages for the four succeeding fiscal years. The SCO applied these percentages to salary costs claimed for American River College to determine total allowable salary costs for each fiscal year. The audit adjustment is summarized as follows:

	Fiscal Year					Total
	1997-98	1998-99	1999-2000	2000-01	2001-02	
Salaries	\$ (24,235)	\$ (37,622)	\$ (35,855)	\$ (20,792)	\$ (10,089)	
Indirect cost rate	×31.17%	×30.40%	×30.40%	×31.45%	×30.72%	
Related indirect costs	\$ (7,554)	\$ (11,437)	\$ (10,900)	\$ (6,539)	\$ (3,099)	\$ (39,529)
Salaries (from above)	(24,235)	(37,622)	(35,855)	(20,792)	(10,089)	(128,593)
Audit adjustment	\$ (31,789)	\$ (49,059)	\$ (46,755)	\$ (27,331)	\$ (13,188)	\$ (168,122)

Parameters and Guidelines states that community college districts that provided health services in FY 1986-87 and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs. Only services provided in FY 1986-87 may be claimed.

In addition, *Parameters and Guidelines* states that all costs claimed must be traceable to source documentation that shows evidence of the validity of such costs. Documentation must be kept on file for a period of no less than three years from the date of the final payment of the claim.

Recommendation

The district should maintain logs for all colleges that show health services actually provided as required by *Parameters and Guidelines*. The district should also ensure that it claims only those costs attributable to health services that were provided in the FY 1986-87 base year.

District's Response

The finding is based, partially, upon the report's assertion that the "*Parameters and Guidelines* states that all costs claimed must be traceable to source documentation that shows evidence of the validity of such costs." The *Parameters and Guidelines* actually state, in that regard, that ". . . all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs."

It would therefore appear that this finding is based upon the wrong standard for review.

SCO's Comment

The finding and recommendation remain unchanged. The term "source documentation" includes worksheets and other evidence; therefore, the criterion is valid. The district did not address the audit finding's factual accuracy and did not provide any additional source documents or worksheets to refute the finding.

**FINDING 2—
Unallowable services
and supplies**

The district claimed unallowable services and supplies totaling \$28,782 for the audit period. The related indirect cost is \$8,887, based on the indirect cost rates claimed during the audit period. The unallowable services and supplies costs are attributable to services not reimbursable under the mandate program, services not provided in the FY 1986-87 base year, and costs not supported by source documentation.

The district claimed \$26,100 during the audit period for physical exams for intercollegiate athletics and for salaries of health professionals present at athletic events. These costs are not reimbursable under the mandated program. The district also claimed \$2,125 during the audit period for the cost of Hepatitis B vaccinations. The district's claims did not identify Hepatitis B vaccinations as a service provided in the FY 1986-87 base year. In addition, \$557 claimed during the audit period was not supported by the district's source documentation.

The audit adjustment is summarized as follows:

	Fiscal Year					Total
	1997-98	1998-99	1999-2000	2000-01	2001-02	
Athletics-related costs	\$ (6,216)	\$ (3,178)	\$ (5,898)	\$ (6,083)	\$ (4,725)	\$ (26,100)
Hepatitis B vaccinations	(811)	(521)	(793)	—	—	(2,125)
Unsupported costs	(187)	(94)	—	(276)	—	(557)
Total costs	(7,214)	(3,793)	(6,691)	(6,359)	(4,725)	\$ (28,782)
Indirect cost rate	×31.17%	×30.40%	×30.40%	×31.45%	×30.72%	
Related indirect costs	(2,249)	(1,153)	(2,034)	(2,000)	(1,451)	\$ (8,887)
Total costs (from above)	(7,214)	(3,793)	(6,691)	(6,359)	(4,725)	(28,782)
Audit adjustment	\$ (9,463)	\$ (4,946)	\$ (8,725)	\$ (8,359)	\$ (6,176)	\$ (37,669)

Education Code Section 76355(d) states that authorized expenditures shall not include physical exams for intercollegiate athletics and the salaries of health professionals for athletic events.

Parameters and Guidelines states that community college districts that provided health services in FY 1986-87 and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs. Only services provided in FY 1986-87 may be claimed. *Parameters and Guidelines* also states that all costs claimed must be traceable to source documentation that shows evidence of the validity of such costs.

Recommendation

The district should ensure that it claims costs only for the health services reimbursable under the mandate program. In addition, the district should ensure that all costs claimed are supported by source documentation.

District's Response

This finding disallows costs . . . based upon the conclusion that "[T]hese costs are not reimbursable under the mandate program.[]" This is not a correct interpretation of the law. *Education Code* Section 76355, subdivision (a), permits the collection of student fees for health services. Subdivision (d) requires that these fees, if collected, be deposited in a designated fund and be expended only as authorized. Subdivision (d) prohibits expenditures *from the fund* for physical examinations for intercollegiate athletics or the salaries of health professionals for athletic events. The prohibition only applies to expenditures of funds from the special account designated in which student fees are deposited.

SCO's Comment

The finding and recommendation remain unchanged. The district did not address unallowable costs for Hepatitis B vaccinations and unsupported costs. Regarding athletic-related costs, *Education Code* Section 76355(e) states, "Any community college district that provided health services in the 1986-87 fiscal year shall maintain health services, at the level

provided during the 1986-87 fiscal year, and each fiscal year thereafter. If the cost to maintain that level of service exceeds the limits specified in subdivision (a), the excess cost shall be borne by the district." *Education Code* Section 76355(a) defines the authorized health services fees. Thus, the mandate program "maintenance of effort" requirement applies to those health services for which the district may levy a fee. *Education Code* Section 76355(d) states that athletic-related costs are not authorized expenditures of health services fees. Because the mandate does not require a "maintenance of effort" for athletic-related services, these costs are not mandated costs as defined by *Government Code* Section 17514.

**FINDING 3—
Overstated indirect
cost rates claimed**

The district overstated its indirect cost rates, and thus overstated indirect costs by \$361,689 for the audit period.

The district claimed indirect costs based on indirect cost rate proposals (ICRP) prepared for each fiscal year. However, the district did not obtain federal approval for its ICRPs. The SCO auditor calculated indirect cost rates using the methodology allowed by the SCO claiming instructions. The calculated indirect cost rates did not support the indirect cost rates claimed. The claimed and audited indirect cost rates are summarized below.

	Fiscal Year				
	1997-98	1998-99	1999-2000	2000-01	2001-02
Allowable indirect cost rate	15.00%	14.72%	15.61%	14.93%	15.07%
Less claimed indirect cost rate	<u>(31.17)%</u>	<u>(30.40)%</u>	<u>(30.40)%</u>	<u>(31.45)%</u>	<u>(30.72)%</u>
Unsupported indirect cost rate	<u>(16.17)%</u>	<u>(15.68)%</u>	<u>(14.79)%</u>	<u>(16.52)%</u>	<u>(15.65)%</u>

Based on these unsupported indirect cost rates, the audit adjustments are summarized below:

	Fiscal Year					Total
	1997-98	1998-99	1999-2000	2000-01	2001-02	
Allowable costs claimed	\$ 431,714	\$ 438,317	\$ 443,792	\$ 480,522	\$ 499,243	
Unsupported indirect cost rate	× (16.17)%	× (15.68)%	× (14.79)%	× (16.52)%	× (15.65)%	
Audit adjustment	<u>\$ (69,809)</u>	<u>\$ (68,728)</u>	<u>\$ (65,637)</u>	<u>\$ (79,383)</u>	<u>\$ (78,132)</u>	<u>\$(361,689)</u>

Parameters and Guidelines states that indirect costs may be claimed in the manner described in the SCO claiming instructions. The SCO claiming instructions state that community college districts using an ICRP prepared in accordance with Office of Management and Budget (OMB) Circular A-21 must obtain federal approval of the ICRP. Alternately, the SCO claiming instructions allow community college districts to compute an indirect cost rate using Form FAM-29C, which is based on total expenditures as reported in *California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)*.

Recommendation

The district should claim indirect costs based on indirect cost rates computed in accordance with the SCO claiming instructions. The district should obtain federal approval for ICRPs prepared in accordance with OMB Circular A-21. Alternately, the district should use Form FAM-29C to prepare ICRPs based on the methodology allowed in the SCO claiming instructions.

District's Response

The Parameters and Guidelines for Health Fee Elimination (as last amended on 5/25/89) state that "Indirect costs *may be claimed* in the manner described by the State Controller in his claiming instructions." It does not require that indirect costs be claimed in the manner described by the State Controller.

The State Controller's Claiming Instructions, at the Instructions for Form HFE-1.1, line (05), states, in relevant part: "For claiming indirect costs, college districts have the option of using a federally approved rate from the Office of Management and Budget Circular A-21, from FAM-29C, or a 7% indirect cost rate." The burden should be on the State Controller to show that the ICRP used by the district would not be approved by the federal government, since the State Controller is required to pay claims and may only reduce a claim upon a determination that the claim is excessive or unreasonable. Government Code Section 17651(d)(2)

SCO's Comment

The finding and recommendation remain unchanged. The phrase "may be claimed" allows the district to claim indirect costs. If the district claims indirect costs, the costs must adhere to the SCO's claiming instructions.

Government Code Section 12410 states that the Controller shall audit all claims against the state for correctness, legality, and for sufficient provisions of law for payment. The Health Fee Elimination Program *Parameters and Guidelines* references the SCO's claiming instructions, which require federal approval for OMB Circular A-21 indirect cost rates. The district did not obtain federal approval; thus, the indirect cost rates are unallowable.

**FINDING 4—
Understated
authorized health fee
revenues claimed**

The district did not offset health services program costs by the amount of authorized health fee revenues. Authorized health fee revenues totaled \$6,101,947 for the audit period.

The district's Institutional Research Office (IRO) provided student enrollment data for each fiscal year within the audit period. The IRO also provided data on students enrolled in apprenticeship programs and students who received Board of Governors Grants (BOGG waivers). Based on the IRO data provided, understated authorized health fee revenues are calculated as follows:

	Fall	Spring	Summer	Total
<u>Fiscal Year 1997-98</u>				
Student enrollment	55,094	56,365	21,939	
Less allowable health fee exemptions	<u>(17,748)</u>	<u>(17,649)</u>	<u>(7,388)</u>	
Subtotals	37,346	38,716	14,551	
Authorized student health fee	× \$ (11)	× \$ (11)	× \$ (8)	
Audit adjustment, FY 1997-98	<u>\$ (410,806)</u>	<u>\$ (425,876)</u>	<u>\$ (116,408)</u>	<u>\$ (953,090)</u>
<u>Fiscal Year 1998-99</u>				
Student enrollment	59,436	60,717	23,032	
Less allowable health fee exemptions	<u>(17,709)</u>	<u>(17,680)</u>	<u>(7,333)</u>	
Subtotals	41,727	43,037	15,699	
Authorized student health fee	× \$ (11)	× \$ (11)	× \$ (8)	
Audit adjustment, FY 1998-99	<u>\$ (458,997)</u>	<u>\$ (473,407)</u>	<u>\$ (125,592)</u>	<u>\$ (1,057,996)</u>
<u>Fiscal Year 1999-2000</u>				
Student enrollment	63,752	64,388	24,934	
Less allowable health fee exemptions	<u>(18,274)</u>	<u>(18,037)</u>	<u>(7,275)</u>	
Subtotals	45,478	46,351	17,659	
Authorized student health fee	× \$ (11)	× \$ (11)	× \$ (8)	
Audit adjustment, FY 1999-2000	<u>\$ (500,258)</u>	<u>\$ (509,861)</u>	<u>\$ (141,272)</u>	<u>\$ (1,151,391)</u>
<u>Fiscal Year 2000-01</u>				
Student enrollment	65,163	64,082	26,501	
Less allowable health fee exemptions	<u>(11,293)</u>	<u>(11,417)</u>	<u>(4,664)</u>	
Subtotals	53,870	52,665	21,837	
Authorized student health fee	× \$ (11)	× \$ (11)	× \$ (9)	
Audit adjustment, FY 2000-01	<u>\$ (592,570)</u>	<u>\$ (579,315)</u>	<u>\$ (196,533)</u>	<u>\$ (1,368,418)</u>
<u>Fiscal Year 2001-02</u>				
Student enrollment	70,706	71,361	26,772	
Less allowable health fee exemptions	<u>(13,587)</u>	<u>(14,200)</u>	<u>(4,584)</u>	
Subtotals	57,119	57,161	22,188	
Authorized student health fee	× \$ (12)	× \$ (12)	× \$ (9)	
Audit adjustment, FY 2001-02	<u>\$ (685,428)</u>	<u>\$ (685,932)</u>	<u>\$ (199,692)</u>	<u>\$ (1,571,052)</u>

Parameters and Guidelines states that health fees authorized by the *Education Code* must be deducted from costs claimed. *Education Code* Section 76355(c) states that health fees are authorized for all students except those students who: (1) depend exclusively on prayer for healing; (2) are attending a community college under an approved apprenticeship training program; or (3) demonstrate financial need. (Pursuant to *Education Code* Section 76355(a), authorized health fees increased by \$1.00 effective with the Summer 2001 session.)

Also, *Government Code* Section 17514 states that costs mandated by the State means any increased costs which 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 COSM 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.

Recommendation

The district should offset allowable health services program costs by the amount of health service fee revenues authorized by the *Education Code*. The district should maintain records to support the amount calculated for authorized health service fee revenues, including actual student enrollment and students who are exempted from health fees pursuant to *Education Code* Section 76355(c).

District's Response

Education Code Section 76355, subdivision (a), in relevant part, provides: "The governing board of a district maintaining a community college *may require* community college students to pay a fee...for health supervision and services..." There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states "If, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional." (Emphasis supplied in both instances)

This finding is also based upon the report's statement that the "*Parameters and Guidelines* states that health fees authorized by the *Education Code* must be deducted from the costs claimed." This is a misstatement of the *Parameters and Guidelines*. The *Parameters and Guidelines*, as last amended on 5/25/89, state, in relevant part, "Any offsetting savings...must be deducted from the costs claimed... This shall include the amount of (student fees) as authorized by Education Code [Section 76355]." The use of the term "any offsetting savings" further illustrates the permissive nature of the fees. Student fees actually collected must be used to offset costs, but not student fees that could have been collected and were not.

Finally, the report cites *Government Code* Section 17556 which only prohibits the Commission on State Mandates from finding costs in certain instances. Here, the Commission has already made a finding of a

new program or increased costs.

SCO's Comment

The finding and recommendation remain unchanged. The SCO agrees that community college districts may choose not to levy a health services fee. However, *Education Code* Section 76355 provides the district the authority to levy a health services fee. Therefore, the related health services costs are not mandated costs as defined by *Government Code* Section 17514. Health services costs recoverable through an authorized fee are not costs the district is required to incur. *Government Code* Section 17556 states that the COSM shall not find costs mandated by the State as defined in *Government Code* Section 17514 if the district has authority to levy fees to pay for the mandated program or increased level of service.

**Statute of
limitations**

The district's response included comments regarding the SCO's authority to audit costs claimed for FY 1997-98, FY 1998-99, and FY 1999-2000. The district's response and SCO's comment are as follows:

District's Response

The district's 1997-98 claim was filed on January 15, 2000. The district's 1998-1999 claim was filed on January 15, 2000. The district's 1999-2000 claim was filed on December 30, 2000. The draft audit report is dated May 2004. Therefore, these three claims were only subject to audit until December 31, 2002. Therefore, the proposed audit adjustments for these years are barred by the statute of limitations set forth in *Government Code* Section 17558.5.

SCO's Comment

The audit scope remains unchanged. *Government Code* Section 17558.5(a), effective July 1, 1996, states that a district's reimbursement claim is subject to audit no later than two years after the end of the calendar year in which the claim is filed or last amended. No statutory language defines when the SCO must issue an audit report. Furthermore, no statutory language requires an entrance conference or some other formal event to be held before the two-year period expires. SCO staff contacted the district to initiate the audit in December 2002, within the statute of limitations. The district requested that the audit start in January 2003, rather than December 2002. *Government Code* Section 17558.5(c), effective July 1, 1996, states, "Nothing in this section shall be construed to limit the adjustment of payments . . . when a delay in the completion of an audit is the result of willful acts by the claimant or inability to reach agreement on terms of final settlement."

**Attachment—
District's Response to
Draft Audit Report**

LOS RIOS COMMUNITY COLLEGE DISTRICT



SACRAMENTO CITY COLLEGE

AMERICAN RIVER COLLEGE

COSUMNES RIVER COLLEGE

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 24, 2004

Mr. Jim L. Spano, Chief
Compliance Audits Bureau
California State Controller
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Re: Health Fee Elimination Audit

Dear Mr. Spano:

This letter is the response of Los Rios Community College District to the letter of Vincent P. Brown dated May 5, 2004 which enclosed a Draft Copy of your Audit Report of the district's Health Fee Elimination program, Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987, for the period of July 1, 1997 through June 30, 2002.

Statute of Limitations

The district's 1997-1998 claim was filed on January 15, 2000. The district's 1998-1999 claim was filed on January 15, 2000. The districts 1999-2000 claim was filed on December 30, 2000. The draft audit report is dated May 2004. Therefore, these three claims were only subject to audit until December 31, 2002. Therefore, the proposed audit adjustments for these years are barred by the statute of limitations set forth in Government Code Section 17558.5.

Finding 1 - Unallowable Salaries and Fringe Benefits

This finding is based, partially, upon the report's assertion that the "Parameters and Guidelines states that all costs claimed must be traceable to source documentation that shows evidence of the validity of such costs." The Parameters and Guidelines actually state, in that regard, that "...all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs."

It would therefore appear that this finding is based upon the wrong standard for review.

Jim L. Spano, Chief
Compliance Audits Bureau
May 24, 2004

Finding 2 - Unallowable services and Supplies

This finding disallows costs incurred for physical exams for intercollegiate athletics and for salaries of health professionals present at athletic events based upon the conclusion that "[T]hese costs are not reimbursable under the mandated program. This is not a correct interpretation of the law. Education Code Section 76355, subdivision (a), permits the collection of student fees for health services. Subdivision (d) requires that these fees, if collected, be deposited in a designated fund and be expended only as authorized. Subdivision (d) prohibits expenditures *from the fund* for physical examinations for intercollegiate athletics or the salaries of health professionals for athletic events. The prohibition only applies to expenditure of funds from the special account designated in which student fees are deposited.

Finding 3 - Overstated Indirect Cost Rates Claimed

This finding is based upon the report's statement that "[T]he district claimed indirect costs based on indirect cost rate proposals (IRCP) prepared for each fiscal year. However, the district did not obtain federal approval for its IRCPs."

The Parameters and Guidelines for Health Fee Elimination (as last amended on 5/25/89) state that "Indirect costs *may be claimed* in the manner described by the State Controller in his claiming instructions." It does not require that indirect costs be claimed in the manner described by the State Controller.

The State Controller's Claiming Instructions, at the Instructions for Form HFE-1.1, line (05), states, in relevant part: "For claiming indirect costs, college districts have the option of using a federally approved rate from the Office of Management and Budget Circular A-21, from FAM-29C, or a 7% indirect cost rate." The burden should be on the State Controller to show that the IRCP used by the district would not be approved by the federal government, since the State Controller is required to pay claims and may only reduce a claim upon a determination that the claim is excessive or unreasonable. Government Code Section 17651(d)(2)

Finding 4 - Understated Authorized Health Fee Revenues Claimed

This finding is based upon the report's statement that the district did not offset health services program costs by the amount of authorized health fee revenues.

Education Code Section 76355, subdivision (a), in relevant part, provides: "The governing board of a district maintaining a community college *may require* community college students to pay a fee...for health supervision and services..." There is no

Jim L. Spano, Chief
Compliance Audits Bureau
May 24, 2004

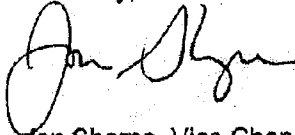
requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states "If, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional." (Emphasis supplied in both instances)

This finding is also based upon the report's statement that the "Parameters and Guidelines states that health fees authorized by the *Education Code* must be deducted from the costs claimed." This is a misstatement of the Parameters and Guidelines. The Parameters and Guidelines, as last amended on 5/25/89, state, in relevant part, "Any offsetting savings...must be deducted from the costs claimed...This shall include the amount of (student fees) as authorized by Education Code Section 72246(a)¹." The use of the term "any offsetting savings" further illustrates the permissive nature of the fees. Student fees actually collected must be used to offset costs, but not student fees that could have been collected and were not.

Finally, the report cites Government Code Section 17556 which only prohibits the Commission on State Mandates from finding costs in certain instances. Here, the Commission has already made a finding of a new program or increased costs.

Therefore, for the reasons stated above, Los Rios Community College District requests that the audit report be changed to comply with the law and to defer any request for payment until the audit report is corrected.

Sincerely,



Jon Sharpe, Vice Chancellor
Finance and Administration
Los Rios Community College District

C: Brice Harris, Chancellor
Carrie Bray, Director of Accounting Services

¹ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, California 94250-5874**

<http://www.sco.ca.gov>

Exhibit E



1B/1

SACRAMENTO CITY COLLEGE

AMERICAN RIVER COLLEGE

COSUMNES RIVER COLLEGE

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May 24, 2004

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Compliance Audits Bureau
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P.O. Box 942850
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This finding is based, partially, upon the report's assertion that the "*Parameters and Guidelines* states that all costs claimed must be traceable to source documentation that shows evidence of the validity of such costs." The Parameters and Guidelines actually state, in that regard, that "...all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs."

It would therefore appear that this finding is based upon the wrong standard for review.

1B/2

Finding 2 - Unallowable services and Supplies

This finding disallows costs incurred for physical exams for intercollegiate athletics and for salaries of health professionals present at athletic events based upon the conclusion that "[T]hese costs are not reimbursable under the mandated program. This is not a correct interpretation of the law. Education Code Section 76355, subdivision (a), permits the collection of student fees for health services. Subdivision (d) requires that these fees, if collected, be deposited in a designated fund and be expended only as authorized. Subdivision (d) prohibits expenditures *from the fund* for physical examinations for intercollegiate athletics or the salaries of health professionals for athletic events. The prohibition only applies to expenditure of funds from the special account designated in which student fees are deposited.

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Finding 4 - Understated Authorized Health Fee Revenues Claimed

This finding is based upon the report's statement that the district did not offset health services program costs by the amount of authorized health fee revenues.

Education Code Section 76355, subdivision (a), in relevant part, provides: "The governing board of a district maintaining a community college *may require* community college students to pay a fee...for health supervision and services..." There is no

Jim L. Spano, Chief
Compliance Audits Bureau
May 24, 2004

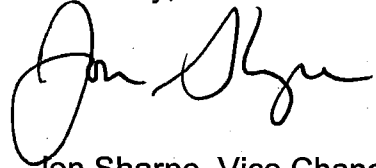
requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states "if, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional." (Emphasis supplied in both instances)

This finding is also based upon the report's statement that the "*Parameters and Guidelines* states that health fees authorized by the *Education Code* must be deducted from the costs claimed." This is a misstatement of the Parameters and Guidelines. The Parameters and Guidelines, as last amended on 5/25/89, state, in relevant part, "Any offsetting savings...must be deducted from the costs claimed...This shall include the amount of (student fees) as authorized by Education Code Section 72246(a)¹." The use of the term "any offsetting savings" further illustrates the permissive nature of the fees. Student fees actually collected must be used to offset costs, but not student fees that could have been collected and were not.

Finally, the report cites Government Code Section 17556 which only prohibits the Commission on State Mandates from finding costs in certain instances. Here, the Commission has already made a finding of a new program or increased costs.

Therefore, for the reasons stated above, Los Rios Community College District requests that the audit report be changed to comply with the law and to defer any request for payment until the audit report is corrected.

Sincerely,



Jon Sharpe, Vice Chancellor
Finance and Administration
Los Rios Community College District

C: Brice Harris, Chancellor
Carrie Bray, Director of Accounting Services

¹ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

Exhibit F

**CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE**

1102 Q STREET
SACRAMENTO, CA 95814-6511
TEL 445-8752
HTTP://WWW.CCCCO.EDU



March 5, 2001

To: Superintendents/Presidents
Chief Business Officers
Chief Student Services Officers
Health Services Program Directors
Financial Aid Officers
Admissions and Records Officers
Extended Opportunity Program Directors

From: Thomas J. Nussbaum
Chancellor

Subject: Student Health Fee Increase

Education Code Section 76355 provides the governing board of a community college district the option of increasing the student health services fee by the same percentage as the increase in the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar above the existing fee, the fee may be increased by \$1.00.

Based on calculations by the Financial, Economic, and Demographic Unit in the Department of Finance, the Implicit Price Deflator Index has now increased enough since the last fee increase of March 1997 to support a one dollar increase in the student health fees. Effective with the Summer Session of 2001, districts may begin charging a maximum fee of \$12.00 per semester, \$9.00 for summer session, \$9.00 for each intersession of at least four weeks, or \$9.00 for each quarter.

For part-time students, the governing board shall decide the amount of the fee, if any, that the student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.

The governing board operating a health services program must have rules that exempt the following students from any health services fee:

- Students who depend exclusively upon prayer for healing in accordance with the teachings of a bona fide religious sect, denomination, or organization.

- Students who are attending a community college under an approved apprenticeship training program.
- Students who receive Board of Governors Enrollment Fee Waivers, including students who demonstrate financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid and students who demonstrate eligibility according to income standards established by the board of governors and contained in Section 58620 of Title 5 of the California Code of Regulations.

All fees collected pursuant to this section shall be deposited in the Student Health Fee Account in the Restricted General Fund of the district. These fees shall be expended only to provide health services as specified in regulations adopted by the board of governors. Allowable expenditures include health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both. Allowable expenditures exclude athletic-related salaries, services, insurance, insurance deductibles, or any other expense that is not available to all students. No student shall be denied a service supported by student health fee on account of participation in athletic programs.

If you have any questions about this memo or about student health services, please contact Mary Gill, Dean, Enrollment Management Unit at 916.323.5951. If you have any questions about the fee increase or the underlying calculations, please contact Patrick Ryan in Fiscal Services Unit at 916.327.6223.

CC: Patrick J. Lenz
Ralph Black
Judith R. James
Frederick E. Harris

I:\Fisc\FiscUnit\01StudentHealthFees\011StuHealthFees.doc

Exhibit G

DECLARATION OF CARRIE BRAY

I, Carrie Bray, the undersigned, declare:

1. I am over the age of 18 and otherwise competent to testify in any court or administrative proceeding.
2. I have been employed by the Los Rios Community College District since April 1991.
3. At the present time, I am the Director of Accounting Services for the district.
4. On Thursday, December 12, 2002, I received a Telephone Message slip which indicated that a Mary Khoshmashrag of the State Controller's Office wanted to talk to me about an audit of our Health Fee Elimination and Mandated Reimbursement Process annual claims. A true and exact copy of the message slip is attached hereto as Exhibit "A" and is incorporated herein by reference.
5. I subsequently learned that the correct spelling of the caller's last name was Khoshmashrab.
6. Due to the press of business prior to the Christmas holiday and the ensuing weekend, I was not able to immediately return the call of Ms. Khoshmashrab.
7. On Tuesday, December 17, 2002, I received another Telephone Message slip which indicated that Mary Khoshmashrab wanted to schedule in December a meeting in January. The message also indicated that she was very anxious to hear from me. A true and exact copy of the Telephone Message slip is attached hereto as Exhibit "B" and is incorporated herein by reference.
8. I returned the telephone call of Ms. Khoshmashrab on Wednesday, December 18, 2002. Ms. Khoshmashrab stated that she assumed that we were too busy to

meet in December, so she requested a meeting during the first or second week of January.

9. Since we were talking about the first or second week of January, I made a note on my calendar at the time that Mary requested a meeting in the first or second week of January. A true and exact copy of my calendar page for the week of January 13 through January 19 is attached hereto as Exhibit "C" and is incorporated herein by reference.
10. After checking the availability of key district personnel, I called Ms. Khoshmashrab on Thursday, December 19, 2002, at 12:08 P.M., to set a date in January, as requested, for the meeting. Ms. Khoshmashrab was not in at the time, so I left a message for her to call me. A notation to this effect was made on Exhibit "C."
11. On Thursday, December 19, 2002, at 2:45 P.M., I received a message to call Ms. Khoshmashrab. I returned her call at 2:50 P.M. and a meeting was scheduled for January 16, 2003 at 9:30 A.M. Notations of these calls and conversation were made on Exhibit "C."
12. On Friday, December 20, 2002, at 10:23 A.M., I received a message that Ms. Khoshmashrab needed my FAX number. I returned her call at 1:30 P.M. and left my FAX number on her answering machine.
13. The notations on Exhibit "C" were made by me in the regular course of the business of Los Rios Community College District.
14. The notations on Exhibit "C" were made by me immediately on or about the time

of the calls and conversations noted thereon.

15. On January 2, 2003, I received a letter dated December 23, 2002, from Chris Prasad, Audit Manager, State Controller's Office. A true and exact copy of that letter with an in-coming mail stamp and my handwritten notations is attached hereto as Exhibit "D" and is incorporated herein by reference.
16. The Exhibit "D" letter clearly indicates that Ms. Khoshmashrab "will commence the audit" on Thursday, January 16, 2003.

The foregoing facts are known to me personally and, if so required, I could testify to the statements made herein. I hereby declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct except where stated upon information or belief and where so stated I declare that I believe them to be true.

EXECUTED this 30th day of September, 2004, at Sacramento, California.



Carrie Bray

TELEPHONE MESSAGE

For Carrie
Date 12-12 Time 11:06 AM
PM

WHILE YOU WERE OUT

M Mary Khoshmashrag
Of State Controller's office
Phone 327-0490

AREA CODE NUMBER EXTENSION

Telephoned	<input checked="" type="checkbox"/>	Please Call	<input checked="" type="checkbox"/>
Called to See You	<input type="checkbox"/>	Will Call Again	<input type="checkbox"/>
Wants to See You	<input type="checkbox"/>	Urgent	<input type="checkbox"/>
Returned Your Call	<input type="checkbox"/>	Came to See You	<input type="checkbox"/>

on Mon.

Message Re: audit on mandates:
2.5M - health fee elimination
- mandated reimbursement
claim

Signed gm

TELEPHONE MESSAGE

For Carie

Date 12-17 Time 10 ^{AM} _{PM}

WHILE YOU WERE OUT

M Mary Khoshmashrab

Of State Controllers Office

Phone 327-0490

AREA CODE NUMBER EXTENSION

Telephoned	<input checked="" type="checkbox"/>	Please Call	<input checked="" type="checkbox"/>
Called to See You	<input type="checkbox"/>	Will Call Again	<input type="checkbox"/>
Wants to See You	<input type="checkbox"/>	Urgent	<input type="checkbox"/>
Returned Your Call	<input type="checkbox"/>	Came to See You	<input type="checkbox"/>

Message Would like to schedule
in Dec. to meet in Jan.

(She was very anxious to hear
from you)

Signed Ym

January 13 -
January 19

12/18 Talked to Mary
She requested mtg on
1st or 2nd wk. of Jan

January 2003

S	M	T	W	T	F	S
		1	2	3	4	
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

February 2003

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

12/19 12:00pm left msg w/ Mary to schedule appt

Monday, January 13
10:00am 11:30am DO Management (Chancellor's Conf Room)
3:00pm 4:00pm Chancellor's Cabinet
4:00pm 5:00pm LRCCD Management Meeting re: State Budget

Thursday, January 16

12/19 2:45 rec'd msg from Mary to return call.
Rec'd voicemail. left another msg.

12/19 2:50 - scheduled mtg

Jan 14 9:30

12/20/02
10:23

8:30am 12:00pm
1:00pm 5:00pm

Mary
State Controller's Office
Needs fax #
327 0490

Tuesday, January 22

9:00am 9:30am Ginny's Performance Eval (Jon's Office)

12/20 rec'd call from Mary for fax #
Called & left on recorder 1:30

Wednesday, January 23

9:30am 10:00am Board Agenda Review
10:30am 12:00pm Finance & Admin Mgmt (Business Services Conf)
3:00pm 4:30pm Budget Committee (Main Conf Room)
5:30pm 6:00pm Board Meeting

Saturday, January 26



JAN 02 2003
BY:

KATHLEEN CONNELL
Controller of the State of California

December 23, 2002

cc: Ray
Let's discuss
after you've had
chance to take
document
requirements
CB 1/16/03

Ms. Carrie Bray
Director of Accounting Services
District College Services
Los Rios Community College District
1919 Spanos Court
Sacramento, CA 95825

Dear Ms. Bray:

This letter is to confirm that the State Controller's Office (SCO) has scheduled an audit of Los Rios Community College's legislatively mandated Health Fee Elimination program claims for fiscal year (FY) 1997-98 through FY 2000-2001, and legislatively mandated Mandate Reimbursement Process program claims for FY 1998-99 through FY 2000-2001.

As discussed during a telephone conversation on December 19, 2002, SCO auditor Mary Khoshmashrab will commence the audit of the subject programs on Thursday, January 16, 2003, beginning with an entrance conference at 9:30 a.m.

We would appreciate your furnishing working accommodations for and providing the necessary records (see attachment) available to Ms. Khoshmashrab.

If you have any questions, please contact me at (916) 445-8519.

Sincerely,

CHRIS PRASAD, Audit Manager
Compliance Audits Bureau
Division of Audits

CP:jj

Attachment

cc: (See Page 2)

cc: Jon Sharpe
Vice Chancellor of Finance and Administration
Los Rios Community College
Kim Sayles
Supervisor of Grants and Contracts
Los Rios Community College
Jim L. Spano, Chief
Compliance Audits Bureau
Division of Audits
Ginny Brummels, Section Manager
Division of Accounting and Reporting
Mary Khoshmashrab, Auditor
Compliance Audits Bureau
Division of Audits

3552

LOS RIOS COMMUNITY COLLEGE
RECORDS REQUEST FOR HEALTH FEE ELIMINATION AND MANDATED
REIMBURSEMENT PROCESS COST PROGRAM
FYs 1997-98 THROUGH 2000-2001

1. Copy of claims for mandated cost programs and related documentation;
2. Organization charts for the division or units handling the mandated cost program, effective during the audit period and currently, showing employee names and position titles;
3. Chart of accounts;
4. Audit period annual budgets for each college claimed, and a list of revenues and expenditures, including all state and federal grants received;
5. List of services provided for FY 1986-87.
6. List of all employees, showing the classifications, function performed, and actual number of hours devoted to each function;
7. Worksheets supporting the productive hourly rate used, including support for benefits rate used;
8. List of Services and Supplies that identifies the consumption purpose under the mandate;
9. List of student enrollment for each college claimed, for each fiscal year and each semester;
10. Support for costs claimed to derive the indirect costs rate proposal (ICRP) plan;
11. Employee time sheets or time logs claimed on the mandates;
12. Access to payroll records showing employee salaries and benefits paid during the audit period;
13. Access to general ledger accounts supporting disbursements;
14. Supporting documentation for amounts received from other funding sources;
15. Summary report explaining services function codes and provider I.D. codes;
16. Supporting documentation for units of services claimed;
17. List of consultant contracts;
18. Access to clients files;
19. Vendor invoices; and
20. Training agendas and sign-in logs.

Other documentation may be requested.

Exhibit H

CLAIM FOR PAYMENT
Pursuant to Government Code Section 17561
HEALTH FEE ELIMINATION

(19) Pr. Number 00029
(20) Date file _____/_____/_____
(21) LRS Input _____/_____/_____

L
A
B
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L

H
E
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E

(01) Claimant Identification Number S - 34050
(02) Mailing Address
Claimant Name Los Rios Community College Dist.
County of Location Sacramento
Street Address or P. O. Box 1919 Spanos Court
City Sacramento State Ca. Zip Code 95825

Reimbursement Claim Data
(22) HFE-1.0, (04)(b) 607,532
(23)
(24)
(25)
(26)

Claim File Copy

Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(27)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29)
Fiscal Year of Cost	(06) 19__/19__	(12) 19 <u>97</u> /19 <u>98</u>	(30)
Total Claimed Amount	(07)	(13) 607,532	(31)
Less: 10% Late Penalty, not to exceed \$1000		(14) 1,000	(32)
Less: Estimated Claim Payment Received		(15) 606,532	(33)
Net Claimed Amount		(16)	(34)
Due from State	(08)	(17) 606,532	(35)
Due to State		(18)	(36)

(38) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987; and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987, set forth on the attached statements.

Claim File Copy

Signature of Authorized Representative

Louise Davatz

Type or Print Name

Date _____
[Signature]
Exec. Vice-Chancellor

Title Finance & Administration

(39) Name of Contact Person for Claim SixTen and Associates
Telephone Number (858) 514-8605
Ext. _____

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.0
--	-------------------------

(01) Claimant	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19 ⁹⁷ /19 ⁹⁸
---------------	--	---

(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)

	(a) Name of College	(b) Claimed Amount
1.	American River College	248,662
2.	Cosumnes College	125,913
3.	Sacramento City College	232,957
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19.		
20.		
21.		
(04) Total Amount Claimed	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	607,532

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
--	-------------------------

(01) Claimant Los Rios Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> XX Estimated <input type="checkbox"/>	Fiscal Year 19 <u>97</u> / 19 <u>98</u>
--	---	--

(03) Name of College **American River College**

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP; do not complete the form. No reimbursement is allowed.

LESS <input type="checkbox"/>	SAME <input checked="" type="checkbox"/> XX	MORE <input type="checkbox"/>	31.17%
----------------------------------	---	----------------------------------	--------

	Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim..	189,572	59,090	248,662
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87			
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	189,572	59,090	248,662

(08) Complete columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	15,675		\$ 0.00	\$ 0.00			\$ 0.00
2. Per spring semester	15,687		\$ 0.00	\$ 0.00			\$ 0.00
3. Per summer session	6,203		\$ 0.00	\$ 0.00			\$ 0.00
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							

(09) Total health fee that could have been collected [Line (8.1g) + (8.2g) +(8.6g)] \$ 0.00

(10) Sub-total [Line (07) - line (09)] 248,662

Cost Reduction

(11) Less: Offsetting Savings, if applicable

(12) Less: Other Reimbursements, if applicable

(13) Total Amount Claimed [Line (10) - (line (11) + line (12))] 248,662

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
--	-------------------------

(01) Claimant Los Rios Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 97 98 19__/19__
--	--	-----------------------------------

(03) Name of College **Cosumnes College**

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE **31.17%**

	Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim	95,992	29,921	125,913
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87			
(07) Cost of providing current fiscal year health services at the 1986/87 level (Line (05) - line (06))	95,992	29,921	125,913

(08) Complete columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (c) - (f)
1. Per fall semester	10,166		\$ 0.00	\$ 0.00			\$ 0.00
2. Per spring semester	10,595		\$ 0.00	\$ 0.00			\$ 0.00
3. Per summer session	3,571		\$ 0.00	\$ 0.00			\$ 0.00
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							

(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]	\$ 0.00
(10) Sub-total	[Line (07) - line (09)]	125,913

Cost Reduction

(11) Less: Offsetting Savings, if applicable	
(12) Less: Other Reimbursements, if applicable	
(13) Total Amount Claimed	[Line (10) - (line (11) + line (12))] 125,913

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY							FORM HFE-1.1
(01) Claimant Los Rios Community College District		(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>			Fiscal Year 97 98 19__/19__		
(03) Name of College Sacramento City College							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.							
LESS <input type="checkbox"/>		SAME <input checked="" type="checkbox"/>		MORE <input type="checkbox"/>		31.17%	
				Direct Cost	Indirect Cost	Total	
(05) Cost of health services for the fiscal year of claim				177,599	55,358	232,957	
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]				177,599	55,358	232,957	
(08) Complete columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) - (f)
1. Per fall semester	12,769		\$ 0.00	\$ 0.00			\$ 0.00
2. Per spring semester	13,851		\$ 0.00	\$ 0.00			\$ 0.00
3. Per summer session	5,125		\$ 0.00	\$ 0.00			\$ 0.00
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected				[Line (8.1g) + (8.2g) +(8.6g)]		\$ 0.00	
(10) Sub-total				[Line (07) - line (09)]		232,957	
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							
(12) Less: Other Reimbursements, if applicable							
(13) Total Amount Claimed				[Line (10) - (line (11) + line (12))]		232,957	

**LOS RIOS COMMUNITY COLLEGE
CALCULATION OF INDIRECT COST RATE,
FISCAL YEAR 1997- 1998**

DESCRIPTION	1997-98
INSTRUCTIONAL ACTIVITY	
Instructional Costs	
Instructional Salaries and Benefits	62,427,826
Instructional Operating Expenses	1,957,752
Instructional Support	192,124
Auxiliary Classes Inst. Salaries and Benefits	33,633
TOTAL INSTRUCTIONAL COSTS 1	64,611,335
Non-Instructional Costs	
Non-Instructional Salaries and Benefits	2,345,567
Instructional Admin. Salaries and Benefits	7,365,842
Instructional Admin. Operating Expenses	867,313
Auxiliary Classes Non-Inst. Salaries and Benefits	351,278
Auxiliary Classes Operating Expenses	520,502
TOTAL NON-INSTRUCTIONAL COSTS 2	11,450,502
TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)	76,061,837
DIRECT SUPPORT ACTIVITY	
Direct Support Costs	
Instructional Support Service	2,879,248
Admissions and Records	1,952,626
Counselling and Guidance	8,007,442
Other Student Services	12,423,658
TOTAL DIRECT SUPPORT COSTS 4	25,262,974
TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)	
	101,324,811
Indirect Support Costs	
Operation and Maintenance of Plant	11,893,193
Planning and Policy Making	3,219,430
General Instructional Support Services	16,465,360
TOTAL INDIRECT SUPPORT COSTS 6	31,577,983
TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS	
	132,902,794
SUPPORT COSTS ALLOCATION RATES	
Indirect Support Costs Allocation Rate =	
Total Indirect Supports Costs (6)	31.17%
Total Instructional Activity Costs and Direct Support Costs (5)	
Direct Support Costs Allocation Rate =	
Total Direct Support Costs (4)	33.21%
Total Instructional Activity Costs (3)	
Total Support Cost Allocation	64.38%

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LOS RIOS COMMUNITY COLLEGE DISTRICT
HEALTH FEE ELIMINATI / **MANDATED COST CLAIM**
Fiscal Year Ending June 30, 1998

FY	FUND	BUDGET NO.	OBJ CODE	LOC	TITLE	GDLNE	FTE	TOP CODE	OCB NO	OCB TITLE	Total
98	1	11110.11	1204	ARC	CERT. SAL. - NURSES	15E	2	6440.00	G501	HEALTH OFFICE	136,675.00
98	1	11110.22	1404	ARC	SUBS-NURSE	101S	0	6440.00	G501	HEALTH OFFICE	1,456.00
98	1	11110.44	1404	ARC	HEALTH SERVICES SUPPLEMENT	15F	0.16	6440.00	G501	HEALTH OFFICE	6,557.00
98	1	17121.16	2102	ARC	CL SAL-ATHLETIC TRAINER	21C	1	6440.00	F265	P E & ATHLETICS	52,117.00 *
98	1	17123.10	2102	ARC	CL SAL HEALTH SERVICES	21C	1	6440.00	G501	HEALTH OFFICE	34,929.00
98	1	14460.01	4500	ARC	HEALTH - SUPPLIES	41A	0	6440.00	G501	HEALTH OFFICE	4,278.00
98	1	14460.03	5200	ARC	HEALTH-CONFERENCE	41A	0	6440.00	G501	HEALTH OFFICE	771.00
98	1	14460.06	5600	ARC	HEALTH CTR-MAINT/REPAIR	41A	0	6440.00	G501	HEALTH OFFICE	277.00
98	1	14460.08	5601	ARC	HEALTH CTR	41A	0	6440.00	G501	HEALTH OFFICE	140.00
98	1	14460.07	5890	ARC	HEALTH-OTHER OPER/PHYSICIANS	41A	0	6440.00	G501	HEALTH OFFICE	2,912
98	1	14460.09	6490	ARC	HEALTH CTR-INOC INC-EQUIP	41X	0	6499.00	G501	HEALTH OFFICE	1,576.00
ARC Subtotal											
241,689.00											
98	1	31110.08	1204	CRC	CERT. SAL. - SCHOOL NURSE	15E	1.3	6440.00	G501	HEALTH OFFICE	79,080.00
98	1	31110.37	1404	CRC	HEALTH SVC SUPPLEMENT	15F	0.16	6440.00	G501	HEALTH OFFICE	15,904.00
98	1	37121.11	2102	CRC	CL SAL-ATHLETIC TRAINER	21C	0.83	6440.00	F111	PE/HEALTH/ARTS/FPC	43,444.00
98	1	34460.01	4500	CRC	HEALTH CENTER - SUPPLIES	41A	0	6440.00	G501	HEALTH OFFICE	738.00
98	1	32210.02	5200	CRC	MILEAGE-NURSE	41A	0	6440.00	G501	HEALTH OFFICE	151.00
98	1	34460.04	5300	CRC	HEALTH CENTER - MEMBERSHIPS	41A	0	6440.00	G501	HEALTH OFFICE	49.00
98	1	34460.05	5601	CRC	HEALTH CTR-PAGER RENTAL	41A	0	6440.00	G501	HEALTH OFFICE	70.00
CRC Subtotal											
95,912											
139,406.00											
98	1	21110.08	1204	SCC	CERT. SAL. - SCHOOL NURSE	15E	2	6440.00	G501	HEALTH OFFICE	164,487.00
98	1	21110.36	1404	SCC	HEALTH SERVICES SUPPLEMENT	15F	0.16	6440.00	G501	HEALTH OFFICE	7,74
98	1	27121.15	2102	SCC	CL SAL-ATHLETIC TRAINER 12MO.	21C	1	6440.00	F111	PE/HEALTH/ARTS/FPC	51,906.00
98	1	24460.01	4500	SCC	HEALTH CENTER - SUPPLIES	41A	0	6440.00	G501	HEALTH OFFICE	1,934.00
98	1	22210.02	5200	SCC	MILEAGE - NURSE (HEALTH OFFICE	41A	0	6440.00	G501	HEALTH OFFICE	102.00
98	1	24460.03	5600	SCC	HLTH CTR-OUTSIDE VENDOR	41A	0	6440.00	G501	HEALTH OFFICE	30.00
98	1	24460.02	5890	SCC	HLTH CTR-PERSONAL SVCS	41A	0	6440.00	G501	HEALTH OFFICE	3,303.00
SCC Subtotal											
177,599											
229,504.00											
610,599.00											

MANDATED COSTS HEALTH FEE ELIMINATION HEALTH SERVICES	FORM HFE-2
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(01) Claimant <i>LRCCD - SCC</i>	(02) Fiscal Year Costs Were Incurred <i>FY 98-99 + 97-98</i>
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(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health service was provided by student health service fees for the indicated fiscal year. <i>None provided by Student Health Fees</i>	(a) FY 1986/87	(b) FY of Claim
Accident Reports	X	X
Appointments		
College Physician, surgeon		
Dermatology, Family practice		
Internal Medicine		
Outside Physician		
Dental Services		
Outside Labs, (X-ray, etc.)		
Psychologist, full services		
Cancel/Change Appointments	X	X
Registered Nurse		
Check Appointments		
<u>Assessment, Intervention and Counseling</u> <i>only</i>	<i>Stand.</i>	<i>Couns.</i>
Birth Control		
Lab Reports	X	X
Nutrition		
Test Results, office		
Venereal Disease	<i>Couns.</i>	<i>Couns.</i>
Communicable Disease	X	X
Upper Respiratory Infection	<i>Couns.</i>	<i>Couns.</i>
Eyes, Nose and Throat	X	X
Eye/Vision	<i>Couns.</i>	<i>Couns.</i>
Dermatology/Allergy		
Gynecology/Pregnancy Service		
Neuralgic		
Orthopedic		
Genito/Urinary		
Dental		
Gastro-Intestinal	<i>Couns.</i>	<i>Couns.</i>
Stress Counseling	<i>Couns.</i>	<i>Couns.</i>
Crisis Intervention		
Child Abuse Reporting and Counseling		
Sunstance Abuse Identification and Counseling		
Acquired Immune Deficiency Syndrome		
Eating Disorders		
Weight Control	<i>Couns.</i>	<i>Couns.</i>
Personal Hygiene	<i>Couns.</i>	<i>Couns.</i>
Burnout		
Other Medical Problems, list		
Examinations, minor illnesses		
Recheck Minor Injury		
Health Talks or Fairs, Information	X	X
Sexually Transmitted Disease	X	X
Drugs	X	X
Acquired Immune Deficiency Syndrome		
Child Abuse		

MANDATED COSTS HEALTH FEE ELIMINATION HEALTH SERVICES	FORM HFE-2
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(01) Claimant LRCCD-300 (02) Fiscal Year Costs Were Incurred FY 98-99

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Birth Control/Family Planning	X	X
Stop Smoking		
Library, Videos and Cassettes		
First Aid, Major Emergencies	XXX	XXX
First Aid, Minor Emergencies	XXX	X
First Aid Kits, Filled		
Immunizations		
Diphtheria/Tetanus		
Measles/Rubella		
Influenza		
Information		
Insurance		
On Campus Accident		
Voluntary		
Insurance Inquiry/Claim Administration		
Laboratory Tests Done		
Inquiry/Interpretation		
Pap Smears		
Physical Examinations		
Employees		
Students		
Athletes		
Medications		
Antacids		
Antidiarrheal		
Aspirin, Tylenol, etc.		
Skin Rash Preparations		
Eye Drops		
Ear Drops		
Toothache, oil cloves		
Stingkill		
Midol, Menstrual Cramps		
Other, list		
Parking Cards/Elevator Keys		
Tokens		
Return Card/Key		
Parking Inquiry		
Elevator Passes		
Temporary Handicapped Parking Permits		

MANDATED COSTS HEALTH FEE ELIMINATION HEALTH SERVICES	FORM HFE-2
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(01) Claimant <u>LRCCD - Soc</u>	(02) Fiscal Year Costs Were Incurred <u>FY 98-99</u>
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(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Referrals to Outside Agencies		
Private Medical Doctor	X	X
Health Department	X	X
Clinic	X	X
Dental	X	X
Counseling Centers	X	X
Crisis Centers	X	X
Transitional Living Facilities, battered/homeless women	X	X
Family Planning Facilities	X	X
Other Health Agencies		
Tests		
Blood Pressure	X	X
Hearing	X	X
Tuberculosis	X	X
Reading Information	X	X
Vision	X	X
Glucometer	X	X
Unnalysis		
Hemoglobin		
EKG		
Strep A Testing		
PG Testing		
Monospot		
Hemacult		
Others, list		
Miscellaneous		
Absence Excuses/PE Waiver <u>NA</u>		
Allergy Injections <u>NA</u>		
Band-aids	X	X
Booklets/Pamphlets	X	X
Dressing Change <u>NA</u>		
Rest	X	X
Suture Removal <u>NA</u>		
Temperature		
Weigh	X	X
Information		
Report/Form <u>NA</u>	X	X
Wart Removal <u>NA</u>	X	X
Others, list		
Committees		
Safety	X	X
Environmental		
Disaster Planning		
Skin Rash Preparations		
Eye Drops		

Exhibit I

CLAIM R PAYMENT
Pursuant to Government Code Section 17561
HEALTH FEE ELIMINATION

(19) Prt Number 00029
(20) Date file _____/_____/_____
(21) LRS Input _____/_____/_____

L
A
B
E
L

H
E
R
E

(01) Claimant Identification Number S - 34050
(02) Mailing Address
Claimant Name Los Rios Community College Dist.
County of Location Sacramento
Street Address or P. O.. Box 1919 Spanos Court
City Sacramento, State Ca. Zip Code 95825

Claim File Copy

Reimbursement Claim Data	
(22) HFE-1.0, (04)(b)	625,570
(23)	
(24)	
(25)	
(26)	

Type of Claim	Estimated Claim	Reimbursement Claim	
(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(27)	
(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28)	
(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29)	
(06) 19 99 /2000	(12) 19 98 /19 99	(30)	
(07) 600,000	(13) 625,570	(31)	
Less: 10% Late Penalty, not to exceed \$1000	(14) 0	(32)	
Less: Estimated Claim Payment Received	(15) 0	(33)	
Net Claimed Amount	(16) 625,570	(34)	
Due from State (08) 600,000	(17) 625,570	(35)	
Due to State	(18) 0	(36)	
		(37)	

(38) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987; and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987, set forth on the attached statements.

Signature of Authorized Representative

Louise Davatz
Type or Print Name

Claim File Copy

Date _____

Exec. Vice Chancellor
Title Finance & Administration

(39) Name of Contact Person for Claim Telephone Number Ext.
SixTen and Associates (858) 514-8605

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		FORM HFE-1.0
(01) Claimant Los Rios Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> XXX Estimated <input type="checkbox"/>	Fiscal Year 19 <u>98</u> /19 <u>99</u>
(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)		
(a) Name of College		(b) Claimed Amount
1. American River College		271,682
2. Cosumnes College		120,750
3. Sacramento City College		233,138
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19.		
20.		
21.		
(04) Total Amount Claimed	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	625,570

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.1**

(01) Claimant Los Rios Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19 <u>98</u> / 19 <u>99</u>
--	--	--

(03) Name of College **American River College**

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

30.40%

	Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim	208,345	63,337	271,682
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87			
(07) Cost of providing current fiscal year health services at the 1986/87 level (Line (05) - line (06))	208,345	63,337	271,682

(08) Complete columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	20,038		\$ 0.00	\$ 0.00			\$ 0.00
2. Per spring semester	20,805		\$ 0.00	\$ 0.00			\$ 0.00
3. Per summer session	6,767		\$ 0.00	\$ 0.00			\$ 0.00
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							

(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]	\$ 0.00
(10) Sub-total	[Line (07) - line (09)]	271,682

Cost Reduction

(11) Less: Offsetting Savings, if applicable		
(12) Less: Other Reimbursements, if applicable		
(13) Total Amount Claimed	[Line (10) - (line (11) + line (12))]	271,682

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
--	-------------------------

(01) Claimant Los Rios Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 1997/1998
--	--	--------------------------

(03) Name of College **Cosumnes College**

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE **30.40%**

	Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim	92,600	28,150	120,750
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87			
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	92,600	28,150	120,750

(08) Complete columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	10,963		\$ 0.00	\$ 0.00			\$ 0.00
2. Per spring semester	10,520		0.00	0.00			0.00
3. Per summer session	3,750		0.00	0.00			0.00
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]						0.00
(10) Sub-total	[Line (07) - line (09)]						120,750
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							
(12) Less: Other Reimbursements, if applicable							
(13) Total Amount Claimed	[Line (10) - (line (11) + line (12))]						120,750

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
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(01) Claimant Los Rios Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 1998/1999
--	---	--------------------------

(03) Name of College **Sacramento City College**

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS <input type="checkbox"/>	SAME <input checked="" type="checkbox"/>	MORE <input type="checkbox"/>	30.40%
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	Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim	178,787	54,351	233,138
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87			
(07) Cost of providing current fiscal year health services at the 1986/87 level (Line (05) - line (06))	178,787	54,351	233,138

(08) Complete columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	12,119		\$ 0.00	\$ 0.00			\$ 0.00
2. Per spring semester	12,277		\$ 0.00	\$ 0.00			\$ 0.00
3. Per summer session	5,545		\$ 0.00	\$ 0.00			\$ 0.00
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							

(09) Total health fee that could have been collected (Line (8.1g) + (8.2g) +(8.6g)) \$ 0.00

(10) Sub-total (Line (07) - line (09)) 233,138

Cost Reduction

(11) Less: Offsetting Savings, if applicable

(12) Less: Other Reimbursements, if applicable

(13) Total Amount Claimed (Line (10) - (line (11) + line (12))) 233,138

**LOS RIOS COMMUNITY COLLEGE
CALCULATION OF INDIRECT COST RATE,
FISCAL YEAR 1998-1999**

DESCRIPTION	1998-1999
INSTRUCTIONAL ACTIVITY	
Instructional Costs	
Instructional Salaries and Benefits	66,363,220
Instructional Operating Expenses	2,641,529
Instructional Support	211,179
Auxiliary Classes Inst. Salaries and Benefits	32,654
TOTAL INSTRUCTIONAL COSTS 1	69,248,582
Non-Instructional Costs	
Non-Instructional Salaries and Benefits	2,308,758
Instructional Admin. Salaries and Benefits	7,969,569
Instructional Admin. Operating Expenses	1,772,227
Auxiliary Classes Non-Inst. Salaries and Benefits	361,077
Auxiliary Classes Operating Expenses	391,864
TOTAL NON-INSTRUCTIONAL COSTS 2	12,803,495
TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)	82,052,077
DIRECT SUPPORT ACTIVITY	
Direct Support Costs	
Instructional Support Service	3,535,803
Admissions and Records	2,040,311
Counselling and Guidance	8,685,890
Other Student Services	13,709,070
TOTAL DIRECT SUPPORT COSTS 4	27,971,074
TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)	110,023,151
Indirect Support Costs	
Operation and Maintenance of Plant	12,292,216
Planning and Policy Making	3,367,447
General Instructional Support Services	17,786,018
TOTAL INDIRECT SUPPORT COSTS 6	33,445,681
TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS, AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS	143,468,832
SUPPORT COSTS ALLOCATION RATES	
Indirect Support Costs Allocation Rate =	
Total Indirect Supports Costs (6)	30.40%
Total Instructional Activity Costs and Direct Support Costs (5)	
Direct Support Costs Allocation Rate =	
Total Direct Support Costs (4)	34.09%
Total Instructional Activity Costs (3)	
Total Support Cost Allocation	64.49%

LOS RIOS COMMUNITY COLLEGE DISTRICT
 HEALTH FEE ELIMINATION MANDATED COST CLAIM
 Fiscal Year 19 June 30, 1999

HPS

FY	FUND	BUDGET NO.	OBJ CODE	LOC TITLE	GDLNE	FTE	TOP CODE	OCB NO	OCB TITLE	
1999	1	11110.11	1204	ARC CERT. SAL. - NURSES	15E	2	6440.00	G501	HEALTH OFFICE	131,992.00
		11110.11	1204	ARC Benefits						18,952.00
1999	1	11110.22	1404	ARC SUBS-NURSE	101S	0	6440.00	G501	HEALTH OFFICE	518.00
		11110.22	1404	ARC Benefits						74.00
1999	1	11110.44	1404	ARC HEALTH SERVICES SUPPLEMENT	15F	0.16	6440.00	G501	HEALTH OFFICE	6,626.00
		11110.44	1404	ARC Benefits						951.00
1999	1	17121.16	2102	ARC CL SAL-ATHLETIC TRAINER	21C	1	6440.00	F265	P E & ATHLETICS	48,997.00
		17121.16	2102	ARC Benefits						7,927.00
1999	1	17123.10	2102	ARC CL SAL HEALTH SERVICES	21C	1.5	6440.00	G501	HEALTH OFFICE	35,625.00
		17123.10	2102	ARC Benefits						5,115.00
1999	1	14460.05	2303	ARC HEALTH CTR-STUDENT HELP	41A	0	6440.00	G501	HEALTH OFFICE	388.00
		14460.05	2303	ARC Benefits						8.00
1999	1	14460.01	4500	ARC HEALTH - SUPPLIES	41A	0	6440.00	G501	HEALTH OFFICE	3,718.00
1999	1	14460.03	5200	ARC HEALTH-CONFERENCE	41A	0	6440.00	G501	HEALTH OFFICE	1,017.00
1999	1	14460.08	5601	ARC HEALTH CTR	41A	0	6440.00	G501	HEALTH OFFICE	156.00
1999	1	14460.07	5890	ARC HEALTH OTHER OPER/PHYSICIANS	41A	0	6440.00	G501	HEALTH OFFICE	2,769.00
1999	1	14460.09	6490	ARC HEALTH CTR-INOC INC-EQUIP	41X	0	6499.00	G501	HEALTH OFFICE	436.00
										208,345
										264,309.00
										ARC Subtotal
1999	1	31110.08	1204	CRC CERT. SAL. - SCHOOL NURSE	15E	1.3	6440.00	G501	HEALTH OFFICE	64,302.00
		31110.08	1204	CRC Benefits						9,233.00
1999	1	31110.37	1404	CRC HEALTH SVC SUPPLEMENT	15F	0.16	6440.00	G501	HEALTH OFFICE	15,618.00
		31110.37	1404	CRC Benefits						2,242.00
1999	1	37121.11	2102	CRC CL SAL-ATHLETIC TRAINER	21C	0.83	6440.00	F111	PE/HEALTH/ARTS/FPC	40,764.00
		37121.11	2102	CRC Benefits						-5,853.00
1999	1	34460.01	4500	CRC HEALTH CENTER - SUPPLIES	41A	0	6440.00	G501	HEALTH OFFICE	920.00
1999	1	32210.02	5200	CRC MILEAGE-NURSE	41A	0	6440.00	G501	HEALTH OFFICE	140.00
1999	1	34460.04	5300	CRC HEALTH CENTER - MEMBERSHIPS	41A	0	6440.00	G501	HEALTH OFFICE	46.00
1999	1	34460.05	5601	CRC HEALTH CTR-PAGER RENTAL	41A	0	6440.00	G501	HEALTH OFFICE	99.00
										921,600
										139,217.00
										CRC Subtotal
1999	1	21110.08	1204	SCC CERT. SAL. - SCHOOL NURSE	15E	2	6440.00	G501	HEALTH OFFICE	148,611.00
		21110.08	1204	SCC Benefits						21,338.00
1999	1	21110.36	1404	SCC HEALTH SERVICES SUPPLEMENT	15F	0.16	6440.00	G501	HEALTH OFFICE	6,333.00
		21110.36	1404	SCC Benefits						909.00
1999	1	27121.15	2102	SCC CL SAL-ATHLETIC TRAINER 12MO.	21C	1	6440.00	F111	PE/HEALTH/ARTS/FPC	46,745.00
		27121.15	2102	SCC Benefits						6,999.00
1999	1	24460.01	4500	SCC HEALTH CENTER - SUPPLIES	41A	0	6440.00	G501	HEALTH OFFICE	1,187.00
1999	1	24460.02	5890	SCC HLTH CTR-PERSONAL SVCS	41A	0	6440.00	G501	HEALTH OFFICE	409.00
										176,787
										234,531.00
										SCC Subtotal

MANDATED COSTS HEALTH FEE ELIMINATION HEALTH SERVICES		FORM HFE-2	
(01) Claimant <i>LRCCD - SCC</i>	(02) Fiscal Year Costs Were Incurred <i>FY 98-99 + 97-98</i>		
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health service was provided by student health service fees for the indicated fiscal year. <i>None provided by Student Health Fees</i>	(a) FY 1986/87	(b) FY of Claim	
Accident Reports	X	X	
Appointments			
College Physician, surgeon			
Dermatology, Family practice			
Internal Medicine			
Outside Physician			
Dental Services			
Outside Labs, (X-ray, etc.)			
Psychologist, full services			
Cancel/Change Appointments	X	X	
Registered Nurse			
Check Appointments			
<u>Assessment, Intervention and Counseling</u> <i>only</i>	<i>Couns.</i>	<i>Couns.</i>	
Birth Control	X	X	
Lab Reports			
Nutrition			
Test Results, office			
Venereal Disease	<i>Couns.</i>	<i>Couns.</i>	
Communicable Disease	X	X	
Upper Respiratory Infection	<i>Couns.</i>	<i>Couns.</i>	
Eyes, Nose and Throat	X	X	
Eye/Vision	<i>Couns.</i>	<i>Couns.</i>	
Dermatology/Allergy			
Gynecology/Pregnancy Service			
Neuralgic			
Orthopedic			
Genito/Urinary			
Dental			
Gastro-Intestinal	<i>Couns.</i>	<i>Couns.</i>	
Stress Counseling	<i>Couns.</i>	<i>Couns.</i>	
Crisis Intervention			
Child Abuse Reporting and Counseling			
Substance Abuse Identification and Counseling			
Acquired Immune Deficiency Syndrome			
Eating Disorders			
Weight Control	<i>Couns.</i>	<i>Couns.</i>	
Personal Hygiene	<i>Couns.</i>	<i>Couns.</i>	
Burnout			
Other Medical Problems, list			
Examinations, minor illnesses			
Recheck Minor Injury			
Health Talks or Fairs, Information	X	X	
Sexually Transmitted Disease	X	X	
Drugs	X	X	
Acquired Immune Deficiency Syndrome			
Child Abuse			

MANDATED COSTS
HEALTH FEE ELIMINATION
HEALTH SERVICES

FORM
HFE-2

(01) Claimant

LRCCD - SCC

(02) Fiscal Year Costs Were Incurred

FY 98-99

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health service was provided by student health service fees for the indicated fiscal year.

(a)
FY
1986/87

(b)
FY
of Claim

Birth Control/Family Planning
Stop Smoking
Library, Videos and Cassettes

X

X

First Aid, Major Emergencies
First Aid, Minor Emergencies
First Aid Kits, Filled

XXX
XX

XX
X

Immunizations
Diphtheria/Tetanus
Measles/Rubella
Influenza
Information

NA

NA

NA

Insurance

On Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

NA

XX

XX

Laboratory Tests Done

Inquiry/Interpretation
Pap Smears

NA
NA

Physical Examinations

Employees
Students
Athletes

NA
NA

Y

X

Medications

Antacids
Antidiarrheal
Aspirin, Tylenol, etc.
Skin Rash Preparations
Eye Drops
Ear Drops
Toothache, oil cloves
Stingkill
Midol, Menstrual Cramps
Other, list

NA

NA

X
XX
XX
XX
XX
XX

X
X
X
X
X
X

Parking Cards/Elevator Keys

Tokens
Return Card/Key
Parking Inquiry
Elevator Passes
Temporary Handicapped Parking Permits

NA

X

X

MANDATED COSTS HEALTH FEE ELIMINATION HEALTH SERVICES	FORM HFE-2
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(01) Claimant <u>LRCCD - See</u>	(02) Fiscal Year Costs Were Incurred <u>FY 98-99</u>
----------------------------------	--

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Referrals to Outside Agencies		
Private Medical Doctor	X	X
Health Department	X	X
Clinic	X	X
Dental	X	X
Counseling Centers	X	X
Crisis Centers	X	X
Transitional Living Facilities, battered/homeless women X	X	X
Family Planning Facilities	X	X
Other Health Agencies		
Tests		
Blood Pressure	X	X
Hearing	X	X
Tuberculosis		
Reading Information	X	X
Vision	X	X
Glucometer	X	X
Urinalysis		
Hemoglobin		
EKG		
Strep A Testing		
PG Testing		
Monospot		
Hemacult		
Others; list		
Miscellaneous		
Absence Excuses/PE Waiver NA		
Allergy Injections NA		
Band-aids	X	X
Booklets/Pamphlets	X	X
Dressing Change NA		
Rest		
Suture Removal NA	X	X
Temperature		
Weigh	X	X
Information		
Report/Form NA	X	X
Wart Removal NA	X	X
Others; list		
Committees		
Safety	X	X
Environmental		
Disaster Planning		
Skin Rash Preparations		
Eye Drops		

Exhibit J

CLAIM FOR PAYMENT
 Pursuant to Government Code Section 17561
HEALTH FEE ELIMINATION

For State Controller Use only

(19) Program Number 00029
 (20) Date File ____/____/____
 (21) LRS Input ____/____/____

(01) Claimant Identification Number: S-34050			Reimbursement Claim Data	
(02) Mailing Address:			(22) HFE - 1.0, (04)(b)	\$ 634,185
Claimant Name Los Rios Community College			(23)	
County of Location Sacramento			(24)	
Street Address 1919 Spanos Court			(25)	
City Sacramento	State CA	Zip Code 95825	(26)	
Type of Claim	Estimated Claim	Reimbursement Claim	(27)	
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(28)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(29)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(30)	
Fiscal Year of Cost	(06) 2000-2001	(12) 1999-2000	(31)	
Total Claimed Amount	(07) \$ 650,000	(13) \$ 634,185	(32)	
Less: 10% Late Penalty, but not to exceed \$1000		(14) \$	(33)	
Less: Estimate Claim Payment Received		(15) \$ 185,001	(34)	
Net Claimed Amount		(16) \$ 449,184	(35)	
Due from State	(08) \$ 650,000	(17) \$ 449,184	(36)	
Due to State		(18) \$	(37)	

(38) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code Section 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 309, Statutes of 1995, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 309, Statutes of 1995.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 309, Statutes of 1995, set forth on the attached statements.

Signature of Authorized Representative

Date

Louise Davatz *Claim File Copy*

Louise Davatz

Vice Chancellor - Finance & Administration

Type or Print Name

Title

(39) Name of Contact Person or Claim

Telephone Number

SixTen & Associates

(858) 514-8605

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.0
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(01) Claimant: Claimant Name Los Rios Community College	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 1999-2000
--	---	--------------------------

(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)

(a) Name of College	(b) Claimed Amount
1. American River College	\$ 258,456.71
2. Consumnes River College	\$ 125,478.70
3. Sacramento City College	\$ 250,249.34
4.	\$ -
5.	\$ -
6.	\$ -
7.	\$ -
8.	\$ -
9.	\$ -
10.	\$ -
11.	\$ -
12.	\$ -
13.	\$ -
14.	\$ -
15.	\$ -
16.	\$ -
17.	\$ -
18.	\$ -
19.	\$ -
20.	\$ -
21.	\$ -
(04) Total Amount Claimed	\$ 634,185

[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.1**

(01) Claimant: Los Rios Community College	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 1999-2000
---	---	------------------------------

(03) Name of College American River College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 30.40%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 198,203	\$ 60,254	\$ 258,457
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 198,203	\$ 60,254	\$ 258,457

(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	22,774		no fees			\$ -	\$ -
2. Per spring semester	23,368		no fees			\$ -	\$ -
3. Per summer session	8,271		no fees			\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -
(09) Total health fee that could have been collected				[Line (8.1g) + (8.2g) +(8.6g)]			\$ -
(10) Sub-total				[Line (07) - line (09)]			\$ 258,457

Cost Reduction	
(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	[Line (10) - (line (11) + line (12))] \$ 258,457

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.1**

(01) Claimant: Los Rios Community College	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 1999-2000
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(03) Name of College Consumnes River College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 30.40%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 96,226	\$ 29,253	\$ 125,479
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 96,226	\$ 29,253	\$ 125,479

(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	12,229		no fees			\$ -	\$ -
2. Per spring semester	12,660		no fees			\$ -	\$ -
3. Per summer session	4,004		no fees			\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]						\$ -
(10) Sub-total	[Line (07) - line (09)]						\$ 125,479

Cost Reduction

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	[Line (10) - {(line (11) + line (12))}] \$ 125,479

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
--	-------------------------------

(01) Claimant: Los Rios Community College	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 1999-2000
---	---	------------------------------

(03) Name of College Sacramento City College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 30.40%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 191,909	\$ 58,340	\$ 250,249
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 191,909	\$ 58,340	\$ 250,249

(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	13,074		no fees			\$ -	\$ -
2. Per spring semester	13,104		no fees			\$ -	\$ -
3. Per summer session	5,997		no fees			\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -

(09) Total health fee that could have been collected [Line (8.1g) + (8.2g) +(8.6g)] \$ -

(10) Sub-total [Line (07) - line (09)] \$ 250,249

Cost Reduction	
(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed [Line (10) - (line (11) + line (12))]	\$ 250,249

**LOS RIOS COMMUNITY COLLEGE
CALCULATION OF INDIRECT COST RATE,
FISCAL YEAR 1998-1999**

**FOR FY 1999-2000
COSTS**

DESCRIPTION	1998-1999
INSTRUCTIONAL ACTIVITY	
Instructional Costs	
Instructional Salaries and Benefits	66,363,220
Instructional Operating Expenses	2,641,529
Instructional Support	211,179
Auxiliary Classes Inst. Salaries and Benefits	32,654
TOTAL INSTRUCTIONAL COSTS 1	69,248,582
Non-Instructional Costs	
Non-Instructional Salaries and Benefits	2,308,758
Instructional Admin. Salaries and Benefits	7,969,569
Instructional Admin. Operating Expenses	1,772,227
Auxiliary Classes Non-Inst. Salaries and Benefits	361,077
Auxiliary Classes Operating Expenses	391,864
TOTAL NON-INSTRUCTIONAL COSTS 2	12,803,495
TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)	82,052,077
DIRECT SUPPORT ACTIVITY	
Direct Support Costs	
Instructional Support Service	3,535,803
Admissions and Records	2,040,311
Counseling and Guidance	8,685,890
Other Student Services	13,709,070
TOTAL DIRECT SUPPORT COSTS 4	27,971,074
TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)	110,023,151
Indirect Support Costs	
Operation and Maintenance of Plant	12,292,216
Planning and Policy Making	3,367,447
General Instructional Support Services	17,786,018
TOTAL INDIRECT SUPPORT COSTS 6	33,445,681
TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS	143,468,832
SUPPORT COSTS ALLOCATION RATES	
Indirect Support Costs Allocation Rate =	
Total Indirect Supports Costs (6)	30.40%
Total Instructional Activity Costs and Direct Support Costs (5)	
Direct Support Costs Allocation Rate =	
Total Direct Support Costs (4)	34.09%
Total Instructional Activity Costs (3)	
Total Support Cost Allocation	64.49%

**LOS RIOS COMMUNITY COLLEGE DISTRICT
HEALTH FEE ELIMINATION CLAIM 1999-2000
STUDENT ENROLLMENT**

CAMPUS		FALL 1999	SPRING 2000	SUMMER 2000	TOTALS
AMERICAN RIVER	TOTAL	29472	29995	10558	70025
	BOGG	<u>-6698</u>	<u>-6627</u>	<u>-2287</u>	<u>-15612</u>
		22774	23368	8271	54413
COSUMNES	TOTAL	15882	16432	5350	37664
	BOGG	<u>-3653</u>	<u>-3772</u>	<u>-1346</u>	<u>-8771</u>
		12229	12660	4004	28893
SACRAMENTO CIT	TOTAL	19952	19754	9419	49125
	BOGG	<u>-6878</u>	<u>-6650</u>	<u>-3422</u>	<u>-16950</u>
		13074	13104	5997	32175
DISTRICT	TOTAL	65306	66181	25327	156814
	BOGG	<u>-17229</u>	<u>-17049</u>	<u>-7055</u>	<u>-41333</u>
	NET ENR	48077	49132	18272	115481

LOS RIOS COMMUNITY COLLEGE DISTRICT

Health Elimination Mandated Cost Claim

FYE Jun. 2000

Account	Account Title	GL Totals by Campus				Adjustments to tie to 311				311 Totals Allocated by Campus				
		ARC	CRC	SCC	PE	GL Total	Allocations	Retro	Benefits	ARC	CRC	SCC	Subtotal	PE
1204	Reg Health Svcs Salaries	111,652.40	62,455.70	144,342.00	318,450.10			19,886.44		338,336.54	153,355.81	338,336.54	0.00	338,336.54
	Benefits			0.00	0.00				50,192.55	50,192.55	22,750.48	50,192.55	0.00	50,192.55
1404	Non-Reg Health Svcs Salaries	7,233.05	15,380.79	7,228.78	29,842.62			1,092.34		30,934.96	7,493.38	30,934.96	0.00	30,934.96
	Benefits			0.00	0.00				4,589.23	4,589.23	1,111.65	4,589.23	0.00	4,589.23
2102	Reg Classified Salaries	32,699.91			77,121.78		1,420.62	6,415.33		84,957.73	0.00	36,022.38	48,935.35	84,957.73
	Benefits			0.00	0.00				12,603.56	12,603.56	0.00	5,343.95	7,259.61	12,603.56
2303	Student Help Wages	1,131.60			1,131.60		216.51			1,348.11	0.00	1,348.11	0.00	1,348.11
	Benefits			0.00	0.00				26.96	26.96	0.00	26.96	0.00	26.96
4500	Non-Inst-Supplies & Materials	3,777.83	1,538.37	2,320.01	7,636.21	(87.63)				7,548.58	2,293.39	7,548.58	0.00	7,548.58
5200	Travel & Conference	743.40	62.43	167.78	973.61	(1.27)				972.34	167.56	972.34	0.00	972.34
5201	Mileage - In District		28.00		28.00	(0.58)				27.42	0.00	27.42	0.00	27.42
5300	Dues and Membership		50.00		50.00	(1.03)				48.97	0.00	48.97	0.00	48.97
5600	Repairs	140.00			140.00	(2.55)				137.45	0.00	137.45	0.00	137.45
5601	Rents and Leases	118.00	59.00		177.00	(3.66)				115.56	57.78	173.34	0.00	173.34
5890	Other Operational Expense	2,957.50		2,940.00	5,897.50	3,603.13				4,764.41	0.00	9,500.63	0.00	9,500.63
6490	Equipment Capitalized	1,125.73			1,125.73	8.65				1,134.38	0.00	1,134.38	0.00	1,134.38
		161,579.42	79,574.29	156,998.57	442,574.15	5,152.19	27,394.11	67,412.30		198,203.14	96,226.16	486,337.79	56,194.96	542,532.75

MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL		FORM HFE-2.1	
(01) Claimant Los Rios Community College District		Fiscal Year 1999-2000	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.		(a) FY 1986/87	(b) FY of Claim
Accident Reports		X	X
Appointments College Physician, surgeon Dermatology, Family practice Internal Medicine Outside Physician Dental Services Outside Labs, (X-ray, etc.,) Psychologist, full services Cancel/Change Appointments Registered Nurse Check Appointments		X	X
Assessment, and Counseling (only) Birth Control Lab Reports Nutrition Test Results, office Venereal Disease Communicable Disease Upper Respiratory Infection Eyes, Nose and Throat Eye/Vision Dermatology/Allergy Gynecology/Pregnancy Service Neuralgic Orthopedic Genito/Urinary Dental Gastro-Intestinal Stress Counseling Crisis Intervention Child Abuse Reporting and Counseling Substance Abuse Identification and Counseling Eating Disorders Weight Control Personal Hygiene Burnout Other Medical Problems, list		X	X
Examinations, minor illnesses Recheck Minor Injury			
Health Talks or Fairs, Information Sexually Transmitted Disease Drugs Acquired Immune Deficiency Syndrome Child Abuse		X	X

MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL		FORM HFE-2.1	
(01) Claimant Los Rios Community College District		Fiscal Year 1999-2000	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.		(a) FY 1986/87	(b) FY of Claim
Birth Control/Family Planning		X	X
Stop Smoking			
Library, Videos and Cassettes			
First Aid, Major Emergencies		X	X
First Aid, Minor Emergencies		X	X
First Aid Kits, Filled		X	X
Immunizations			
Diphtheria/Tetanus			
Measles/Rubella			
Influenza			
Information		X	X
Insurance			
On Campus Accident		X	X
Voluntary		X	X
Insurance Inquiry/Claim Administration			
Laboratory Tests Done			
Inquiry/Interpretation			
Pap Smears			
Physical Examinations			
Employees			
Students			
Athletes		X	X
Medications			
Antacids		X	X
Antidiarrheal			
Aspirin, Tylenol, etc.,		X	X
Skin Rash Preparations		X	X
Eye Drops		X	X
Ear Drops			
Toothache, oil cloves			
Stingkill		X	X
Midol, Menstrual Cramps		X	X
Other, list--> Ibuprofen			
Parking Cards/Elevator Keys			
Tokens			
Return Card/Key			
Parking Inquiry		X	X
Elevator Passes			
Temporary Handicapped Parking Permits		X	X

Exhibit K

CLAIM FOR PAYMENT
Pursuant to Government Code Section 17561
HEALTH FEE ELIMINATION

For State Controller Use only
(19) Program Number 00029
(20) Date File ___/___/___
(21) LRS Input ___/___/___

L
A
B
E
L
H
E
R
E

Claimant Identification Number:

S-34050

Reimbursement Claim Data

(02) Mailing Address:

(22) HFE - 1.0, (04)(b)

\$ 667,337

Claimant Name

Los Rios Community College District

Claim File Copy

(23)

County of Location

Sacramento

(24)

Street Address

1919 Spanos Court

(25)

City

Sacramento

State

CA

Zip Code

95825

(26)

Type of Claim

Estimated Claim

Reimbursement Claim

(27)

(03) Estimated

(09) Reimbursement

(28)

(04) Combined

(10) Combined

(29)

(05) Amended

(11) Amended

(30)

Fiscal Year of Cost

(06) 2001-2002

(12) 2000-2001

(31)

Total Claimed Amount

(07) \$ 730,000

(13) \$ 667,337

(32)

Less: 10% Late Penalty, but not to exceed \$1000

(14) \$ -

(33)

Plus: Estimate Claim Payment Received

(15) \$ 187,592

(34)

Net Claimed Amount

(16) \$ 479,745

(35)

Due from State

(08) \$ 730,000

(17) \$ 479,745

(36)

Due to State

(18) \$ -

(37)

(38) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, set forth on the attached statements.

Signature of Authorized Officer

Theresa Matista

Date

1/9/2002

Theresa Matista

Interim Vice Chancellor, Finance and Admin.

Type or Print Name

Title

(9) Name of Contact Person or Claim

Telephone Number (858) 514-8605

SixTen and Associates

E-Mail Address kbpsixten@aol.com

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.0**

(01) Claimant: Claimant Name Los Rios Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2000-2001
---	---	------------------------------

(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)

(a) Name of College	(b) Claimed Amount
1. American River College	\$ 267,203.67
2. Cosumnes River College	\$ 131,951.72
3. Sacramento City College	\$ 268,181.66
4.	\$ -
5.	\$ -
6.	\$ -
7.	\$ -
8.	\$ -
9.	\$ -
10.	\$ -
11.	\$ -
12.	\$ -
13.	\$ -
14.	\$ -
15.	\$ -
16.	\$ -
17.	\$ -
18.	\$ -
19.	\$ -
20.	\$ -
21.	\$ -
(04) Total Amount Claimed	\$ 667,337

[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.1**

(01) Claimant:

(02) Type of Claim:

Fiscal Year

Los Rios Community College District

Reimbursement

Estimated

2000-2001

(03) Name of College

American River College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 31.45%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 203,274	\$ 63,930	\$ 267,204
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 203,274	\$ 63,930	\$ 267,204

(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	25,192		No fees			\$ -	\$ -
2. Per spring semester	24,205		No fees			\$ -	\$ -
3. Per summer session	9,825		No fees			\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -

(09) Total health fee that could have been collected [Line (8.1g) + (8.2g) +(8.6g)] \$ -

(10) Sub-total [Line (07) - line (09)] \$ 267,204

Cost Reduction

(11) Less: Offsetting Savings, if applicable \$ -

(12) Less: Other Reimbursements, if applicable \$ -

(13) Total Amount Claimed [Line (10) - (line (11) + line (12))] \$ 267,204

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.2**

(01) Claimant: Los Rios Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2000-2001
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(03) Name of College Cosumnes River College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS <input type="checkbox"/>	SAME <input checked="" type="checkbox"/>	MORE <input type="checkbox"/>
----------------------------------	---	----------------------------------

	Direct Cost	Indirect Cost of: 31.45%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 100,382	\$ 31,570	\$ 131,952
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 100,382	\$ 31,570	\$ 131,952

(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	14,245		No fees			\$ -	\$ -
2. Per spring semester	14,733		No fees			\$ -	\$ -
3. Per summer session	5,158		No fees			\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]						\$ -
(10) Sub-total	[Line (07) - line (09)]						\$ 131,952
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							\$ -
(12) Less: Other Reimbursements, if applicable							\$ -
(13) Total Amount Claimed	[Line (10) - (line (11) + line (12))]						\$ 131,952

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.3**

(01) Claimant: Los Rios Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2000-2001
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(03) Name of College: Sacramento City College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 31.45%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 204,018	\$ 64,164	\$ 268,182
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 204,018	\$ 64,164	\$ 268,182

(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	16,904		No fees			\$ -	\$ -
2. Per spring semester	16,564		No fees			\$ -	\$ -
3. Per summer session	7,850		No fees			\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]						\$ -
(10) Sub-total	[Line (07) - line (09)]						\$ 268,182
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							\$ -
(12) Less: Other Reimbursements, if applicable							\$ -
(13) Total Amount Claimed	[Line (10) - {(line (11) + line (12))}]						\$ 268,182

**3 RIOS COMMUNITY COLLEGE
CALCULATION OF INDIRECT COST RATE,
FISCAL YEAR 1999-2000 CCFS 311 FOR 2000-2001 RATE**

REFERENCE (CCFS 311)	DESCRIPTION	1999-2000
INSTRUCTIONAL ACTIVITY		
	Instructional Costs	
	Instructional Salaries and Benefits	70,983,417
	Instructional Operating Expenses	3,674,093
	Instructional Support	241,888
	Auxiliary Classes Inst. Salaries and Benefits	27,282
	TOTAL INSTRUCTIONAL COSTS 1	74,926,680
	Non-Instructional Costs	
	Non-Instructional Salaries and Benefits	3,793,275
	Instructional Admin. Salaries and Benefits	8,364,740
	Instructional Admin. Operating Expenses	1,803,836
	Auxiliary Classes Non-Inst. Salaries and Benefits	725,149
	Auxiliary Classes Operating Expenses	560,834
	TOTAL NON-INSTRUCTIONAL COSTS 2	15,247,834
	TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)	90,174,514
DIRECT SUPPORT ACTIVITY		
	Direct Support Costs	
	Instructional Support Service	4,803,997
	Admissions and Records	2,117,273
	Counselling and Guidance	9,941,803
	Other Student Services	13,082,464
	TOTAL DIRECT SUPPORT COSTS 4	29,945,537
	<u>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)</u>	120,120,051
	Indirect Support Costs	
	Operation and Maintenance of Plant	13,331,397
	Planning and Policy Making	4,090,923
	General Instructional Support Services	20,355,449
	TOTAL INDIRECT SUPPORT COSTS 6	37,777,769
	<u>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS, AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS</u>	157,897,820
	SUPPORT COSTS ALLOCATION RATES	
Indirect Support Costs Allocation Rate =	Total Indirect Supports Costs (6) Total Instructional Activity Costs and Direct Support Costs (5)	31.45%
Direct Support Costs Allocation Rate =	Total Direct Support Costs (4) Total Instructional Activity Costs (3)	33.21%
Total Support Cost Allocation		64.66%

LOS RIOS COMMUNITY COLLEGE DISTRICT
 Health Fee Elimination Monitored Cost Claim
 For FYE June 30, 2001

Account	Account Title	GL Totals by Campus				Adjustments to lbs to 311				311 Totals Allocated by Campus					
		AIC	CRC	SCC	PE	GL Total	Allocation	Retip	Benefits	Total	AIC	CRC	SCC	Subtotal	PE
1204	Reg Health Svcs Salaries	118,664.10	59,433.70	161,679.15		329,966.95	(147,89)	24,471.38		354,290.53	63,814.87	162,800.21	354,290.53	0.00	354,290.53
	Benefits				0.00	0.00			69,937.26	69,937.26	21,229.20	27,092.27	98,937.26	0.00	98,937.26
1404	Non-Reg Health Svcs Salaries	1,591.67	19,459.06	7,529.05		28,580.68		2,228.25		30,808.93	1,745.76	6,116.95	30,808.93	0.00	30,808.93
	Benefits				0.00	0.00			6,125.16	6,125.16	285.82	1,350.19	6,125.16	0.00	6,125.16
2102	Reg Classified Salaries	34,866.06		40,681.44		63,217.49	2,319.11	7,377.54		72,914.14	0.00	0.00	38,616.08	64,298.06	92,914.14
	Benefits				0.00	0.00			15,066.98	15,066.98	4,281.97	1,827.97	15,066.98	8,604.99	16,066.98
2303	Student Help Wages	1,265.32				1,265.32	338.05	3.59		2,606.96	25.89	0.00	1,827.97	0.00	1,827.97
	Benefits				0.00	0.00			21.89	25.89	25.89	0.00	25.89	0.00	25.89
4800	Non-Instr Supplies & Materials	1,441.44	1,361.17	1,525.78		4,328.39	144.05			4,472.44	1,489.40	1,676.96	4,472.44	0.00	4,472.44
6200	Travel & Conference	1,348.78		204.00		1,552.78	(155.75)			1,476.03	1,219.29	256.74	1,476.03	0.00	1,476.03
6301	Miscogst - in District					6.00				6.00	0.00	0.00	0.00	0.00	0.00
6300	Dues and Membership	308.90	50.00			50.00	(4.89)			45.20	0.00	0.00	45.20	0.00	45.20
6401	Rents and Leases	104.21	36.06			398.90	(58.30)			340.60	360.80	0.00	360.80	0.00	360.80
6690	Other Operational Expense	3,022.80		3,062.00		140.29	(13.46)			126.83	94.21	32.62	126.83	0.00	126.83
6499	Equipment Capitalized					6,082.50	(583.94)			5,498.56	2,132.33	2,766.23	5,498.56	0.00	5,498.56
					0.00	0.00				0.00	0.00	0.00	0.00	0.00	0.00
		162,631.97	80,340.90	164,077.97	48,631.44	456,684.30	1,556.17	34,080.76	79,156.29	570,776.52	288,275.89	190,381.68	584,658.19	63,105.05	570,776.51



**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

Claimant Los Rios Community College District	Fiscal Year 2000-2001	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Accident Reports	X	X
Appointments		
College Physician, surgeon		
Dermatology, Family practice		
Internal Medicine		
Outside Physician		
Dental Services		
Outside Labs, (X-ray, etc.,)		
Psychologist, full services		X
Cancel/Change Appointments	X	X
Registered Nurse		X
Check Appointments		
Assessment, Intervention and Counseling		
Birth Control		X
Lab Reports	X	X
Nutrition		X
Test Results, office	X	X
Venereal Disease	X	X
Communicable Disease	X	X
Upper Respiratory Infection		X
Eyes, Nose and Throat		X
Eye/Vision	X	X
Dermatology/Allergy		X
Gynecology/Pregnancy Service	X	X
Neuralgic		X
Orthopedic		X
Genito/Urinary		X
Dental		X
Gastro-Intestinal		X
Stress Counseling	X	X
Crisis Intervention	X	X
Child Abuse Reporting and Counseling		X
Substance Abuse Identification and Counseling		X
Eating Disorders		X
Weight Control	X	X
Personal Hygiene		X
Burnout		
Other Medical Problems, list		
Examinations, minor illnesses		
Recheck Minor Injury		X
Health Talks or Fairs, Information		
Sexually Transmitted Disease	X	X
Drugs	X	X
Acquired Immune Deficiency Syndrome		X
Child Abuse		X

**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

Claimant Los Rios Community College District	Fiscal Year 2000-2001	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Birth Control/Family Planning Stop Smoking Library, Videos and Cassettes	X	X X X
First Aid, Major Emergencies First Aid, Minor Emergencies First Aid Kits, Filled	X X X	X X X
Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information Hepatitis B	X	X X X X X
Insurance On Campus Accident Voluntary Insurance Inquiry/Claim Administration	X X	X X
Laboratory Tests Done Inquiry/Interpretation Pap Smears		X
Physical Examinations Employees Students Athletes	X	X
Medications Antacids Antidiarrheal Aspirin, Tylenol, etc., Skin Rash Preparations Eye Drops Ear Drops Toothache, oil cloves Stingkill Midol, Menstrual Cramps Others, list: Acetaminophen, Albutrol, Aliminum Hydroxide, Antibiotic Ointment, Benedryl Pepto Bismol, Caladryl, Cough Crops, Dextromethorphan, Epinephrine, Glucose, Imodium, ibuprofen, Hydrocortisone, Pseudoephedrine, Saline Solution, Ipecac, Syrup, & Zanatac	X X X X X X X X X	X X X X X X X X
Parking Cards/Elevator Keys Tokens Return Card/Key Parking Inquiry Elevator Passes Temporary Handicapped Parking Permits	X X	X X

Exhibit L

CLAIM FOR PAYMENT
 Pursuant to Government Code Section 17561
HEALTH FEE ELIMINATION

For State Controller Use only
 (19) Program Number 00029
 (20) Date File ___/___/___
 (21) LRS Input ___/___/___

Reimbursement Claim Data

(1) Claimant Identification Number:
 S-34050

(2) Mailing Address: **Claim File Copy**

Claimant Name
 Los Rios Community College District

County of Location
 Sacramento

Street Address
 1919 Spanos Court

City State Zip Code
 Sacramento CA 95825

(22) HFE - 1.0, (04)(b)	\$ 671,976
(23)	
(24)	
(25)	
(26)	
(27)	
(28)	
(29)	
(30)	
(31)	
(32)	
(33)	
(34)	
(35)	
(36)	
(37)	

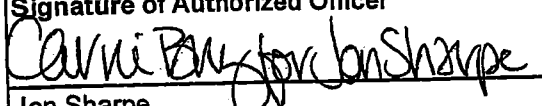
Type of Claim	Estimated Claim	Reimbursement Claim
(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(27)
(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28)
(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29)
(06) 2002-2003	(12) 2001-2002	(30)
(07) \$ 738,000	(13) \$ 671,976	(31)
Less: 10% Late Penalty, but not to exceed \$1000	(14) \$ -	(32)
Less: Estimate Claim Payment Received	(15) \$ 170,489	(33)
Net Claimed Amount	(16) \$ 501,487	(34)
(08) Due from State \$ 738,000	(17) \$ 501,487	(35)
Due to State	(18) \$ -	(36)

(38) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, Inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, set forth on the attached statements.

Signature of Authorized Officer

 Jon Sharpe
 Type or Print Name

Date
 DEC 27, 2002
 Vice Chancellor Finance & Administration
 Title

(39) Name of Contact Person or Claim
SixTen and Associates
 Telephone Number (858) 514-8605
 E-Mail Address kbpsixten@aol.com

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.0**

(01) Claimant: Claimant Name Los Rio Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2001-2002
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(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)

(a) Name of College	(b) Claimed Amount
1. American River College	\$ 215,372.00
2. Consumes River College	\$ 176,841.00
3. Sacramento City College	\$ 279,763.00
4.	\$ -
5.	\$ -
6.	\$ -
7.	\$ -
8.	\$ -
9.	\$ -
10.	\$ -
11.	\$ -
12.	\$ -
13.	\$ -
14.	\$ -
15.	\$ -
16.	\$ -
17.	\$ -
18.	\$ -
19.	\$ -
20.	\$ -
21.	\$ -
(04) Total Amount Claimed	\$ 671,976

[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]

**LOS RIOS COMMUNITY COLLEGE DISTRICT
CALCULATION OF INDIRECT COST RATE,
FISCAL YEAR
2000-2001**

*FOR 01-02
CLAIMS*

REFERENCE (CCFS 311)	DESCRIPTION	2000-2001
INSTRUCTIONAL ACTIVITY		
	Instructional Costs	
	Instructional Salaries and Benefits	76,815,687
	Instructional Operating Expenses	4,978,978
	Instructional Support Instructional Salaries and Benefits	406,970
	Auxiliary Operations Instructional Salaries and Benefits	42,480
	TOTAL INSTRUCTIONAL COSTS 1	82,244,115
	Non-Instructional Costs	
	Non-Instructional Salaries and Benefits	4,323,694
	Instructional Admin. Salaries and Benefits	9,476,652
	Instructional Admin. Operating Expenses	1,017,503
	Auxiliary Classes Non-Inst. Salaries and Benefits	843,263
	Auxiliary Classes Operating Expenses	826,762
	TOTAL NON-INSTRUCTIONAL COSTS 2	16,487,874
	TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)	98,731,989
DIRECT SUPPORT ACTIVITY		
	Direct Support Costs	
	Instructional Support Services Non Inst. Salaries and Benefits	5,159,428
	Instructional Support Services Operating Expenses	1,130,609
	Admissions and Records	2,272,556
	Counseling and Guidance	11,203,436
	Other Student Services	13,029,445
	TOTAL DIRECT SUPPORT COSTS 4	32,795,474
	TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)	131,527,463
	Indirect Support Costs	
	Operation and Maintenance of Plant	15,229,939
	Planning and Policy Making	4,295,280
	General Instructional Support Services	20,884,012
	TOTAL INDIRECT SUPPORT COSTS 6	40,409,231
	TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS	171,936,694
SUPPORT COSTS ALLOCATION RATES		
Indirect Support Costs Allocation Rate =	Total Indirect Support Costs (6)	30.72%
	Total Instructional Activity Costs and Direct Support Costs (5)	
Direct Support Costs Allocation Rate =	Total Direct Support Costs (4)	33.22%
	Total Instructional Activity Costs (3)	
Total Support Cost Allocation		63.94%

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.1**

(01) Claimant: Los Rio Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2001-2002
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(03) Name of College American River College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 30.72%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 164,758	\$ 50,614	\$ 215,372
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 164,758	\$ 50,614	\$ 215,372

(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester				\$ -		\$ -	\$ -
2. Per spring semester				\$ -		\$ -	\$ -
3. Per summer session				\$ -		\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -

(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]	0
(10) Sub-total	[Line (07) - line (09)]	\$ 215,372

Cost Reduction

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	[Line (10) - (line (11) + line (12))] \$ 215,372

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.2**

(01) Claimant: Los Rio Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2001-2002
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(03) Name of College Cosumnes River College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 30.72%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 135,282	\$ 41,559	\$ 176,841
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 135,282	\$ 41,559	\$ 176,841

(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester				\$ -		\$ -	\$ -
2. Per spring semester				\$ -		\$ -	\$ -
3. Per summer session				\$ -		\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -
(09) Total health fee that could have been collected				[Line (8.1g) + (8.2g) +(8.6g)]			0
(10) Sub-total				[Line (07) - line (09)]			\$ 176,841

Cost Reduction	
(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	\$ 176,841

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.3**

(01) Claimant: Los Rio Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2001-2002
--	--	------------------------------

(03) Name of College Sacramento City College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 30.72%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 214,017	\$ 65,746	\$ 279,763
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 214,017	\$ 65,746	\$ 279,763

(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester				\$ -		\$ -	\$ -
2. Per spring semester				\$ -		\$ -	\$ -
3. Per summer session				\$ -		\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]						0
(10) Sub-total	[Line (07) - line (09)]						\$ 279,763

Cost Reduction	
(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	\$ 279,763

LOS RIOS CO. CITY COLLEGE DISTRICT
Health Fee Elimination Mandated Cost Claim
For FYE June 30, 2002

Account	Account Title	GL Totals by Campus				Adjustments to tie to 311				311 Totals Allocated by Campus					
		ARC	CRC	SCC	PE	GL Total	9900Us	Allocation 9900Us	Allocation Lottery	Benefits & Adj	Allocation Lottery Bene	Total	Subtotal	PE	Total
1204	Reg Health Svcs Salaries	76,280.40	94,358.42	158,663.20	0.00	329,302.02	15,336.18	18,056.85	(7,368.07)	59,496.76	(1,300.24)	101,815.63	171,202.46	0.00	355,326.98
1404	Non-Reg Health Svcs Salaries	16,939.59	13,185.98	8,164.13	0.00	38,289.70	1,558.54	(809.50)	(809.50)	6,536.73	(142.86)	13,443.93	28,040.05	0.00	58,196.52
2102	Reg Classified Salaries	36,057.49			0.00	86,921.05	4,439.26	4,618.47	(1,949.79)	15,744.43	(344.08)	2,201.88	1,363.30	0.00	6,393.87
4500	Non-Inst-Supplies & Materials	1,312.57	966.05	1,908.22	0.00	4,186.84	5.25	(81.64)				0.00	0.00	55,022.91	94,028.99
5200	Travel & Conference	588.90	124.18	150.00	738.90	1,741.98	(13.72)	(13.72)				967.26	1,910.61	0.00	4,192.08
5300	Mileage - In District		75.00		124.18	124.18	(8.29)	(8.29)				0.00	0.00	0.00	657.26
5500	Dues and Membership	79.73			75.00	154.73	(6.81)	(6.81)				0.00	0.00	0.00	110.46
5600	Repairs	456.72			456.72	456.72	(50.47)	(50.47)				0.00	0.00	0.00	66.71
5890	Other Operational Expense	1,302.80		3,420.00	4,722.80	4,722.80	(521.85)	(521.85)				0.00	0.00	0.00	70.92
		133,018.20	108,709.63	172,305.55	50,863.56	464,896.94	19,775.44	23,554.33	(10,127.36)	81,777.92	(1,787.18)	164,758.02	335,281.54	214,015.79	514,085.35
															64,034.73
															578,090.08

**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

) Claimant

Fiscal Year

Los Rio Community College District

2001-2002

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.

(a) FY 1986/87	(b) FY of Claim
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Accident Reports	X	X
Appointments		
College Physician, surgeon		
Dermatology, Family practice		
Internal Medicine		
Outside Physician		
Dental Services		
Outside Labs, (X-ray, etc.)		
Psychologist, full services		
Cancel/Change Appointments		
Registered Nurse	X	X
Check Appointments		
Assessment, Intervention and Counseling		
Birth Control	X	X
Lab Reports		
Nutrition		
Test Results, office		
Venereal Disease	X	X
Communicable Disease	X	X
Upper Respiratory Infection		
Eyes, Nose and Throat	X	X
Eye/Vision		
Dermatology/Allergy	X	X
Gynecology/Pregnancy Service		
Neuralgic		
Orthopedic		
Genito/Urinary		
Dental		
Gastro-Intestinal		
Stress Counseling	X	X
Crisis Intervention	X	X
Child Abuse Reporting and Counseling		
Substance Abuse Identification and Counseling		
Eating Disorders		
Weight Control	X	X
Personal Hygiene		
Burnout		
Other Medical Problems, list		
Examinations, minor illnesses		
Recheck Minor Injury		
Health Talks or Fairs, Information		
Sexually Transmitted Disease	X	X
Drugs	X	X
Acquired Immune Deficiency Syndrome	X	X
Child Abuse		

**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

Claimant

Fiscal Year

Los Rio Community College District

2001-2002

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.

(a) FY 1986/87	(b) FY of Claim
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Birth Control/Family Planning
Stop Smoking
Library, Videos and Cassettes

X	X
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First Aid, Major Emergencies
First Aid, Minor Emergencies
First Aid Kits, Filled

X	X
X	X
X	X

Immunizations
Diphtheria/Tetanus
Measles/Rubella
Influenza
Information

X	X
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Insurance

On Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

X	X
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Laboratory Tests Done
Inquiry/Interpretation
Pap Smears

Physical Examinations
Employees
Students
Athletes

X	X
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Medications
Antacids
Antidiarrheal
Aspirin, Tylenol, etc.,
Skin Rash Preparations
Eye Drops
Ear Drops
Toothache, oil cloves
Stingkill
Midol, Menstrual Cramps
Other, list--> Ibuprofen

X	X
X	X
X	X
X	X
X	X
X	X
X	X

Parking Cards/Elevator Keys
Tokens
Return Card/Key
Parking Inquiry
Elevator Passes
Temporary Handicapped Parking Permits

X	X
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**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

1) Claimant

Fiscal Year

Los Rio Community College District

2001-2002

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.

(a) FY 1986/87	(b) FY of Claim
----------------------	-----------------------

Referrals to Outside Agencies

- Private Medical Doctor
- Health Department
- Clinic
- Dental
- Counseling Centers
- Crisis Centers
- Transitional Living Facilities, battered/homeless women
- Family Planning Facilities
- Other Health Agencies

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X

Tests

- Blood Pressure
- Hearing
- Tuberculosis

X	X
X	X

- Reading Information

X	X
X	X
X	X
X	X

- Vision
- Glucometer
- Urinalysis
- Hemoglobin
- EKG
- Strep A Testing
- PG Testing
- Monospot
- Hemacult
- Others, list

Miscellaneous

- Absence Excuses/PE Waiver
- Allergy Injections
- Band-aids
- Booklets/Pamphlets
- Dressing Change
- Rest
- Suture Removal
- Temperature
- Weigh
- Information Report/Form
- Wart Removal
- Others, list

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X

Committees

- Safety
- Environmental
- Disaster Planning
- Skin Rash Preparations
- Eye Drops

X	X
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