Hearing Date: July 24, 2020
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ITEM 4
INCORRECT REDUCTION CLAIM
PROPOSED DECISION

Civil Code Sections 1834 and 1846;

Food and Agriculture Code Sections 31108, 31752, 31752.5, 31753, 32001, and 32003;

As Added or Amended by Statutes 1998, Chapter 752 (SB 1785)

Animal Adoption

Fiscal Years 2007-2008, 2008-2009

17-9811-I-04

Town of Apple Valley, Claimant

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1. INCORRECT REDUCTION CLAIM TITLE

Animal Adoption Program IRC

FY 2007-08 through FY 2008-09

2. CLAIMANT INFORMATION

Town of Apple Valley
Name of Local Agency or School District

Marc Puckett
Claimant Contact

Finance Director
Title

14955 Dale Evans Parkway
Street Address

Apple Valley
City, State, Zip

CA, 92307
Telephone Number

760-240-7000
Fax Number

760-247-3885
E-Mail Address

3. CLAIMANT REPRESENTATIVE INFORMATION

Claimant designates the following person to act as its sole representative in this incorrect reduction claim. All correspondence and communications regarding this claim shall be forwarded to this representative. Any change in representation must be authorized by the claimant in writing, and sent to the Commission on State Mandates.

Annette S. Chinn
Claimant Representative Name

President
Title

Cost Recovery Systems, Inc.
Organization

705-2 East Bidwell Street #294
Street Address

Folsom, CA 95630
City, State, Zip

916-939-7901
Telephone Number

916-939-7801
Fax Number

achinncrs@aol.com
E-Mail Address

For CSM Use Only

Filing Date:

RECEIVED
August 01, 2017
Commission on State Mandates

IRC #: 17-9811-I-04

4. IDENTIFICATION OF STATUTES OR EXECUTIVE ORDERS

Please specify the subject statute or executive order that claimaint alleges is not being fully reimbursed pursuant to the adopted parameters and guidelines.

Chapter 752, Statutes of 1998;
Chapter 313, Statutes of 2004

5. AMOUNT OF INCORRECT REDUCTION

Please specify the fiscal year and amount of reduction. More than one fiscal year may be claimed.

Fiscal Year	Amount of Reduction
2007-08	$805,296.00
2008-09	$1,300,496.00
TOTAL:	$2,105,792.00

6. NOTICE OF INTENT TO CONSOLIDATE

Please check the box below if there is intent to consolidate this claim.

☐ **Yes, this claim is being filed with the intent to consolidate on behalf of other claimants.**

Sections 7 through 11 are attached as follows:

7. **Written Detailed Narrative:** pages 1 to 10.
8. **Documentary Evidence and Declarations:** Exhibit 1, A-C (Appendix)
9. **Claiming Instructions:** Exhibit 2.
10. **Final State Audit Report or Other Written Notice of Adjustment:** Exhibit 3.
11. **Reimbursement Claims:** Exhibit 4.

(Revised June 2007)

12. CLAIM CERTIFICATION

Read, sign, and date this section and insert at the end of the incorrect reduction claim submission. *

This claim alleges an incorrect reduction of a reimbursement claim filed with the State Controller's Office pursuant to Government Code section 17561. This incorrect reduction claim is filed pursuant to Government Code section 17551, subdivision (d). 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.

Marc Puckett
Print or Type Name of Authorized Local Agency or School District Official

Finance Director
Print or Type Title

Signature of Authorized Local Agency or School District Official

Date July 5, 2017

* *If the declarant for this Claim Certification is different from the Claimant contact identified in section 2 of the incorrect reduction claim form, please provide the declarant's address, telephone number, fax number, and e-mail address below.*

ISSUE 1 – DENIAL OF PORTION OF ANIMAL SHELTER CONSTRUCTION COSTS CLAIMED

The State Controller's Office (SCO) denied reimbursement for cost claimed for the construction of the new Animal Shelter.

SCO Response 1: **"Town did not support, through Board Agenda or other similar document, that the construction was a direct result of the increased holding period requirements of this mandate program."**

The Town disputes this conclusion and believes they did provide material that shows that the construction of a new facility was necessary to provide appropriate and adequate shelter space to comply with the mandated activities. Further, only an eligible share of the costs related directly to the increased holding period mandated were claimed.

In the late 1990s through almost the end of FY 2003-04 (May 2004), the Town contracted with Victor Valley Animal Protective League for their shelter services. This arrangement ended because of increased costs for sheltering services being presented by Victor Valley Animal Protective League without audited records to support the increased fee request. (See Appendix C)

In June of 2004, the Town contracted with the City of Hesperia to care and shelter their animals because the Town ended their contract with Victor Valley Animal Protective League and needed emergency animal sheltering services while the Town constructed a temporary animal shelter for Apple Valley animals. Sheltering with the City of Hesperia ended when the Town completed the renovation of an old residential dwelling and warehouse structure in March of 2005. The renovation provided a temporary animal sheltering facility within the Town's jurisdiction and eliminated the need for animal services staff to travel outside of their jurisdiction to place impounded animals into a contract shelter for housing and an easily accessible facility where town residents could look for their lost pets. (Appendix C)

It soon became evident that this facility was inadequate because the building was not purpose built and did not provide necessary, isolation, quarantine or kennel space for an increasing number of impounded animals or adequate rooms to provide necessary medical treatment. Discussion and planning began to construct a new Shelter Facility in September 2008, with specific consideration for increased kennel capacity, quarantine rooms, isolation facilities for sick/injured animals, increased holding times and a ventilation system to filter airborne diseased and minimize cross contamination of animals. (See Appendix C)

Page 2 of the April 2007, Request for Qualifications to Design the Animal Shelter Facility stated, "The Proposed Animal Control Shelter will be designed to increase the hold time for potentially adoptable animals..." (see Town of Apple Valley's June 17, 2016 Response to the Draft Audit – SCO website– beginning on page 63. http://sco.ca.gov/Files-AUD/MandCosts/08_2016_applevalley_animal.pdf

Further, at the July 10, 2007 Council meeting audio recording (at 1:32:37 of the recording) contains Councilman Jasper's statement that the need to build a new animal shelter is because it is "Mandated by the State to take care of our animals".

The formula in the claiming instruction formulas, limit reimbursement to those costs which are attributable to the passage of the Hayden Bill and not normal population growth. The statistical information requirements in the instructions (such as animal census statistics) are all included in the claim backup under the formula section. The percentage of eligible construction costs were claimed based on the calculation of this formula; however the method was not reviewed or discussed by the SCO as they denied the costs as completely ineligible due to their conclusion that Board documentation was lacking.

The claimant believes that they did provide support adequate to show that the project was necessary and due in part to the requirements of the passage of the new State Mandate program which required increased space due the increased hold time for animals and also because the facility was not configured or equipped properly. (see Appendix C)

State Law requires that local agencies be reimbursed for the increased cost incurred to comply with Costs Mandated by the State. The computed percentage of construction costs claimed are the direct result of increased animal population that were experienced to comply with the State Mandate Animal Adoption program, and thus should be reimbursed by the State.

SCO Response 2: Many of the costs claimed occurred outside of the audit period.

The record shows in its original and amended claims that the Town did incur costs in the eligible time period. Cost incurred includes obligated and expended costs during the fiscal years claimed.

SCO Response 3: Calculations to support the percentages claimed per fiscal year not provided.

The records shows that the Town did provide the calculations used to determine the percentage of facility costs claimed were included in both the FY 2007-08 and the FY 2008-09 actual and amended claims. Town also provided the page again showing percentages claimed in its June, 2016 Response letter to the Draft Audit. If the auditor felt something further was missing or lacking, they could have requested the information from the Town.

Town request that the allowable share of facility construction costs be restored.

ISSUE 2 - MISSING ITEM 1 - PROMPT AND NECESSARY VETERINARY CARE – Initial Physical Examination and administration of wellness vaccine

SCO Response 1: Town did not claim any costs for this component for the audit period.

The Town did claim these costs in the composite cost per animal per day under the care and maintenance component. During the audit, the Town was informed that the costs were not calculated in an acceptable manner, and that they would be given the opportunity to conduct time studies to support eligible costs. Page 6 of the SCO Entrance Conference Agenda states, under the section Time Studies: "From our prior experience with this program, we have found that some components may not be properly supported. If the costs are not claimed correctly, the agency will be given the option to properly support costs and/or conduct time studies to properly support costs during the course of the audit."

SCO Response 2: Town was notified numerous times that they would need to conduct a time study for this cost component.

The Town was working with the auditor and was in the process of conducting time studies as late as the end of April, 2016. The first time study for "Maintaining Non-Medical Records" was scheduled for completion on April 29, 2016. Less than a week later, the SCO sent their notification that they wished to conduct the exit conference.

Page 2 of the April, 2016 Time Study Plan document (that was reviewed and approved by the State Controller's Office) narrative states in the heading that the Town could chose to do other time studies for similarly repetitive activities. "The reason for this time study is to document the time spent to carry Town's the maintaining of non-medical records component contained in this mandate. There may be other activities in this mandate that are repetitive in nature and that the Town of Apple Valley reserves the right to perform a separate time study at a later date."

Days later on May 4, 2016, the SCO contacted the Town and stated that they wanted to schedule a date for their exit conference to be held via phone conference call for the following day, May 5. On May 4, 2016 they sent the City an Exit Conference Info Sheet, a pre exit status handout titled "Findings and Recommendations" with a number of schedules. (Attached in APPENDIX A).

This was the first opportunity the Town had to see the comprehensive results of the audit review and were only given a day to review before the Exit Conference all to discuss the results. The Town was assured that they would have the opportunity to review, respond, and provide additional support in response to the Preliminary Findings both during the Exit phone conference and after the formal Draft Audit Report was issued.

During the Exit Conference phone call on May 5, 2016, the Town voiced a number of questions and concerns about the preliminary findings. One of the issues raised was that no costs were allowed for the "Prompt and Necessary Vet Care" component. The Town also requested additional detailed reports to understand the calculations made by the auditor, requested reinstatement of a number of costs (such as utility charges), use of Actual indirect cost rates calculated by the Town in lieu of the 10% default rate allowed by the SCO, submission of an additional time study conducted by the Town for "Prompt and Necessary Veterinary Care".

After the conference call on May 5, 2016, Jim Venneman, SCO Audit Manager sent an email recapping issues raised in the Exit meeting conference call. Mr. Venneman stated in this May 5, 2016 email that,

"Note – time study results must be submitted to us prior to issuance of our audit report. Any information submitted after that date supporting allowable costs will not be considered." (***Note that the time study in question was not for "Lost and Found" lists (as was incorrectly stated by Mr. Venneman in his email), but for the "Prompt and Necessary Veterinary Care" component.***

The following day, May 6, Mr. Venneman emailed and reversed his decision to accept a time study or to consider Town's actual ICRP calculations. He stated that, "I misspoke yesterday about accepting a time study...After discussing this audit with upper management today, we would need to re-open field work *(though the SCO auditor did not visit on site or conduct any field work related to the first time study – everything was organized and reviewed via email and telephone)* in order to adequately review any time study results. The same for an Indirect Cost Rate Proposal." "We realize your positions on these three issues. You can include your objections and/or any additional information about these issues in your response to the draft report. The report may be issued in 3-4 weeks from today."

SCO's refusal to consider the Town's "Prompt and Necessary Veterinary Care" time study, despite the SCO's earlier assurances that the Town would still be able to provide additional documentation and support of costs up until the Final Audit Report was issued denied the Town of eligible costs which we now request to be restored.

SCO Response 3: In addition, the results of a two-day time study that the town conducted post-exit conference do not appear adequate to determine allowable costs for the audit period.

The Town, with the OFF-SITE approval of the SCO Auditor, developed and conducted the first Time Study Plan in April of 2016 (See Appendix A - Time Study Information) and conducted a time study for the "Maintaining Non-Medical Records" costs component. On page 3 of the Time Study document in Appendix A stated, "The process and procedures to carry out the mandated activity have not significantly fluctuated by fiscal year so the results can be reasonably projected to approximate actual cost...The time study period will be conducted for a two week period."

The same conditions existed for the "Prompt and Necessary Veterinary Care" component. The process and procedures (administering a wellness vaccine) had not significantly fluctuated by fiscal year.

In an email from the SCO auditor April 13, 2016, the Town was instructed to shorten their time study from a two week to a one week time study period. "A slight change for the upcoming time study. Currently the time study is scheduled to begin on Saturday, April 16th and end on Friday, April 29th. Go ahead and keep this same schedule. However, at the end of the first week of the time study, which would be Friday, April 22nd, go head and email me the daily time study logs as one PDF document. If after reviewing the logs" (NOTE, THIS REVIEW WAS DONE OFF SITE AND FIELD WORK WAS NOT NEEDED) "we determine that there is enough data to approximate the results for the audit period, and the data is relatively free of any inconsistencies, you can end the time study at that point. ...This particular activity is very repetitive in nature, as it takes place every day, throughout the entire day, so it is likely that one week will be sufficient."

After seeing the Preliminary Audit Finding, the Town decided that they wished to pursue the reinstatement of costs for the Prompt and Necessary Component and they would provide this additional information in their response to the Draft Report. Because the SCO accepted a one week time study for the first "Maintenance of Non-Medical Records " Time Study, and because the eligible Prompt and Necessary Vet Care activities of – "conduct an initial physical exam to determine if the animal is

adoptable, treatable, or non-rehabilitatable "and then to "administer a wellness vaccine" were also equally "repetitive in nature", and the results varied so little in time, the Town conducted a week long time study for this activity (May 18, 19, 30 and 31). (The study was conducted over a 4 day – not a 2 day period as stated by the SCO).

This time study determined that it took a Registered Veterinary Technician an average of 86 seconds (or 1.43 minutes per animal) to conduct an initial exam upon intake and to determine whether the animal is treatable and then to administer a wellness vaccine to the treatable animals in compliance with the State Mandate.

SCO's stated that they denied the Town's request in May, 2016 to perform another Time Study for the "Prompt and Necessary Veterinary Care" component because the Town was too late in making this request, however the Town had just completed their first time study about a week before this. The narrative of this Time Study (which was reviewed and approved by the SCO in April, 2016) stated clearly that the Town "reserved the right to perform a separate time study at a later date for other mandated activities that were repetitive in nature" indicated that the Town was requesting the opportunity to conduct additional times studies to support other mandated activities. Requesting to do a time study for additional activities in May, 2016 (only about a week later) does not seem to be "too long" in making the request.

Also, the SCO assured the Town that having the Exit Conference didn't mean that they would not be able to submit and further support. Audit Manager Jim Vennemen further stated in his May 5th email that, "time study results must be submitted to us prior to the issuance of our audit report." He also stated in his May 10, 2016 email to the Town, "You can include your objections and/or any additional documentation about these issues in your response to the draft report."

The Town did respond and provide additional documentation by required deadlines and their objections including the Time Study, the actual ICPR (overhead rate) calculations, and support for other costs, all of which were denied without review or consideration.

The SCO justification was that "examining the town's time study at this time would require us to re-open the audit and conduct additional fieldwork to analyze and verify the accuracy of the information provided." Town believes the SCO did not have to conduct additional fieldwork to review the information provided since they did not conduct any fieldwork to review the information in the first time study conducted using the same parameters. And even if they did have to conduct additional field work – why didn't they?

Further, the Town believes this denial of opportunity to have their additional documentation supporting allowable costs considered was arbitrary and capricious: the SCO had plenty of time yet to conduct their audit; and the SCO had just approved a similar time study without requiring any auditor field work.

ISSUE 2 - MISSING ITEM 1 - NECESSARY AND PROMPT VETERINARY CARE – Cost of Wellness Vaccine (See APPENDIX A)

In addition to the time spent to administer the wellness vaccine, the Town requested reimbursement for the cost of the wellness vaccines administered to eligible animal as documented in its emailed correspondence and the response to the Draft Audit Findings.

The Town identified $13,280 in costs during the FY 2007-08 time period and $16,160 in FY 2008-09 . These amounts did not even include the cost of syringes and needles, which the Town later determined by reviewing other audits, that were also allowable costs, but never mentioned by the SCO auditor to our staff.

Town computed average costs per vaccine using a method allowed by the SCO in other audits:

The SCO audit determined that 5,961 animals were taken in during that fiscal year, therefore:

Wellness Vaccine Costs: $13,280.13/ 5,961 = $2.23 per animal for wellness vaccine

$2.23 x 1,622 eligible animals allowed for FY 2007-08 = $3,614 requested

In FY 2008-09, the Town expended $16,160 for purchasing wellness vaccines.

The SCO audit determined that 5,480 animals were taken in during that fiscal year, therefore:

Wellness Vaccine Costs: $ 16,160/ 5,480 = $2.95 per animal for wellness vaccine

$2.95 x 1,366 eligible animals allowed for FY 2008-09 = $4,030 requested

We submit that this is a reasonable and fair approach to capturing some of these eligible costs denied us in the audit. Having had the opportunity to review other agencies Audit Reports for this program, we discovered that these costs were allowed for other agencies using an identical methodology (which consequently is also allowable pursuant to the Claiming Instructions). We request that these costs be allowed.

SCO Response: "We informed the town that in order to determine allowable material and supply costs for the purchase of wellness vaccines, the town would need to provide supporting documentation in the form of invoices in order to determine a unit cost per vaccine.

The SCO also stated that costs for immunization costs were denied because the Town could not provide detailed invoices showing adequate proof of costs because the Town was not able to locate all the detailed invoices. However, the Town did provide other actual documentation proving the expenditure of costs for that purpose (wellness vaccines). The Town used one vendor for this supply and the costs are consistent from year to year. Departmental accounting systems showing vendor name, date of payment, as well as expenditure and accounting system reports can detailed the vendor and the actual cost expended for the wellness vaccines. The Town could also have provided invoices from a more current year, had they been offered that option as other cities which were audited had been.

Due to the age of the records, the Town was unable to provide copies of the actual invoices documenting purchase of wellness vaccines. Town did have expenditure documents and other reports that showed the vendor from whom these supplies were acquired, the purchase dates, payment information, and the purchase costs. This information was not accepted by the Auditor.

In preparing for this IRC, the Town discovered that the SCO allowed other agencies in a similar position (they also could not locate the actual invoices from old time periods to support costs) other alternatives to support their costs were suggested and allowed by the SCO. See page 28 of City of Antioch Audit Report, "However, the city was unable to provide copies of invoices or any related cost information for

any years during the audit period. So, we (SCO) used the FY 2011-12 data that the city provided and adjusted the costs incurred for vaccines by using the Consumer Price Index (CPI)." The SCO in that audit allowed $3.66 for FY 06-07 costs for a cat wellness vaccine and $4.20 for a dog wellness vaccine.

In the case of County of Contra Costa Audit of the same program, we discovered that in that audit (see page 46, paragraph 2, "Subsequent to the issuance of the draft report, the county provided invoices for our review representing allowable costs incurred for the purchase of wellness vaccines administered to dogs and cats. As a result, we determined that these invoices supported allowable services and supplies totaling $26,186 for the audit period."

In the case of County of El Dorado, page 42 of audit report, was also allowed to use a later year as a base for calculate eligible vaccine costs with CPI adjustments. "The county was unable to obtain invoices detailing wellness vaccine costs for FY 02-03, 02-03 and 06-07. The County proposed and we accepted that vaccine costs for these three fiscal years be based on actual costs for FY 2007-08 as reduced by the CPI."

The Town of Apple Valley could also have provided invoices from other, more recent years had that option been mentioned by the auditor. This inconsistent treatment of agencies constitutes unfair and arbitrary treatment. What is deemed acceptable documentation for one agency, should be consistent and acceptable for all agencies. The Town should have been given the same opportunities to provide alternate support of vaccine purchases. Town documentation of costs for vaccine purchases should be reexamined and allowable costs computed in a similar method allowed for other agencies.

ISSUE 3 Care and Maintenance Costs

SCO did not allow actual time allotment for various employees for Care and Maintenance calculation and erroneously concluded that staff time between all positions had to total 100%. This is incorrect and actual staff time should be allowed as originally requested by the Town and not reduced arbitrarily as required by the auditor:

Animal Shelter Attendant's time should be classified as 85% directly related to care and maintenance activities as originally identified by the Shelter representative before the SCO auditor required that the Town reduce their time spend on care and maintenance activities to 60%.

Animal Shelter Supervisor's time should be classified as 10% directly related to care and maintenance instead of the 5% allowed. The original allocation of 10% had to be arbitrarily cut back to satisfy the SCO auditors demand to reduce allocations

The June 17, 2016 Town Response to the SCO Audit Report (located at the back of that document) provides copies of the email correspondences that took place on April 13, 2016 between the Auditor and the Shelter representative, Adriana Atteberry documenting this process.

First the SCO auditor asks that the Town detail the time spent by each position caring for and maintaining the animals. When Ms. Atteberry responds and states that the Animal Shelter Attendant position spent 85% of their total time on animal care/maintenance, the auditor called her and instructed her to reduce her allocations of time so that everyone's time (Shelter Supervisors, Animal Control Officers, and the Vet Techs) added together total to 100%. When Ms. Atteberry arbitrarily reduces the percentages to satisfy the SCO request, the auditor again emails and instructed Ms. Atteberry to make

further reductions. Another 5% of time was deducted from the Shelter Supervisors allocation to satisfy the SCO auditor.

These demands made by the auditor were incorrect and resulted in improper reductions of eligible Town costs. While it is logical that the total time allotted for each individual on various activities must total to 100% - there is no reason why the total time spent by a GROUP of different individuals on a mandated activity must add to 100% between all of them. We asked the SCO to examine this finding and to explain their reasoning, but the SCO did not respond either formally or informally and provided no explanation.

The SCO instructions to the Town to lower their allocation of time spent on mandated activities was illogical, incorrect, and arbitrary. State statute requires the reimbursement of actual costs. The Town provided the allocation of actual time spent on the mandated activity by position as requested. However, when the allocated times were higher than expected, the SCO required the Town to reduce their allocations arbitrarily.

We request that the allocations of time spent be based on actual amounts originally specified by the Shelter Manager, and the subsequent calculation of eligible care and maintenance costs be restored.

ISSUE 7 Overhead costs allowed by the SCO were understated

Town calculated cost of care and maintenance by taking all of the actual Shelter Division expenditures, and dividing it by total animal days of service to derive a cost per animal per day. Because this method took into account all departmental costs, it was inappropriate to include additional departmental overhead (other than other Town wide administrative overhead).

During the Audit, the SCO explained that this method of computing actual costs was not acceptable, therefore, they then began to calculate the costs as they deemed appropriate. Under the SCO method, overhead (ICRP) costs were appropriate to include, and during the course of field work on the audit, the SCO and Assistant Director had informal conversations about the ICRPS. During the discussions, the Town believed, based on discussion with the auditor, that the best course of action was to accepting the 10% default rate. It should be noted that the Assistant Finance Director was new to the Town and to the position and had no experience with State Mandate Claims process or the calculation of ICRP rates.

After the SCO released its Draft Audit report in May, 2016 with preliminary findings, the Finance Director and Consultant, who helped prepare the claims, had the opportunity to review the formal findings. The Consultant informed staff that the actual documentation to prepare the ICRP rates did indeed exist and that to do so would be not be time consuming and would be in the best interests of the Town.

When the Town expressed their desire to calculate and preset their actual ICRP rates to the SCO for consideration, Jim Venneman, Audit Manager, stated that those rates would not be considered. (See Appendix A – Chronology). The Town felt that this was an unfair decision since "actual costs" are allowable for reimbursement and the request to provide that additional support material was made during the required audit response period.

Holding the Town to an informal agreement made before the Actual Draft Findings were provided to the claimant is not fair to the claimant. The Town had no way of assessing the impact on cost claimed based on a general conversation. Not allowing an agency to change their minds upon receipt of new information (the Assistant Director was not aware that the records required to prepare an actual ICRP in fact did exist) resulted in an incorrect reduction of costs.

When the issue was raised, the audit was still active and the decision to end field work was made solely by the SCO and not consented to by the claimant. There is no reason why the audit couldn't be continued in order to review the Town's two ICRPs. There was still at least another year in which the audit had to conclude statutorily. Further the Town was told that they would have opportunity to comment and respond to the Draft Findings. The reality seems to be that while they could respond – their response would not be considered. If the claimant had further issues and material to present and provide to support actual costs, they should have been allowed to do so.

There is no reason we are aware of that field work would be required to review ICRP documents. The ICRP is simply the departmental expenditure report along with salaries and job descriptions of support and administrative staff. These pieces of information can and have been reviewed via transmittal of documents electronically and via telephone discussion based on other audits the Town's Consultant, Cost Recovery Systems, has been involved with (SEAACA Animal Adoption Audit, City of Fresno DVAP and Crime Statistics Audits, currently South Lake Tahoe, Interagency Child Abuse Audit) where the SCO reviewed all the ICRP documents off site. No field work was necessary in those cases to review the ICRPs.

The Town requests that the Commission have the SCO consider the actual ICRPs that were prepared and submitted. These ICRPs were based on Actual data and were prepared in compliance with claiming instructions and OMB A -87. They were also submitted to the SCO in a timely manner after the release of draft findings and within the audit response period of time allotted to the Claimant. The Town asserts that the 10% default rate grossly underestimates Actual Costs incurred, which are allowable under State Statutes and claiming instructions and should be reconsidered.

EXHIBIT 1

RESPONSE TO THE STATE OF CALIFORNIA CONTROLLER'S OFFICE ON DENIAL OF A PORTION OF ANIMAL SHELTER CONSTRUCTION COSTS CLAIMED

DECLARATION

I, Gina Schwin-Whiteside, declare:

That this declaration is submitted in support of the Incorrect Reduction Claim submitted by the Town of Apple Valley (Town) to the State Controller's Office (SCO) in accordance with Parameters and Guidelines established by the State of California.

I am the Director of Animal Services for the Town. I have been the Director of Animal Services for the Town since 2001 and have been a public sector professional since 1987.

The Town has submitted true and correct documents and records in support of the Town's incorrect reduction claim. These documents retained by the Town during construction accurately depict costs incurred by the Town related to the Town's State mandate reimbursement claims and in support of reimbursement for costs claimed for the construction of the new Animal Shelter.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration is executed this 19th day of July, 2017, at Apple Valley, California.

Gina Schwin-Whiteside
Director of Animal Services

APPENDIX A –

CHRONOLOGY &

SUPPORT DOCUMENTS

Chronology

June 8, 2015 – AUDIT NOTIFICATION Town receives email notification that Town is being audited for its July, 1, 2007 through June 30, 2009 Animal Adoption Claims. Auditor requests to schedule entrance conference. ***(page 1)***

June 15, 2015 – Town receives letter of notification of an audit by the State. ***(Page 4)***

July 7, 2015 – State Controller arrives for an entrance conference ***(page 6)***

Early April, 2016 – Town develops a time study plan for the "Maintain Non-Medical Records" component and begins data collection on 4/16/2016 ***(page 17)***

April 13, 2016 – Auditor contacts Town to let them know that the "Maintain Non-Medical Records" time study can be shortened to a week. ***(page 19)***

April 22, 2016 – Town completes first (and only) SCO approved time study for Item 3 on Page 6 of their Entrance Conference Handout, "Maintain Non-Medical Records" component (originally the time study was to last two full weeks, and conclude on April 29, 2015, but later SCO said that a week would suffice.) ***(page 52)***

April 27, 2016 – Town computes average time for "Maintain Non-Medical Records" component from time study. ***(page 58)***

May 4, 2016, SCO auditor sends an email to schedule an Exit conference via phone call for the following day. SCO includes a "pre-exit status handout (titled Findings and Recommendations.) "These documents will present all of the various findings that we have identified during the audit. We wanted to give the town the opportunity to review the handouts prior to the meeting." ***(page 59)***

May 5, 2016 - Exit Conference Town has less than a day to review the Findings and recommendations before the telephone Exit Conference takes place. Town brings up a number of issues they notice are missing or haven't been addressed including disputed ICPR rates, allowable staff allocations to calculation of direct care and maintenance costs, lack of costs allowed for Vet Care component among other items. Audit Manager, Jim Venneman originally sends an email listing items to be addressed. ***(page 90)***

May 6, 2016 Audit Manager Venneman follows up via email that the SCO's office changed their minds and would NOT consider a number of issues raised by the Town including: ***(page 92)***

1) re-visiting the percentages of staff involved in the care and maintenance of animals and Towns dispute that they incorrectly made them downwardly adjust their time allocations *(Mr. Venneman did*

not explain why the SCO would not consider the Town comments, but simply stated, "we decided to stick with the percentages we presented".)

2) that the State would not consider any additional time studies as requested during the meeting (note – Mr. Venneman mistakenly wrote Lost and Found list, when it was Veterinary Care that the Town wish to submit a time study to support.*) (Mr. Venneman explained that to review additional time studies would require the SCO to re-open fieldwork)*

3) the consideration of ICRPs prepared by the Town based on actual costs and expenditures (*(Mr. Venneman explained that to review ICRPs would require the SCO to re-open fieldwork and that they would hold the Town to agreement reached with Assist Finance Director Kofi during informal discussions early in the audit process.)*

Mr. Venneman further instructed the Town "You can include your objections and/or any additional information about these issues in your response to the draft report."

May 7 – June, 2016 City reviews and analyzes draft findings presented and collects additional support for costs that were cut by the SCO. Despite Mr. Venneman's (Audit Manager) statement that the SCO will not accept ICRPs and additional time studies presented to support costs, the Town decides to go forward and conduct time studies (May 18-31), and present their evidence to support their actual costs in the hope for reinstatement of costs during the formal response period allowed after the release of the formal Audit Report ***(page 95)***

June 8, 2016 - SCO issues DRAFT AUDIT REPORT and forwards to Town via email. Draft Audit Report transmitted to Town with a notification that they would be given 10 calendar days to respond to the draft findings. ***(page 104)***

June 17, 2016 Town submits written responses and additional information (including time studies, ICRPs, and support for Wellness Vaccine support forcharges, to formally respond and request reconsideration of several reductions made in SCO's Draft Audit Report. (complete Town response can be found at the back of the SCO Final State Audit Report) ***(page 145)***

August 15, 2016 – SCO releases FINAL AUDIT REPORT No changes were made to Draft Report despite the additional documentation provided to address the Town's concern and issues raised.

June, 2017 Town Files IRC with Commission

BETTY T. YEE
California State Controller

RECEIVED
JUN 23 2015
FINANCE DEPARTMENT

June 15, 2015

Marc Puckett, Assistant Town Manager
of Finance and Administration
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

Re: Audit of Mandated Cost Claims for the Animal Adoption Program
For the Period of July 1, 2007, through June 30, 2009

Dear Mr. Puckett:

This letter constitutes the initiation of an audit by the State Controller's Office of the Town of Apple Valley's legislatively mandated Animal Adoption Program cost claims filed for fiscal year (FY) 2007-08 and FY 2008-09. Amy Arghestani contacted the Town of Apple Valley on June 8, 2015, to schedule an entrance conference for Tuesday, July 7, 2015, at 1:30 p.m. The audit will be conducted in accordance with generally accepted government auditing standards. Government Code sections 12410, 17558.5, and 17561 provide the authority for this audit. We will begin audit fieldwork after the entrance conference.

Please furnish working accommodations for and provide the necessary records (listed on the Attachment) to the audit staff. If you have any questions, please contact me by phone at (916) 322-9887, or email at jvenneman@sco.ca.gov.

Sincerely,

JIM VENNEMAN, CPA, Audit Manager
Mandated Cost Audits Bureau
Division of Audits

JV/as

15746

Attachment

P.O. Box 942850, Sacramento, CA 94250 ♦ (916) 445-2636
3301 C Street, Suite 700, Sacramento, CA 95816 ♦ (916) 324-8907
901 Corporate Center Drive, Suite 200, Monterey Park, CA 91754 ♦ (323) 981-6802

cc: The Honorable Larry Cusack
Mayor of the Town of Apple Valley
Kofi Antobam
Assistant Director of Finance
Evelyn Suess, Principal Program Budget Analyst (via email)
California Department of Finance
Keith Nezaam, Staff Finance Budget Analyst (via email)
Education Systems Unit, California Department of Finance
Chris Ferguson, Principal Program Budget Analyst (via email)
Education Systems Unit, California Department of Finance
Jay Lal, Manager (via email)
Division of Accounting and Reporting, State Controller's Office
Jim L. Spano, Bureau Chief (via email)
Division of Audits, State Controller's Office
Amy Arghestani, Auditor-in-Charge (via email)
Division of Audits, State Controller's Office

Town of Apply Valley
Records Request for Mandated Cost Program
FY 2007-08 and FY 2008-09

1. "Shelter Pro" database reports in Excel format for each fiscal year under audit.
2. Actual salaries and benefits paid to employees who provided care and maintenance to impounded animals for the audit period.
3. A copy of employee job descriptions or duty statements.
4. Materials, supplies, and contract services invoices supporting costs for the care and maintenance of animals.
5. Employee time sheets, time logs, or time studies, which support hours claimed.
6. A notice of impoundment for each year under audit.
7. Worksheets that support the productive hourly rate used, including support for the benefit rates.
8. Documentation that supports the indirect cost rate proposal (ICRP).
9. Copies of invoices and other documents necessary to support costs claimed.
10. Revenue and expense reports for the animal shelter for all fiscal years under audit.
11. Documentation that supports amounts received from other funding sources.
12. Organization charts for the divisions or units handling the mandated cost program effective during the audit period, showing names and position titles.
13. Access to chart of accounts.
14. Access to payroll records showing employee salaries and benefits paid during the audit period.
15. Access to general ledger accounts that support disbursements.
16. Copies of contract(s) for animal services with other entities for all the fiscal years under audit.
17. Copy of Single Audit reports for all fiscal years under the audit.
18. Copy of any external and internal audit reports performed on the mandated cost program.

Subj: **FW: Initial Contact Email - Animal Adoption Audit for the Town of Apple Valley**
Date: 6/8/2015 9:00:09 A.M. Pacific Daylight Time
From: DDrenk@applevalley.org
To: AChinnCRS@aol.com
CC: KAntobam@applevalley.org

Hi Annette.

Just thought you may be interested to know we are being audited for the:

Town of Apple Valley's legislatively mandated Animal Adoption Program cost claims filed for fiscal years (FY's) 2007-08 and 2008-09, totaling $2,256,209.

This is no surprise. Any helpful hints?

Darlene Drenk, CPA
Senior Accountant, Town of Apple Valley
760-240-7000 ext.7703

From: Kofi Antobam
Sent: Monday, June 08, 2015 8:56 AM
To: Darlene Drenk; Gina Schwin-Whiteside; Marc Puckett
Subject: FW: Initial Contact Email - Animal Adoption Audit for the Town of Apple Valley

FYI - Gina can you please check on the proposed dates and tell me which one will best work for you?

Thanks,

Kofi Antobam, CPA, CIA, CGAP
Finance Department
760-240-7000 ext. 7701

-----CONFIDENTIAL COMMUNICATION-----
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---

From: AArghestani@sco.ca.gov [mailto:AArghestani@sco.ca.gov]
Sent: Monday, June 08, 2015 8:38 AM
To: Kofi Antobam
Cc: jvenneman@sco.ca.gov
Subject: Initial Contact Email - Animal Adoption Audit for the Town of Apple Valley

Good morning Mr. Kofi Antobam,

This email is a follow-up to my conversation with Christine Rudsell this morning. The State Controller's Office is initiating an audit of the Town of Apple Valley's legislatively mandated Animal Adoption Program cost claims filed for fiscal years (FY's) 2007-08 and 2008-09, totaling $2,256,209. Government Code sections 12410, 17558.5, and 17561 provide the authority for this audit.

We would like to schedule an entrance conference with your agency's representatives on Tuesday, June 30, 2015, or Tuesday, July 7, 2015. Our audit fieldwork will commence after the entrance conference and will run through Thursday of the chosen week. During that time, we will need workspace accommodations at the agency.

Once we determine the entrance conference date, an official start letter will be sent to confirm the entrance conference date, the scope of the audit, and the supporting documentation that we will need to conduct the audit.

Please contact me at your earliest possible convenience. Thank you.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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Town of Apple Valley
Legislatively Mandated Animal Adoption Program
Entrance Conference – Tuesday, July 7, 2015 at 1:30 p.m.
Fiscal Year (FY) 2007-08 and 2008-09
Audit ID: S15-MCC-0033

CONTACT INORMATION

State Controller's Office Staff:

Jim L. Spano, Audit Bureau Chief	(916) 323-5849	jspano@sco.ca.gov
Jim Venneman, Audit Manager	(916) 322-9887	jvenneman@sco.ca.gov
Amy Arghestani, Auditor-in-Charge	(916) 327-0490	aarghestani@sco.ca.gov

Mailing Address:

State Controller's Office
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

UPS, FedEx:

3301 C Street, Suite 700
Sacramento, CA 95816

Town of Apple Valley
Legislatively Mandated Animal Adoption Program
Exit Conference Information
July 1, 2007, through June 30, 2009
Audit ID # S15-MCC-0033

Date of Meeting: Thursday, May 5, 2016 at 11:00 a.m. via telephone conference

SCO Staff:

Jim L. Spano, CPA, Audit Bureau Chief	(916) 323-5849	jspano@sco.ca.gov
Jim Venneman, CPA, Audit Manager	(916) 322-9887	jvenneman@sco.ca.gov
Amy Arghestani, Auditor-in-Charge	(916) 327-0490	aarghestani@sco.ca.gov

Mailing Address:

State Controller's Office
Division of Audits
PO Box 942850
Sacramento, CA 94250-5874

UPS, FedEx:

3301 C Street, Suite 700
Sacramento, CA 95816

Audit Authority:

- Government Code sections 12410, 17558.5, and 17561

Audit Criteria:

- Animal Adoption program's parameters and guidelines
- SCO's claiming instructions
- Title 2, Code of Federal Regulations, Part 225 (Office of Management and Budget Circular A-87)

Audit Process:

- On May 4, 2016, the SCO provided the town with the draft audit report findings, summary of program costs, summary of care and maintenance costs, and detailed work papers that support Findings 1 through 8.

- Findings presented today reflect what will be presented in the draft audit report. The SCO will notify the town of any substantive changes made subsequent to the exit conference.

- The audit report will disclose that the SCO conducted the audit in accordance with generally accepted government auditing standards.

- If the town requests a draft audit report, it will receive the draft report in approximately 3-4 weeks. The draft report will be addressed to Marc Puckett, Assistant Town Manager of Finance and Administration, and copies will be sent to Kofi Antobam, Assistant Director of Finance, and Gina Schwin-Whiteside, Director of Animal Services. Please let us know if you want copies of the draft report sent to any additional town staff.

- The city will have 10 calendar days from report receipt to submit a response to the draft audit report. Once the SCO has confirmed the report receipt date, the auditor will e-mail Kofi Antobam to confirm the due date for the response to the draft audit report.

- The SCO will incorporate the town's response into the final audit report.

- The town will receive the final audit report approximately 3-4 weeks after the SCO receives the town's response. The final audit report will be addressed to The Honorable Larry Cusack, Mayor, Town of Apple Valley, and copies will be sent to Marc Puckett, Assistant Town Manager of Finance and Administration; Kofi Antobam, Assistant Director of Finance; and Gina Schwin-Whiteside, Director of Animal Services. Please let us know if you want copies of the final report sent to any additional town staff.

- The final audit report is considered final. We will not consider additional documentation provided by the town at a later date.

- The SCO posts final audit reports to its Web site at http://www.sco.ca.gov/ard_mancost.html

- Questions regarding SCO mandated program payments and collections may be directed to Steve Purser, Analyst, Division of Accounting and Reporting, at (916) 324-0254.

Audit Resolution:

- The town may file an incorrect reduction claim (IRC) with the Commission on State Mandates (CSM).

- Information regarding the IRC process is available on the CSM Web site at http://www.csm.ca.gov/docs/IRCForm.pdf.

Engagement Customer Service Survey:

- Upon issuance of the final audit report, our Bureau of Quality Control within the Division of Audits may send the audit liaison an electronic Engagement Customer Service Survey, using Survey Monkey®, which consists of 15 brief questions about the audit, customer service, and reporting.

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Type of Audit

This is a compliance audit to determine if the Town of Apple Valley is in compliance with the parameters and guidelines for the Animal Adoption Program. The Commission on State Mandates (CSM) adopted the parameters and guidelines, which defined the state mandate and criteria for reimbursement of costs associated with the program.

Audit Authority

The State Controller's Office (SCO) performs the audits under the authority of Government Code sections 12410 and 17561. Government Code section 12410 states that the Controller shall superintend the fiscal concerns of the state and audit the disbursement of any state money, for correctness, legality, and for sufficient provisions for payment. Government Code section 17561 states that the Controller may audit the records of any local agency or school district to verify the actual amount of mandated costs, may reduce any claim that the Controller determines is excessive or unreasonable, and shall adjust the payment to correct for any underpayments or overpayments which occurred in previous fiscal years.

Government Code section 17558.5, subdivision (a) allows the SCO to initiate an audit no later than three years from when a reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made for the fiscal year, the time to initiate an audit starts from the date the SCO makes the initial payment on the claim. The SCO is required to complete the audit no later than two years after the date the audit commenced pursuant to section 17558.5, subdivision (b).

Audit Objective

The objective of the audit is to determine whether costs claimed represent increased costs incurred to perform the activities legislatively mandated by the Animal Adoption Program (Chapter 752, Statutes of 1998), for FY 2007-08 and FY 2008-09. The SCO will audit claimed costs totaling $2,256,209. Below is a summary of claimed costs per fiscal year and component:

Town of Apple Valley
Legislatively Mandated Animal Adoption Program
Entrance Conference – Tuesday, July 7, 2015 at 1:30 p.m.
Fiscal Year (FY) 2007-08 and 2008-09
Audit ID: S15-MCC-0033

Cost Component	Fiscal Year 2007-08	Fiscal Year 2008-09	Total Claimed
Acquiring space/facilities	$ 745,135	$ 1,233,364	$ 1,978,499
Care and maintenance of dogs and cats	72,857	73,318	146,175
Care and maintenance of other animals	3,177	3,881	7,058
Increased holding period	57,566	66,911	124,477
Total direct costs	878,735	1,377,474	2,256,209
Indirect costs	-	-	-
Total direct and indirect costs claimed	878,735	1,377,474	2,256,209
Less: offsetting revenues	-	-	-
Total program costs	$ 878,735	$ 1,377,474	$ 2,256,209
Amount paid by State	-	-	-
Penalty for filing a late claim	(10,000)	-	(10,000)
Pre-audit balance due from State	$ 868,735	$ 1,377,474	$ 2,246,209

Payment History	Fiscal Year 2007-08	Fiscal Year 2008-09	Audit Period Total Payments
Date filed/last amended*	2/16/2010	2/15/2011	
Date of initial payment	none	none	none

*Both fiscal years are amended dates

Audit Scope and Methodology

Our audit scope includes, but is not limited to, planning and performing procedures to obtain reasonable assurance that claimed costs are allowable by law for reimbursement. The auditor will select transactions on a test basis and perform the following procedures:

1. Trace the costs claimed supporting documentation to determine whether the costs were incurred for the mandate.
2. Confirm that the costs claimed were not funded by another source.
3. Review the costs claimed to determine whether the costs were unreasonable and/or excessive.
4. Determine whether the costs claimed are in accordance with the program's parameters and guidelines.

We will also review the agency's management controls. We will limit our review to documenting the claim preparation process, identifying internal controls by way of a questionnaire, and perform a walk-through of transactions, as necessary, to assist in developing appropriate auditing procedures.

The audit will include the audit report expressing whether costs claimed by the agency represent increased costs resulting from the Animal Adoption Program for the audit period, which includes FY 2007-08 and FY 2008-09.

Applicable Statutes, Laws, and Regulations

Food and Agriculture Code sections 31108, 31752-31753, 32001, and 32003 (added and amended by Chapter 752, Statutes of 1998) attempted to end the euthanasia of adoptable and treatable animals. It expressly identifies the state policy that "no adoptable animal should be euthanized if it can be adopted into a suitable home" and that "no treatable animal should be euthanized." The legislation increases the holding period for stray and abandoned dogs, cats, and other specified animals. It also requires public or private shelters to:

- Verify the temperament of feral cats;
- Post lost-and-found lists;
- Maintain records for impounded animals; and
- Ensure that impounded animals receive necessary and prompt veterinary care.

On January 25, 1981, the Commission on State Mandates (CSM) determined that Chapter 752, Statutes of 1998, imposed a state mandate reimbursable under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. CSM adopted the parameters and guidelines on February 28, 2002, corrected them on March 20, 2002, and last amended them on January 26, 2006. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

Audit Protocol

The audit process dates are tentative and subject to change depending on development during the fieldwork stage of this audit.

Entrance Conference

- July 7, 2015

Fieldwork

- Auditor will commence fieldwork immediately following the entrance conference.

We anticipate that the time required to be in your office(s) conducting fieldwork will be no more than two non-consecutive weeks. The SCO has assigned Jim Venneman, CPA, Audit Manager; and Amy Arghestani, Auditor-in-Charge to conduct the audit.

Requested Documentation

The following list of supporting documentation has been requested in advance:

1. "Shelter Pro" database reports in Excel format for each fiscal year under audit
2. Actual salaries and benefits paid to employees who provided care and maintenance to impounded animals for the audit period
3. A copy of employee job descriptions or duty statements

4. Materials, supplies, and contract services invoices supporting costs for the care and maintenance of animals
5. Employee time sheets, time logs, or time studies, which support hours claimed
6. A notice of impoundment for each fiscal year under audit
7. Worksheets that support the productive hourly rate used, including support for benefit rates
8. Documentation that supports the indirect cost rate proposal (ICRP)
9. Copies of invoices and other documents necessary to support costs claimed
10. Revenue and expense reports for the animal shelter for all fiscal years under audit
11. Documentation that supports amounts received from other funding sources
12. Organization charts for the division of units handling the mandated cost program effective during the audit period, showing employee names and position titles
13. Access to chart of accounts
14. Access to payroll records showing employee salaries and benefits paid during the audit period
15. Access to general ledger accounts that support disbursements
16. Copies of contracts for animal services with other entities for all fiscal years under audit
17. Copy of Single Audit Reports for all fiscal years under audit
18. Copy of external and internal audit reports performed on the mandated cost program

The auditor may request additional documentation throughout the audit process.

Communication during the Audit

The employee identified to act as a liaison for this audit is Kofi Antobam, Assistant Director of Finance.

We will discuss potential audit findings during the course of the audit.

Time Studies

From our prior experience with this program, we have found that some components may not be properly supported. If costs are not claimed correctly, the agency will be given the option to properly support costs and/or conduct time studies to properly support costs during the course of the audit.

The following components may require a time study:

1. Feral Cat Testing
2. Lost-and-Found Lists
3. Maintaining Non-Medical Records
4. Necessary and Prompt Veterinary Care – Initial Physical Exam
5. Necessary and Prompt Veterinary Care – Administration of a Wellness Vaccine

Offsetting Revenues

For the audit period, the agency did not claim offsetting revenues/reimbursements. It does not appear that the agency contracts with other cities in the vicinity to provide animal services and therefore does not have offsetting revenues to report. We ask that the agency confirm this during fieldwork.

Exit Conference

- The tentative exit conference will be scheduled at the conclusion of the audit fieldwork.

At the conclusion of the fieldwork, the SCO will provide a draft copy of the audit report findings, summary of program costs, and recommendations. Findings presented at the exit conference will reflect what will be presented in the draft audit report. The SCO will disclose any substantive changes made subsequent to the exit conference.

The audit report will disclose that the SCO conducted the audit in accordance with generally accepted government auditing standards.

Draft Report

If the agency requests a draft audit report, it will receive the draft report in approximately **6-8 weeks** from the exit conference date.

The draft report will be addressed to the following:

Marc Puckett, Assistant Town Manager of Finance and Administration

A copy of the draft report will be sent to the following:

The Honorable Larry Cusack, Mayor of the Town of Apple Valley
Kofi Antobam, Assistant Director of Finance

Response to the Draft Report

The agency will have **10 calendar days** from report receipt to submit a response to the draft audit report.

The agency may submit a written request for an extension of time within which to respond to the draft report to Bureau Chief, Jim L. Spano.

The SCO will incorporate the agency's response into the final audit report.

Final Audit Report

The agency will receive the final audit report approximately **6-8 weeks** after the SCO receives the agency's response to the draft report.

The final audit report will be addressed to the following:

The Honorable Larry Cusack, Mayor of the Town of Apple Valley

A copy of the final audit report will be sent to the following:

Marc Puckett, Assistant Town Manager of Finance and Administration
Kofi Antobam, Assistant Director of Finance

Engagement Customer Service Survey

Upon issuance of the final audit report, our Bureau of Quality Control within the Division of Audits may send the audit liaison an electronic Engagement Customer Service Survey, using Survey Monkey®, which consists of 15 brief questions about the audit, customer service, and reporting.

Additional Information

State Mandated Cost Claiming Instructions and Forms – For all programshttp://www.sco.ca.gov/

http://www.sco.ca.gov/ard_mancost.html
- Scroll down to Annual Manuals, Local Agencies
- Choose the fiscal year

Final Audit Reports

The SCO posts final audit reports to its website at the following address:

http://www.sco.ca.gov/ard_mancost.html
- Scroll down to Audit Reports
- Choose Local Agencies
- Choose Animal Adoption (or any other program)

Mandated Program Payments and Collection Questions

Questions regarding SCO mandated program payments and collections may be directed to Dennis Speciale, Analyst, Division of Accounting and Reporting, at (916) 324-0254.

Audit Resolution

A claimant may file an incorrect reduction claim (IRC) with the Commission on State Mandates (CSM). Information regarding the IRC process is available on the CSM website at:

http://www.csm.ca.gov/docs/IRCForm.pdf

Specific Questions:

- The town's working hours?
- Contact person for additional records requests?
- Contact person for mandated cost questions?
- Contact person for pre-exit discussions on audit issues disclosed during the field work?

Internal Control Questionnaire

Additional Questions and Answers?

Subj: **FW: Maintaining Non-Medical Records Time Study**
Date: 5/5/2016 3:46:05 P.M. Pacific Daylight Time
From: AAtteberry@applevalley.org
To: AChinnCRS@aol.com

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: Adriana Atteberry
Sent: Wednesday, April 13, 2016 4:54 PM
To: 'AArghestani@sco.ca.gov'
Subject: RE: Maintaining Non-Medical Records Time Study

Okay, no problem.

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: AArghestani@sco.ca.gov [mailto:AArghestani@sco.ca.gov]
Sent: Wednesday, April 13, 2016 2:30 PM
To: Adriana Atteberry
Cc: Gina Schwin-Whiteside; Kofi Antobam
Subject: Maintaining Non-Medical Records Time Study

Hi Adriana,

A slight change for the upcoming time study. Currently the time study is scheduled to begin on Saturday, April 16th and end on Fri

April 29th. Go ahead and keep this same schedule. However, at the end of the first week of the time study, which would be Friday 22nd, go ahead and email me the daily time study logs as one PDF document. If after reviewing the logs we determine that there is enough data to approximate results for the audit period, and the data is relatively free of any inconsistencies, you can end the time study at that point. If this is the case, then I will ask you to go ahead and compile the results onto an Excel spreadsheet and forward that to me as soon as possible. If after reviewing the logs we see that there is not enough good data to work with, you will go ahead with carrying out the second week of the time study. This particular activity is very repetitive in nature, as it takes place every day, throughout the entire day, so it is likely that one week will be sufficient.

I will call you tomorrow to discuss. When is a good time for you?

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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Subj: **FW: Time Study Sheets**
Date: 5/5/2016 3:46:25 P.M. Pacific Daylight Time
From: AAtteberry@applevalley.org
To: AChinnCRS@aol.com

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: Adriana Atteberry
Sent: Friday, April 22, 2016 9:23 AM
To: 'AArghestani@sco.ca.gov'
Subject: Time Study Sheets

Hi Amy,

Here is what we have as of right now. Today is my day off so I will be in on Monday to follow up with you. I started the excel sheet and I will submit it to you on Monday morning.

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: km-as-as@applevalley.org [mailto:km-as-as@applevalley.org]
Sent: Friday, April 22, 2016 9:25 AM
To: Adriana Atteberry
Subject: Message from km-as-as

=

INTAKE SUMMARY

Shelter Supervisor	TOTAL COUNT	6	TOTAL MINUTES	6
Animal Health Technician	TOTAL COUNT	21	TOTAL MINUTES	42
Technician	TOTAL COUNT	84	TOTAL MINUTES	448
Office Assistant	TOTAL COUNT	20	TOTAL MINUTES	25
Shelter Specialist	TOTAL COUNT	1	TOTAL MINUTES	2
Senior Animal Control Officer	TOTAL COUNT	27	TOTAL MINUTES	101
Animal Control Officer	TOTAL COUNT	23	TOTAL MINUTES	93
GRAND TOTAL - ALL CLASSES	**COUNT**	**182**	**MINUTES**	**717**

MINUTES PER INCOME ACTIVITY **3.9**

OUTCOME SUMMARY

Shelter Supervisor	TOTAL COUNT	21	TOTAL MINUTES	39
Animal Health Technician	TOTAL COUNT	3	TOTAL MINUTES	6
Technician	TOTAL COUNT	50	TOTAL MINUTES	780
Office Assistant	TOTAL COUNT	20	TOTAL MINUTES	25
Shelter Specialist	TOTAL COUNT	23	TOTAL MINUTES	48
Senior Animal Control Officer	TOTAL COUNT	5	TOTAL MINUTES	23
Animal Control Officer	TOTAL COUNT	29	TOTAL MINUTES	62
GRAND TOTAL - ALL CLASSES	**COUNT**	**151**	**MINUTES**	**983**

MINUTES PER OUTCOME ACTIVITY **6.5**

Town of Apple Valley
Animal Services Department (AVAS)

Animal Adoption (Maintaining Non-Medical Records) Time Study Plan

This document contains Apple Valley's plan for conducting a time study of the maintaining non-medical records component of Animal Adoption state mandated local program. This plan is organized in the following three sections:

Section 1 – Plan Overview
This section contains the general information that is applicable to the study of the Animal Adoption State Mandate Reimbursement Program.

Section 2 – General Methodology
This section describes the methodology for conducting the time study, the time increments to be used as well as the method for documenting the time study.

Section 3 – Animal Adoption: Study Components and Form
This section describes the study provisions that are applicable to this mandate.

The results of this study are intended for use in preparing and/or amending the cost claimed for this state mandated cost program.

1.0 PLAN OVERVIEW

Date Submitted:	**April 12, 2016**
Agency:	**Town of Apple Valley Animal Services**
Town's Contacts:	**Time Study Direction and Time Study Data Collection** **Adriana Atteberry, Administrative Secretary**

Town of Apple Valley
Animal Services Department (AVAS)

Mandate: **Animal Adoption**

The reason for this time study is to document the time spent to carry out the maintaining non-medical records component contained in this mandate. There may be other activities in this mandate that are repetitive in nature and that the Town of Apple Valley reserves the right to perform a separate time study at a later date.

Participants: The participants or persons to be studied include the:

Administrative Office Professionals:

Adriana Atteberry	Administrative Secretary
Becky Weast	Animal Services Technician
Dona Smith	Animal Services Technician
Christie Gonzales	Animal Services Technician
Cassandra Stallard	Animal Services Technician
Katrina McDonald	Animal Services Technician
Vickie Tuozzo	Office Assistant

Employee Classification: Shelter Staff

Kristin Hall	Register Vet Tech
Kathy Buharp	Health Tech
Brandie Iraburro	Shelter Specialist

Employee Classification: Shelter Attendants

Kristin Reagan	Shelter Attendant
Carol Jenkins	Shelter Attendant
Cynthia Olvera	Shelter Attendant
Jessica Perry	Shelter Attendant
Katrina Brinkley	Shelter Attendant
Stephanie Chabrowski	Shelter Attendant
Katherine Cisneros	Shelter Attendant
Kasey Gower	Shelter Attendant
Lacey Miranda	Shelter Attendant

Employee Classification: Animal Control Officers

Phil Kuhns	Sr. Animal Control Officer = Supervisor
Dianne Sulzberger	Sr. Animal Control Officer = Supervisor
Joshua Hall	Animal Control Officer
Don Hartzler	Animal Control Officer
Jim Garcia	Animal Control Officer

Employee Sample Selection for Maintaining non-Medical Records:

All of the above mentioned employees are located in the animal shelter.

Time Study Period:

The time study period will be conducted for 2 week period and will coincide with the Town of Apple Valley payroll period. The study will be initiated 4-16-2016 and be completed on 4-29-2016.

The time period selected for this time study plan is representative of a fiscal year and the results can be reasonably projected to approximate actual costs.

The processes and procedures to carry out the mandated activity have not significantly fluctuated by fiscal year so the results can be reasonably projected to approximate actual costs.

2.0 GENERAL METHODOLOGY

The purpose of this plan is to determine the amount of employee time spent on the specific eligible state mandated activity referenced in this document. The time spent will be studied by specific employee classifications engaged in the mandated activity. The study finding will be presented in the final study report.

In preparation for this study, the following tasks will be completed:

Complete arrangements with all study participants. All participants will be contacted in order to explain their role and responsibilities in completing the time study.

Provide on-going monitoring and technical assistance during the time study process to insure that the study participants are completing the necessary time documentation properly.

On a weekly basis, the employee will sign and forward the time study to the Director of Animal Services who will review and sign for completeness.

Following the completion of the time study period, all data will be presented to the Animal Services Administrative Secretary. An example of the calculations that will be made based on the time studies follows:

Sample of calculation that will be used:

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
XXXXX	A	Field	I	4/15/15	1:05	1:08	3	
XXXXX	B	Drop off	I	4/16/15	1:45	1:47	2	
XXXXX	C	Release	O	4/16/15	2:10	2:12	2	
XXXXX	D, E	Euthanize	O	4/16/15	3:15	3:18	3	

See end of document for explanation of codes for the activities performed.

The time study results will be calculated using the following methodology. For each employee, the total amount of time for the reimbursable activity will be measured per occurrence in minute increments. The total amount of minutes per employee classification will be multiplied by the number of animal records processed, resulting in total minutes per classification. The results will be converted to hours. The hours will then be applied to the appropriated hourly rate, benefit percentage, and indirect cost rate.

3.0 ANIMAL ADOPTION

This section provides the specific details of the reimbursable activity that is the subject of this time study. The following is a list of the eligible activities:

Maintaining Non-Medical Records Maintaining non-medical records on animals that are not medically treated by a veterinarian:

- Maintaining records of circumstances under which animal was picked up in the field or dropped off at the shelter.
- Maintaining records of circumstances under which animal was released from shelter or euthanized.

Measurement

The time will be measured in minute increments for each employee classification performing the activity.

The total time for each employee classification will be added together.

Employee Sample

Those employees that will be participating in this time study have been identified in section one of this time study plan.

Sample Size

Based upon the sample size of the employee classification and the duration of the study period, it is reasonable to state than an adequate sample of occurrences for the reimbursable activity will accurately reflect the amount of time it takes to perform the activity.

Documentation: time Study

The supporting documentation for this time study will include:

A timecard for each employee performing the time study activities.

The time study will track the time spent (using minute increments) on the above component activities and will include the following:

Employee's name, classification, and shelter location
Date activity was perform
Start and Stop times for the activity performed
Employee's signature
Employee's supervisor's signature

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	
Employee Classification	
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: _____

Town of Apple Valley
Animal Services Department (AVAS)

Supervisor Signature: _____ Date: _____

Instructions regarding what **SHOULD** and **SHOULD NOT** be included in documenting your time on this form.

What SHOULD be included:

- Time spent to perform the following activities related to maintaining non-medical records for animals that are not treated by a veterinarian:

  A. Time spent maintaining non-medical records related to the pickup of an animal in the field.
  B. Time spent maintaining non-medical records related to drop off of an animal the Town's Shelter.
  C. Time spent maintaining records related to the release of an animal to owner or an adopting party.
  D. Time spent maintaining records related to the euthanasia of an animal.

What SHOULD not be included:

- Time spent taking care of an animal while en route to the Town's Shelter.
- Time spent taking care of an animal while impounded and care for at the Town's Shelter.
- Time spent assisting the contracted veterinarian while he is treating the animal.

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	Kristin Hall
Employee Classification	Shelter Supervisor, RVT
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
04.19.16 8	D,E	Euth	O	4/19	11:28	11:30	2	
4.19.16 7	D,E	Euth	O	4/19	11:30	11:32	2	
4.19.16 14	A	Field	I	4/19	11:33	11:34	1	
4.19.16 16	A	Field	I	4/19	11:35	11:36	1	
4.19.16 17	A	Field	I	4/19	11:36	11:37	1	
4.12.16 11	D,E	Euth	O	4/19	1:48	1:50	2	
4.12.16 12	D,E	Euth	O	4/19	1:50	1:52	2	
4.09.16 3	D,E	Euth	O	4/19	1:52	1:54	2	
4.12.16 14	D,E	Euth	O	4/19	1:54	1:56	2	
4.12.16 6	D,E	Euth	O	4/19	1:56	1:58	2	
4.12.16 25	D,E	Euth	O	4/19	1:58	2:00	2	
4.6.16 19	D,E	Euth	O	4/19	2:00	2:02	2	
4.8.16 13	D,E	Euth	O	4/19	2:02	2:04	2	
4.12.16 25	D,E	Euth	O	4/19	2:04	2:06	2	
4.12.16 23	D,E	Euth	O	4/19	2:06	2:08	2	
4.12.16 16	D,E	Euth	O	4/19	2:08	2:10	2	
4.9.16 4	D,E	Euth	O	4/19	2:20	2:22	2	
4.9.16 11	D,E	Euth	O	4/19	2:22	2:24	2	
4.9.16 12	D,E	Euth	O	4/19	2:24	2:26	2	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: K. Hall Date: 4.19.16

Supervisor Signature: [signature] Date: 4/22/16

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	Kristin Hall
Employee Classification	Shelter Supervisor, RVT
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
4 19 16 39	A	Field	I	4 19	3:00	3:01	1	
4 20 16 15	D, E	Euth	O	4 20	11:56	11:58	2	
4 [illegible] 16	C	Release	I	4 20	1:30	1:31	1	
4 [illegible] 16	C	Release	I	4 20	1:31	1:32	1	
4 [illegible] 16	C	Release	I	4 20	1:32	1:33	1	
4 20 16 20	D, E	Euth	O	4 20	2:36	2:38	2	
4 20 16 36	A	Field	I	4 20	4:05	4:06	1	
4 21 16 44	A	Field	I	4 21	4:27	4:28	1	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: K Hall Date: 4.21.16

Supervisor Signature: [signature] Date: 4/22/16

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	Kathleen Bukarp
Employee Classification	Animal Health Tech
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
4-16-16 2	A	F	I	4-16-16	8:41	8:43	2	
4-16-16 8	A	F	I	4-16-16	8:44	8:46	2	
4-16-16 4	A	F	I	4-16-16	8:47	8:49	2	
4-16-16 5	A	F	I	4-16-16	8:50	8:52	2	
4-16-16 6	D	E	C	4-16-16	9:19	9:21	2	
4-16-16 36	A	F	I	4-16-16	3:58	3:00	2	
4-16-16 37	A	F	I	4-16-16	3:01	3:03	2	
4-16-16 35	A	F	I	4-16-16	3:04	3:06	2	
4-16-16 10	D	E	O	4-16-16	4:14	4:16	2	
4-15-16 3	D	E	O	4-16-16	4:17	4:19	2	
4-16-16 5	A	F	I	4-15-16	16:15	16:17	2	
4-15-16 9	A	F	I	4-15-16	16:18	16:19	2	
4-16-16 10	A	F	I	4-15-16	16:20	16:22	2	
4-15-16 11	A	F	I	4-15-16	16:23	16:25	2	
4-15-16 12	A	F	I	4-15-16	16:26	16:27	2	
4-15-16 13	A	F	I	4-15-16	16:28	16:30	2	
4-15-16 14	A	F	I	4-15-16	16:32	16:34	2	
4-15-16 15	A	F	I	4-15-16	16:35	16:37	2	
4-19-16 40	A	F	I	4-19-16	3:19	3:21	2	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: Kathleen Bukarp Date: 4/22/16

Supervisor Signature: [signature] Date: 4/22/16

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	Kathleen Bachard
Employee Classification	Animal Health Tech
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
4-20-16-1	A	F	I	4-20-16	9:38	9:40	2	
4-20-16-2	A	F	I	4-20-16	9:41	9:43	2	
4-21-16-4	A	F	I	4-21-16	11:20	11:22	2	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: Kathleen Bachard Date: 4/22/16

Supervisor Signature: [signature] Date: 4/25/16

Town of Apple Valley
Animal Services Department (AVAS)

Employee Name	Dana Smith
Employee Classification	Technician
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
1544615	B	Dropoff	I	4/16/16	9:04	9:08	4	
1544485	C	Release	O	4/16/16	9:11	9:31	20	
1544912	C	Release	O	4/16/16	9:37	9:52	15	
1544687	B	Dropoff	I	4/16/16	10:53	10:59	6	
1544685	B	Dropoff	I	4/16/16	10:59	11:00	1	
1544689	B	Dropoff	I	4/16/16	11:01	11:02	1	
1544690	B	Dropoff	I	4/16/16	11:02	11:18	16	
1545538	C	Release	O	4/16/16	11:18	11:27	9	
1544279	C	Release	O	4/16/16	11:56	12:07	11	
1546833	C	Release	O	4/16/16	12:34	12:47	13	
1544545	C	Release	O	4/16/16	2:45	3:06	21	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: 4/16/16

Supervisor Signature: _____ Date: 4/22/16

Instructions regarding what **SHOULD** and **SHOULD NOT** be included in documenting your time on this form.

Town of Apple Valley
Animal Services Department (AVAS)

Employee Name	Lora Smith
Employee Classification	Technician
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
15773	C	Lobby	O	4/20/16	2:31	2:36	7	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: 4/20/16

Supervisor Signature: _____ Date: 4/22/16

Instructions regarding what **SHOULD** and **SHOULD NOT** be included in documenting your time on this form.

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	Christie Gonzales
Employee Classification	Animal Services Technician
Apple Valley Animal Shelter	AVAS

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
4-19-16 4	B	Drop off	I	4/19/16	9:36 am	9:41 am	5	
4-19-16 1	B	Drop off	I	4/19/16	9:49 am	9:59 am	10	
4-19-16 9	B	Drop off	I	4/19/16	10:25 am	10:32 am	7	
4-19-16 13	B	Drop off	I	4/19/16	11:30 am	11:45 am	15	
4-19-16 14	B	Drop off	I	4/19/16	11:53 am	11:56 am	3	
4-19-16 20	B	Drop off	I	4/19/16	11:57 am	12:02 pm	5	
4-19-16 22	B	Drop off	I	4/19/16	12:02 pm	12:03 pm	1	
4-19-16 24	B	Drop off	I	4/19/16	12:03 pm	12:04 pm	1	
4-19-16 29	B	Drop off	I	4/19/16	12:04 pm	12:05 pm	1	
4-19-16 30	B	Drop off	I	4/19/16	12:05 pm	12:06 pm	1	
4-19-16 41	B	Drop off	I	4/19/16	3:30 pm	3:35 pm	6	
4-19-16 42	B	Drop off	I	4/19/16	3:55 pm	3:56 pm	1	
4-19-16 43	B	Drop off	I	4/19/16	3:39 pm	3:40 pm	1	
4-19-16 44	B	Drop off	I	4/19/16	3:40 pm	3:41 pm	1	
4-19-16 45	B	Drop off	I	4/19/16	3:41 pm	3:42 pm	1	
4-19-16 2	C	Phone	O	4/19/16	3:50 pm	4:09 pm	19	
4-22-16 25	B	Drop off	I	4/22/16	3:52 pm	3:56 pm	4	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: 4/22/16

Supervisor Signature: _____ Date: 4/22/16

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	Christie Gonzales
Employee Classification	Animal Services Technician
Apple Valley Animal Shelter	AVAS

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
4-21-16 1	B	Drop off	I	4/21/16	9:20am	9:23am	3	
4-21-16 3	B	Drop off	I	4/21/16	9:34 Am	9:37am	3	
4-21-16 4	B	Drop off	I	4/21/16	9:33am	9:36am	3	
4-15 16 20	C	Release	O	4/21/16	10:11 Am	11 am	11	
4-21-16 25	B	Drop off	I	4/21/16	1:35pm	1:38pm	3	
4-21-16 29	B	Drop off	I	4/21/16	1:43pm	1:44pm	1	
4-21-16 30	B	Drop off	I	4/21/16	1:44pm	1:45pm	1	
4-21-16 31	B	Drop off	I	4/21/16	1:45pm	1:46pm	1	
4-21-16 32	B	Drop off	I	4/21/16	1:46pm	1:47pm	1	
4-21-16 33	B	Drop off	I	4/21/16	1:47pm	1:48pm	1	
4-21-16 34	B	Drop off	I	4/21/16	1:51pm	2:05pm	14	
4-21-16 35	B	Drop off	I	4/21/16	2:32pm	2:35pm	3	
4-21-16 36	B	Drop off	I	4/21/16	2:39pm	2:42pm	3	
4-10-13 38	C	Release	O	4/21/16	3:53pm	3:05pm	12	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: 4/21/16

Supervisor Signature: _____ Date: 4/22/16

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	[illegible]
Employee Classification	Technician
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
[illegible]	C	[illegible]	C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	C	[illegible]	C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: 4/22/16

Supervisor Signature: _____ Date: 4/22/16

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	Cassandra Stafford
Employee Classification	Technician
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
A541[illegible]	C	Release	O	4/22/16	10:47	11:08	21	
A543[illegible]	C	Intake	I	4/22/16	11:14	11:20	6	
A543[illegible]	C	Intake	I	4/22/16	11:31	11:59	28	
A543[illegible]	C	Release	O	4/22/16	12:03	12:24	21	
A546[illegible]	C	Release	O	4/22/16	14:12	14:35	23	
A543[illegible]	C	Release	O	4/22/16	15:32	15:50	18	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: April 22, 2016

Supervisor Signature: _____ Date: 4/22/16

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	Customer Assistant
Employee Classification	Technician
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
	C		C					
	C		C					
			C					
	B		I					
	B		I					
	C		O					
	B		I					
	B		I					
	B		I					
	B		I					
	C		C					
	C		C					
	B		I					
	B		I					
	B		I					

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: April 22, 2016

Supervisor Signature: _____ Date: 4/22/16

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	Cassandra Stallard
Employee Classification	Technician I
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
154491	C	Release	C	4/16	09 06	09:25	19	
154491	C	Release	C	4/16/16	09 26	09:41	15	
154491	C	Release	C	4/16/16	09 524	10:01		
154685	B	Euth Off	I	4/16/16	10 01	10:12	11	
154491	C	Release	C	4/16/16	10:13	10:27	14	
154550	C	Release	C	4/16/16	10:28	10:43	15	
154612	B	Euth Off	I	4/16/16	11:40	12:10	30	
154141	C	Release	C	4/16/16	13:15	13:19	4	
154435	C	Release	C	4/16/16	13:44	14:10	26	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: 4/22/2016

Supervisor Signature: _____ Date: 4/22/16

Town of Apple Valley
Animal Services Department (AVAS)

Employee Name	Katrina McDonald
Employee Classification	Animal Services Tech.
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
4/21/16 2	B	Drop off	I	4/21	9:32	9:38	6	
6	B	Drop off	I	4/21	10:46	10:47	1	
7	B	Drop off	I	4/21	10:48	10:49	1	
8	B	Drop off	I	4/21	10:50	10:51	1	
10	B	Drop off	I	4/21	10:52	10:53	1	
16	B	Drop off	I	4/21	10:53	10:54	1	
	C	Release	O	4/21	2:52	3:20	28	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: Katrina McDonald Date: 4/22/16

Supervisor Signature: [signature] Date: 4/22/16

Instructions regarding what **SHOULD** and **SHOULD NOT** be included in documenting your time on this form.

Town of Apple Valley
Animal Services Department (AVAS)

Employee Name	Katrina McDonald
Employee Classification	Animal Service Tech.
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
4/6/16 [illegible]	C	release	O	4/16	9:05	9:29	24	
4/16/16 7	B	Dropoff	I	4/16	9:30	9:35	5	
4/16/16 9	B	Dropoff	I	4/16	9:37	9:45	8	
4/9/16 28	C	release	O	4/16	9:49	10:17	8	
4/16/11	B	Dropoff	I	4/16	10:10	10:12	2	
" 13	B	Dropoff	I	4/16	10:13	10:14	1	
" 14	B	Dropoff	I	4/16	10:15	10:17	2	
" 15	B	Dropoff	I	4/16	10:18	10:20	2	
	C	release	O	4/16	12:21	12:44	23	
4-14-16 11	C	release	O	4/16	1:12	1:20	8	
	C	release	O	4/16	2:05	2:15	10	
4/16/16 20	C	release	O	4/16	2:17	2:34	17	
4/19/16 1	B	Dropoff	I	4/19	9:10	9:15	5	
4/19/16 8	E	Euthanize	I	4/19	10:19	10:30	11	
4/19/16 36	B	Dropoff	I	4/19	1:14	1:21	7	
4/19/16 37	B	Dropoff	I/O	4/19	1:57	2:08	11	
4/19/16 21	C	release	O	4/20	9:23	9:44	21	
	E	Euthanize	I	4/20	11:21	11:27	16	
	B	release	O	420	1:06	1:12	16	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: Katrina McDonald Date: 4/22/16

Supervisor Signature: [signature] Date: 4/22/16

Instructions regarding what **SHOULD** and **SHOULD NOT** be included in documenting your time on this form.

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	Nikie Tuatee
Employee Classification	Office Assistant
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
A-16-16-22	B	Drop off	I - O	4-16-16	11:05	11:09	4	
A-16-16-23	B	Drop off	I - O	4-16-16	11:10	11:12	2	
A-16-16-22	B	Drop off	I - O	4-16-16	11:49	11:52	3	
A-16-16-23	B	Drop off	I - O	4-17-16	11:52	11:56	4	
A-19-11-30	B	Drop off	I - O	4-19-16	12:58	1:01	3	
A-19-11-33	B	Drop off	I - O	4-19-16	1:22	1:24	2	
A-19-16-34	B	Drop off	I - O	4-19-16	1:04	1:07	3	
A-21-16-12	B	Drop off	I - O	4-21-16	11:01	11:03	2	
A-21-16-12	B	Drop off	I - O	4-21-16	11:04	11:06	2	
A-21-16-14	B	Drop off	I - O	4-21-16	11:07	11:08	1	
A-21-16-15	B	Drop off	I - O	4-21-16	11:09	11:10	1	
A-21-16-16	B	Drop off	I - O	4-21-16	11:11	11:12	1	
A-21-16-17	B	Drop off	I - O	4-21-16	11:13	11:15	2	
A-21-16-18	B	Drop off	I - O	4-21-16	11:16	11:17	1	
A-21-16-19	B	Drop off	I - O	4-21-16	11:18	11:20	2	
A-21-16-21	B	Drop off	I - O	4-21-16	11:22	11:23	R	
A-21-16-20	B	Drop off	I - O	4-21-16	11:25	11:26	1	
A-21-16-23	B	Drop off	I - O	4-21-16	11:27	11:28	1	
A-21-16-24	B	Drop off	I - O	4-21-16	11:30	11:31	1	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: 4-21-16

Supervisor Signature: _____ Date: 4/22/16

Town of Apple Valley
Animal Services Department (AVAS)

Employee Name	Vickie Tuttle
Employee Classification	Office Assistant
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
A16-21-025	R	DROP	I - O	4-21-16	11:34	11:36	2	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: 4-21-16

Supervisor Signature: _____ Date: 4/22/16

Instructions regarding what **SHOULD** and **SHOULD NOT** be included in documenting your time on this form.

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	Brandia Irabura
Employee Classification	Shelter Specialist
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
154452	C	Rescue	O	4/19/16	3:25pm	3:28pm	3	
154511	C	Rescue	O	4/19/16	3:33pm	3:36pm	3	
154511	B	Return	I	4/19/16	3:50pm	3:52pm	2	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: 4/19/16

Supervisor Signature: _____ Date: 4/22/16

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	Brandia Traburo
Employee Classification	Shelter Specialist
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
154550	C	Rescued	O	4/20/16	8:29am	8:30am	1	
154551	C	Rescued	O	4/20/16	8:35am	8:36am	1	
154552	C	Rescued	O	4/20/16	8:36am	8:37am	1	
154553	C	Rescued	O	4/20/16	8:37am	8:38am	1	
154554	C	Rescued	O	4/20/16	8:38am	8:39am	1	
154555	C	Rescued	O	4/20/16	8:39am	8:40am	1	
154556	C	Rescued	O	4/20/16	8:40am	8:41am	1	
154293	C	Rescued	O	4/20/16	8:58am	9:01am	3	
154292	C	Rescued	O	4/20/16	9:04am	9:07am	3	
154319	C	Rescued	O	4/20/16	9:09am	9:12am	3	
109851	C	Rescued	O	4/20/16	9:14am	9:17am	3	
154547	C	Rescued	O	4/20/16	9:19am	9:22am	3	
153463	C	Rescued	O	4/20/16	9:24am	9:27am	3	
154361	C	Rescued	O	4/20/16	9:32am	9:35am	3	
154540	C	Rescued	O	4/20/16	10:38am	10:40am	2	
154365	C	Rescued	O	4/20/16	10:46am	10:47am	2	
154405	C	Rescued	O	4/20/16	11:11am	11:13am	2	
154406	C	Rescued	O	4/20/16	11:16am	11:19am	3	
153704	C	Rescued	O	4/20/16	3:25pm	3:26pm	1	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: 4/20/16

Supervisor Signature: _____ Date: 4/22/16

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	Brandie Inaburo
Employee Classification	Shelter Specialist
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
1546052	C	Rescued	O	4/21/16	9:50am	9:52am	2	
154416	C	Rescued	O	4/21/16	12:47pm	12:49pm	2	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: 4/21/16

Supervisor Signature: _____ Date: 4/22/16

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	JIM GARCIA
Employee Classification	
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
154308	A	FIELD	I	4/20/16	10:35	10:38	3	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: 4/22/16

Supervisor Signature: _____ Date: 4/22/16

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	DIANA SILVERBERG
Employee Classification	
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
154817	A	FIELD	I	4/20/16	9:33A	9:37A	4	
154821	A	FIELD	I	4/20/16	11:22A	11:27A	5	
154829	A	FIELD	I	4/20/16	2:06P	2:10P	4	
154831	A	FIELD	I	4/20/16	2:15P	2:18P	3	
154849	A	FIELD	I	4/20/16	7:49P	7:54P	5	
154849	D	EUTHANIZE	O	4/20/16	7:43P	7:54P	11	
154895	A	FIELD	I	4/21/16	3:49P	3:54	5	
154896	A	FIELD	I	4/21/16	3:52P	3:57	2	
154897	A	FIELD	I	4/21/16	3:57P	3:59	2	
154898	A	FIELD	I	4/21/16	3:59P	4:02	3	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: 4/22/16

Supervisor Signature: _____ Date: 4/22/16

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	Don HARTZLER
Employee Classification	Animal Service officer I
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
154735	A	Field	I	4/19/16	10:40	10:46	6 min	
153894	A	Field	I	4/20/16	11:06	11:25	19 min	
154600	A	Field	I	4/20/16	1350	1357	7 min	
153894	A	FIELD	I	4/20/16	1106	1125	19 min	
154876	A	Field	I	4/20/16	1202	1208	6 min	
154879	A	Field	I	4/21/16	1213	1219	6 min	
154554	E	Euthanize	O	4/21/16	1634	1636	2 min	
154812	E	Euthanize	O	4/21/16	1636	1638	2 min	
154811	E	Euthanize	O	4/21/16	1638	1640	2min	
154810	E	Euthanize	O	4/21/16	1640	1642	2min	
154634	E	Euthanize	O	4/21/16	1642	1644	2min	
154466	E	Euthanize	O	4/21/16	1644	1646	2min	
154627	E	Euthanize	O	4/21/16	1646	1648	2min	
154618	E	Euthanize	O	4/21/16	1648	1650	2min	
154463	E	Euthanize	O	4/21/16	1650	1652	2min	
154862	E	Euthanize	O	4/21/16	1652	1654	2min	
154860	E	Euthanize	O	4/21/16	1654	1656	2min	
154859	E	Euthanize	O	4/21/16	1656	1658	2min	
154858	E	Euthanize	O	4/21/16	1658	1700	2 min	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: 4/21/16

Supervisor Signature: _____ Date: 4/22/16

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	JOSHUA HALL
Employee Classification	ANIMAL CONTROL OFFICER II
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
4-19-16 #2	A	FIELD	(I) (O)	4-19-16	9:20 A.m.	9:23 A.m.	3	
4-19-16 #5	A	FIELD	(I) (O)	4-19-16	9:48 A.m.	9:51 A.m.	3	
4-19-16 #7	A	FIELD	(I) (O)	4-19-16	10:12 A.m.	10:17 A.m	5	
4-19-16 #12	A	FIELD	(I) (O)	4-19-16	11:22 A.m	11:26 A.m.	4	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: 4-19-16

Supervisor Signature: _____ Date: 4/22/16

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	PHIL KUHNS
Employee Classification	SENIOR ANIMAL SERVICES OFFICER
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
4-16-16 29	A	FIELD	I	4/16/16	16:31	16:35	4	
4-18-16 1	A	FIELD	I	4/17/16	12:46	12:50	4	
4-18-16 2	A	FIELD	I	4/18/16	1058	1102	4	
4-18-16 3	A	FIELD	I	4/18/16	1103	1106	3	
4-18-16 4	A	FIELD	I	4/18/16	1120	1124	4	
4-18-16 5	A	FIELD	I/O	4/18/16	1200	1206	6	
4-18-16 6	A	FIELD	I/O	4/18/16	1435	1439	4	
4-18-16 7	A	FIELD	I	4/18/16	1627	1631	4	
4-18-16 7	D,E	EUTHANIZE	O	4/18/16	1650	1652	2	
4-19-16 25	A	FIELD	I	4/19/16	1157	1201	4	
4-19-16 46	A	FIELD	I	4/19/16	1946	1951	5	
4-20-16 14	A	FIELD	I	4/19/16	1045	1050	5	

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: 4/21/16

Supervisor Signature: _____ Date: 4/22/16

INTAKE SUMMARY

Shelter Supervisor	TOTAL COUNT	6	TOTAL MINUTES	6
Animal Health Technician	TOTAL COUNT	21	TOTAL MINUTES	42
Technician	TOTAL COUNT	84	TOTAL MINUTES	448
Office Assistant	TOTAL COUNT	20	TOTAL MINUTES	25
Shelter Specialist	TOTAL COUNT	1	TOTAL MINUTES	2
Senior Animal Control Officer	TOTAL COUNT	27	TOTAL MINUTES	101
Animal Control Officer	TOTAL COUNT	23	TOTAL MINUTES	93
GRAND TOTAL - ALL CLASSES	**COUNT**	**182**	**MINUTES**	**717**

MINUTES PER INCOME ACTIVITY **3.9**

OUTCOME SUMMARY

Shelter Supervisor	TOTAL COUNT	21	TOTAL MINUTES	39
Animal Health Technician	TOTAL COUNT	3	TOTAL MINUTES	6
Technician	TOTAL COUNT	50	TOTAL MINUTES	780
Office Assistant	TOTAL COUNT	20	TOTAL MINUTES	25
Shelter Specialist	TOTAL COUNT	23	TOTAL MINUTES	48
Senior Animal Control Officer	TOTAL COUNT	5	TOTAL MINUTES	23
Animal Control Officer	TOTAL COUNT	29	TOTAL MINUTES	62
GRAND TOTAL - ALL CLASSES	**COUNT**	**151**	**MINUTES**	**983**

MINUTES PER OUTCOME ACTIVITY **6.5**

Subj: **FW: Time Study**
Date: 5/5/2016 3:45:33 P.M. Pacific Daylight Time
From: AAtteberry@applevalley.org
To: AChinnCRS@aol.com

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: Adriana Atteberry
Sent: Tuesday, April 26, 2016 1:41 PM
To: 'AArghestani@sco.ca.gov'
Subject: RE: Time Study

Okay, thank you.

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: AArghestani@sco.ca.gov [mailto:AArghestani@sco.ca.gov]
Sent: Tuesday, April 26, 2016 1:41 PM
To: Adriana Atteberry
Subject: RE: Time Study

Hi Adriana,

Great, thank you. For the return to owner and adoptions, this same scenario has happened with time studies at other shelters. This is usually a multi-step process that involves some paperwork and setting up an account. However, the entire process is not reimbursable. I will analyze this data and get back to you late today or tomorrow morning.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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From: Adriana Atteberry [mailto:AAtteberry@applevalley.org]
Sent: Tuesday, April 26, 2016 1:31 PM
To: Arghestani, Amy <AArghestani@sco.ca.gov>
Subject: Time Study

Good afternoon Amy,

Here is the last of the time study paperwork. Amy it takes longer for return to owner and adoptions, after creating an account and entering all the data needed. This is why some of the employees are taking longer on the outcome portion of the time study. I've spoke to Gina and Kofi regarding your concerns on this matter, please let me know what you find out.

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

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Subj: **FW: Time Study Questions**
Date: 5/5/2016 3:45:06 P.M. Pacific Daylight Time
From: AAtteberry@applevalley.org
To: AChinnCRS@aol.com

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: Adriana Atteberry
Sent: Wednesday, April 27, 2016 4:02 PM
To: 'AArghestani@sco.ca.gov'
Subject: RE: Time Study Questions

Amy,

The average intake time is 6-8 minutes and the reason for that is because the technician at the front counter interacts with the public. The average Release time is 8 minutes for the technicians and the reason for the time difference between Brandie Iraburo and the technician is - Brandie does the paperwork prior to the citizen coming in and the technicians are at the counter with the citizens.

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: AArghestani@sco.ca.gov [mailto:AArghestani@sco.ca.gov]
Sent: Wednesday, April 27, 2016 3:15 PM
To: Adriana Atteberry
Subject: RE: Time Study Questions

Importance: High

Hi Adriana,

Thank you. For the highlighted "Release" entries, because the time study has already been completed, it is difficult to replace the original entries with a different time for each. Therefore, what would you say is representative of the average time it takes to enter the outcome of an animal into the system for this activity (minus the administrative procedures you described earlier)? Based on Brandie Iraburo's logs, her release entries ranged from 1-3 minutes.

For the other entries highlighted in yellow, the same is the case. Because the time study has already been completed, please provide an average time that is representative of the time that it takes to complete that activity.

Please let me know if you have any questions. Thank you.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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From: Adriana Atteberry [mailto:AAtteberry@applevalley.org]
Sent: Wednesday, April 27, 2016 2:43 PM
To: Arghestani, Amy <AArghestani@sco.ca.gov>
Subject: RE: Time Study Questions

Hi Amy,

Here is what I got back.

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

AVAS

From: AArghestani@sco.ca.gov [mailto:AArghestani@sco.ca.gov]
Sent: Wednesday, April 27, 2016 9:58 AM

To: Adriana Atteberry
Cc: Kofi Antobam; Gina Schwin-Whiteside
Subject: Time Study Questions
Importance: High

Hi Adriana,

Thank you for putting the time study results together so quickly. I reviewed the results and have just a few questions. Attached are two spreadsheets that we will look at during our phone conversation. The first spreadsheet contains the time study results that you compiled and sent to us. On this sheet, there are two tabs- one tab has the original results that were sent, and the second tab is titled "Auditor's Analysis". On the Auditor's Analysis tab, I have highlighted in yellow the "Release" entries that are showing large amounts of time (greater than 10 minutes). There are also entries highlighted in green. These entries have been changed to match the time that was recorded on the daily logs - there was a discrepancy for some reason. Finally, there are entries highlighted in blue. As you will see in the notes next to these entries, they were misplaced (actually included twice- once under Intake and again under Outcome). The misplaced entries will be removed.

The second spreadsheet attached to this email compares the employee titles/classifications that existed during the audit period and the ones that participated in the time study. Some of the classifications are the same, some are different and/or new. We will need to distinguish between the classifications changed in name and the ones that are new.

Since the exit conference is next week, we will need to finalize the time study results as soon as possible. Please let me know when you are available today. Thank you.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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Subj: **FW: Exit Conference Information**
Date: 5/5/2016 11:03:44 A.M. Pacific Daylight Time
From: AAtteberry@applevalley.org
To: AChinnCRS@aol.com

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: AArghestani@sco.ca.gov [mailto:AArghestani@sco.ca.gov]
Sent: Wednesday, May 04, 2016 9:41 AM
To: Kofi Antobam; Gina Schwin-Whiteside; Adriana Atteberry
Cc: jvenneman@sco.ca.gov
Subject: Exit Conference Information

Good morning,

In advance of our exit conference scheduled for tomorrow at 11:00 a.m., I am sending you an Exit Conference Information Sheet, a pre-exit status handout (titled Findings and Recommendations), along with a Schedule 1 and a Schedule 2. The Schedule 1 provides a year-by-year breakdown of claimed, allowable, and unallowable costs. The Schedule 2 provides a year-by-year summary of care and maintenance costs. These attached documents will present all of the various findings that we have identified during the audit. We wanted to give the town the opportunity to review the handout prior to tomorrow's meeting.

Also attached is an Exit Conference Sign-In Sheet. Please have the attendees at tomorrow's conference sign and date the sign-in sheet and then scan an email back to us. Please advise as to which phone number we should call tomorrow to initiate the exit conference.

Please contact me with any questions.

Thank you.

Amy Arghestani

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FINDING 1— Unallowable Acquisition of Additional Space and/or Construction of New Facilities costs

The town claimed services and supplies costs totaling $1,978,499 during the audit period under the Acquisition of Additional Space and/or Construction of New Facilities cost component. We found that the entire amount is unallowable because the town did not support through a Board Agenda or other similar supporting documentation that the construction was a direct result of the increased holding period requirements of this mandated program.

In its FY 2008-09 claims, the town provided supporting documentation for the expenditures that it incurred in the form of a Transaction Detail Report for RDA Project Area #2 - Capital Projects. The detail report listed expenditures for both the land acquisition and the related expenses for the construction of the new animal shelter. The report was dated July 1, 2006 through October 25, 2010. The audit period is July 1, 2007 through June 30, 2009. Therefore, many of the expenses listed in the report are outside of the audit period.

In its claims, the town states that prior to March of 2005, the town had contracted with the City of Hesperia for animal shelter services. In FY 2005-06, the town took over and established its own animal care facility. The facility was intended to be temporary, and temporary capital improvements were made to an existing building to allow for the housing of animals in their own jurisdiction. Additionally, we obtained from the Internet a "special meeting workshop" document dated February 16, 2007, wherein the Deputy Town Manager talks about "public facilities priorities". In this workshop, city officials mention that the city has experienced population growth, and that the existing animal shelter was always a temporary solution. We also obtained from the Internet a Town Council Meeting Agenda dated July 10, 2007 approving the award of professional service agreements for the design of the new animal shelter facility. The agenda authorized staff to "commence the process of issuing redevelopment tax allocation bonds for the Public Works and Animal Shelter facilities..." Additional information in the form of flyers/media releases were obtained from the Internet where it was mentioned that "Apple Valley's sound budget and conservative financial management have positioned the town for growth, even in the current economy. Infrastructure planning is a top priority at a time when we can get the most for our money".

Based on this information, the city's animal shelter was constructed in FY 2007-08 through FY 2008-09 because of population growth, the existing shelter had only been a temporary solution, and taking on the project at that time would be most cost effective. However, the town did not provide documentation that complies with the requirements contained in the parameters and guidelines, stating that "constructing new facilities is necessary for the increased holding period required by Statutes of 1998, Chapter 752 and that existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats, and other specified animals that are ultimately euthanized." In other words, the construction of new facilities was necessitated as a result of the legislative requirements of the "Hayden Bill," which extended the required holding period of stray dogs, cats, and other animals.

Additionally, reimbursement for this component is limited to the proportionate share of actual costs required to plan, design, acquire, and/or build facilities in a given fiscal year based on the pro-rata representation of impounded stray or abandoned dogs, cats, and other animals that are held during the increased holding period and either die during the increased holding period or are euthanized after the increased holding period to the total population of animals housed in the facility during the entire holding period. In its claims, the town pro-rated the costs at 51.8% for FY 2007-08, and at 12.9% for FY 2008-09; however, they did not provide calculations to show how they arrived at these percentages.

The parameters and guidelines (Section IV.B.1–Acquisition of Additional Space and/or Construction of New Facilities) identify the following reimbursable activities:

Beginning January 1, 1999, for acquiring additional space by purchase or lease and/or construction of new facilities to provide appropriate or adequate shelter necessary to comply with the mandated activities during the increased holding period for impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, chapter 752 that die during the increased holding period or are ultimately euthanized.

Eligible claimants are entitled to reimbursement for the proportionate share of actual costs required to plan, design, acquire, and/or build facilities in a given fiscal year based on the pro rata representation of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that are held during the increased holding period specified in Sections IV (B) (3) and (4) of these parameters and guidelines and die during the increased holding period or are ultimately euthanized, to the total population of animals housed in the facility. The population of animals housed in the facilities includes those animals that are excluded from reimbursement, as specified in Sections IV (B)(3) and (4) of these parameters and guidelines during the entire holding period required by Food and Agriculture Code sections 31108, 31752, and 31753.

Supporting Documentation Submitted with the Initial and Subsequent Reimbursement Claims

Acquiring additional space and/or construction of new facilities is reimbursable only to the extent that an eligible claimant submits, with the initial and/or subsequent reimbursement claim, documentation reflecting the following:

A determination by the governing board that acquiring additional space and/or constructing new facilities is necessary for the increased holding period required by Statutes of 1998, Chapter 752 because the existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats, and other specified animals that are ultimately euthanized. The determination by the governing board shall include all of the following findings:

- The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in 1998. For purposes of claiming reimbursement under section IV.B.1, average Daily Census is defined as the average number of impounded stay or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 housed on any given day, in a 365-day period;
- The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in a given year under the holding periods required by Food and Agriculture Code sections 31108, 31752, and 31753, as added or amended by Statutes of 1998, Chapter 752;
- Existing facilities are not appropriately configured and/or equipped to comply with the increased holding period required by Statutes of 1998, Chapter 752;
- Remodeling existing facilities is not feasible or is more expensive than acquiring additional space and/or constructing new facilities to comply with the increased holding period required by Statutes 1998, chapter 752; and
- Contracting with existing private or public shelters in the area to house the increase of impounded stray or abandoned dogs, cats, or other animas specified in Statutes 1998, chapter 752 is not feasible or is more expensive than acquiring additional space and/or contracting new facilities to comply with the increased holding period required by Statutes 1998, chapter 752. This finding should include the cost to contract with existing shelters.

Documentation requirements may be satisfied in whole or in part by staff agenda items, staff reports, minutes of governing board meetings, transcripts of governing board meetings, certification by the governing board describing the finding and determination and/or a resolution adopted by the governing board pursuant to Food and Agriculture Code section 31755, as added by Statutes of 1999, Chapter 81 (Assembly Bill 1482).

The parameters and guidelines (Section IV – Reimbursable Activities) state that:

> To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documentation to show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2013-14 Budget Acts. If the program becomes active, we recommend that the town ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

FINDING 2— Overstated care and maintenance costs

The town claimed direct costs totaling $ 153,233 ($146,175 for dogs and cats and $7,058 for other animals) during the audit period for the care and maintenance cost component. We found that $32,659 is allowable and $120,574 is unallowable. The costs are unallowable because the town claimed unallowable services and supplies costs, misclassified costs, did not correctly calculate the annual census, the eligible number of dogs, cats and other animals, and did not correctly apply the care and maintenance formula.

The following table summarizes the claimed, allowable, and audit adjustment amounts for care and maintenance costs for the audit period separately for dogs and cats and other animals by fiscal year. Refer to Schedule 2 (Summary of Care and Maintenance Costs) for further details.

	Amount Claimed			Amount Allowable			
Fiscal Year	Dogs/Cats	Other Animals	Total Claimed	Dogs/Cats	Other Animals	Total Allowable	Audit Adjustment
2007-08	$ 72,857	$ 3,177	$ 76,034	$ 18,539	$ 23	$ 18,562	$ (57,472)
2008-09	73,318	3,881	77,199	14,015	82	14,097	(63,102)
Total	$ 146,175	7,058	$ 153,233	$ 32,554	$ 105	$ 32,659	$ (120,574)

The parameters and guidelines (section IV.B.3–Care and Maintenance for Impounded Stray or Abandoned Dogs and Cats that Die During the Increased Holding Period or Are Ultimately Euthanized) identify the following reimbursable activities:

> Beginning July 1, 1999 – Providing care and maintenance during the increased holding period for impounded stray or abandoned dogs and cats that die during the increased holding period or are ultimately euthanized. The increased holding period shall be measured by calculating the difference between three days from the day of capture and four or six business days from the day after impoundment.

The parameters and guidelines (section IV.B.4 - Care and Maintenance for Impounded Stray or Abandoned Animals specified in Food and Agriculture Code Section 31753 that Die During the Increased Holding Period or Are Ultimately Euthanized) also state:

> Beginning January 1, 1999 – For providing care and maintenance for. . . stray or abandoned rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, and tortoises legally allowed as personal property that die during the increased holding period or are ultimately euthanized.
>
> Eligible claimants are *not* entitled to reimbursement for the care and maintenance of the following population of dogs and cats and other animals:
>
> - Stray or abandoned dogs, cats, and other animals that are irremediably suffering from a serious illness or severe injury,
> - Newborn stray or abandoned dogs, cats, and other animals that need maternal care and have been impounded without their mothers,
> - Stray or abandoned dogs, cats and other animals too severely injured to move or when a veterinarian is not available and it would be more humane to dispose of the animal,
> - Owner-relinquished dogs, cats, and other animals, and

- Stray or abandoned dogs, cats, and other animals that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

The parameters and guidelines state that claimants may elect to use either the Actual Cost Method or the Time Study Method to claim costs for the care and maintenance of impounded stray or abandoned dogs, cats and other animals that die during the increased holding period or are ultimately euthanized. The county elected to use the actual cost method to claim these costs.

The parameters and guidelines specify the following steps for claiming costs using the Actual Cost Method:

> Actual Cost Method – Under the actual cost method, actual reimbursable care and maintenance costs per animal per day are computed for an annual claim period, as follows:
>
> a) Determine the total annual cost of care and maintenance for all dogs, cats and other animals impounded at a facility. Total cost of care and maintenance includes labor, materials, supplies, indirect costs, and contract services.
>
> b) Determine the average daily census of all dogs, cats and other animals. For purposes of claiming reimbursement under IV.B.3, average daily census is defined as the average number of all dogs and cats at a facility housed on any given day, in 365-day period and the average number of all other animals at a facility housed on any given day, in a 365-day period.
>
> c) Multiply the average daily census of dogs, cats and other animals by 365 = the yearly census of dogs and cats and the yearly census of other animals.
>
> d) Divide the total annual cost of care by the yearly census of dogs and cats to calculate the cost per dog and cat per day and by the yearly census of other animals to calculate the cost per other animal per day.
>
> e) Multiply the cost per animal per day by the number of impounded stay or abandoned dogs, cats and other animals that die during the increased holding period or are ultimately euthanized by each reimbursable day.
>
> Reimbursable days for cats and dogs is the difference between three days from the day of capture, and four or six business days from the day after impoundment. The reimbursable days for other animals are four or six days from the day after impoundment.

Care and Maintenance Formula

The town elected to use the Actual Cost method to claim costs. The parameters and guidelines provide for a formula-driven methodology to determine allowable mandated costs for the care and maintenance of dogs and cats and other animals. The use of this method requires claimants to calculate the total amount of eligible costs incurred to provide care and maintenance for the animals housed in its shelter(s). This total is divided by the annual census of animals housed in the shelter(s) to determine a cost per animal per day.

The next element of the formula is adding the number of stray and abandoned animals that died of natural causes during the holding period plus those animals that were euthanized after the required holding period. This total number of animals is then multiplied by the cost per animal per day. The resulting amount represents allowable costs for providing care and maintenance. Our calculations took into consideration that the required holding period does not include Saturday as a business day. This is consistent with an Appellate Court decision dated March 26, 2010.

The mandate reimburses claimants for costs associated with animals that were not relinquished, redeemed, adopted, or released to nonprofit agency—and animals for which the local agency was unable to assess fees to recover such costs. Costs incurred by the town for care and maintenance consisted of salaries and benefits, materials and supplies, contract services, and related indirect costs (related indirect costs are addressed separately in Finding 7).

Claimed

The town used an incorrect methodology to claim costs for care and maintenance during the audit period. The town calculated care and maintenance costs by taking total expenditures incurred within Department 2130 (Animal Shelter), subtracting costs for the Spay/Neuter Program (account 8988), and then added in a 40% overhead factor for the Municipal Services Director and divided the overall total of this calculation by the annual census of animals to determine the cost per animal per day. The cost per animal per day was then multiplied by the number of dogs and cats and "other" animals euthanized during the year. The number of dogs and cats euthanized during the year was multiplied by a factor of two to correspond to the number of extra days in the holding period and the number of "other" animals had been multiplied by a factor of four.

This methodology is incorrect for a number of reasons. First, using the total of costs incurred within the animal shelter less costs for the spay and neuter program assumes that *all* of the remaining costs were 100% related to the care and maintenance of animals. This is an incorrect assumption, as certain non-reimbursable activities take place within the animal shelter, such as animal licensing and adoption. In addition, certain activities take place that are not related to care and maintenance, such as employee education and training, meetings and conferences, office related expenditures, and costs for veterinary medical services. Allowable costs for these activities are claimable under a different cost component. There is no language in the parameters and guidelines permitting claimants the option to claim costs for multiple cost components using the Actual Cost Method option prescribed for Care and Maintenance activities. In addition, the factors unique to claiming costs for care and maintenance are not found within the other cost components.

Allowable

We worked with town representatives to determine which employee classifications performed care and maintenance activities and to what extent. We also obtained actual cost data for materials and supplies and contract services costs that were directly related to care and maintenance activities. The town provided its animal census database for the audit period which we used to determine the annual census of animals as well as the numbers of eligible animals. Our calculations of indirect costs related to care and maintenance activities are calculated separately within Finding 7.

Schedule 2 (Summary of Care and Maintenance Costs) summarizes the adjustments that we made to claimed costs for animal care and maintenance. These adjustments consisted of changes to total annual costs incurred by the town for animal care and maintenance (salaries, benefits, materials and supplies, and contract services) and animal census data used to determine the cost per animal per day. The schedule also shows the changes to the number of eligible animals and the number of reimbursable days that we used to determine reimbursable costs for each year of the audit period.

Salaries and Benefits

The town did not claim salaries and benefits for the audit period. Rather, they claimed costs for salaries and benefits, materials and supplies, contract services, and indirect costs under the category of "services and supplies". This resulted in misclassified costs.

During the course of the audit, we requested that the town provide the actual salary amounts paid to those employee classifications directly involved with the care and maintenance function. Due to record retention and software issues, the town provided salary information for FY 2007-08 only. In the absence of supporting documentation for FY 2008-09 salary amounts, we proposed and the town agreed to use FY 2007-08 salary amounts as a base and applied the 2008-09 CPI index of 1.01%. Refer to Finding 8 for further information on the analysis of salaries and benefits.

We also requested the duty statements for such classifications to assist in determining the percentage of the daily workload that was devoted to caring for and maintaining animals. Animal shelter management provided a list of personnel who participate in the care and maintenance functions. Management also provided information relating to the level of involvement of each classification according to the employee's job duty description and staffing requirements during the audit period.

The following table details the percent of animal care and maintenance per employee classification for the town's animal shelter as determined by shelter management.

FY 2007-08 and FY 2008-09	
Employee Classification	
Animal Shelter Attendant	60%
Animal Control Technician	5%
Animal Control Officer	5%
Animal Control Supervisor	5%
Registered Veterinary Technician	20%
Animal Shelter Supervisor	5%
	100%

Animal Shelter Attendant

We received a duty statement both for the Animal Shelter Attendant and the Animal Shelter Assistant classification. However, through discussions with shelter management, we found that these two classifications are actually the same. Therefore, in our analysis, we used the term Animal Shelter Attendant. Based on discussions with shelter management, this classification performed the bulk of the care and maintenance activities during the audit period. The town determined that this classification performed 60% of the care and maintenance activities. The remaining duties included reviewing applications for adoptions, counseling citizens, assisting screening calls, overseeing volunteer and work release, and other duties as assigned. Based on our inquiries, we concurred with the town's assessment.

Animal Control Technician

We confirmed with shelter management that the Animal Control Technician classification is sometimes interchangeably referred to as "Customer Service" Technician. In our analysis, we used the term Animal Control Technician. Based on discussions with shelter management, this classification performed minimal amounts of care and maintenance activities during the audit period, as this classification is mostly administrative in nature. The town determined that this classification performed 5% of the care and maintenance activities. The remaining duties included staffing the front counter, clerical tasks, issuing dog licenses, screening calls, and dispatching. Based on our inquiries, we concurred with the town's assessment.

Animal Control Officer

Based on discussions with shelter management, the Animal Control Officer classification performed minimal amounts of care and maintenance activities during the audit period, as this classification is mostly in the field retrieving stray dogs and cats and working with citizens. The town determined that this classification performed 5% of the care and maintenance activities, which included morning cleaning and feeding of the dogs. The remaining duties included running citizen calls, paperwork follow up, door-to-door canvassing, and administrative hearings. Based on our inquiries, we concurred with the town's assessment.

Animal Control Supervisor

Based on discussions with shelter management, the Animal Control Supervisor classification performed minimal amounts of care and maintenance activities during the audit period. Similar to the Animal Control Officer, this classification is mostly in the field with some administrative duties. The town determined that this classification performed 5% of the care and maintenance activities, which included morning cleaning and feeding of the dogs. The remaining duties included running calls, paperwork follow up, door-to-door canvassing, administrative hearings, and employee evaluations. Based on our inquiries, we concurred with the town's assessment.

Registered Veterinary Technician

Based on discussions with shelter management, the Registered Veterinary Technician classification performed some amounts of care and maintenance activities during the audit period. The town determined that this classification performed 20% of the care and maintenance activities, which included routine animal care. The remaining duties included paraprofessional veterinary medical care and other duties as assigned. Based on our inquiries, we concurred with the town's assessment.

Animal Shelter Supervisor

Based on discussions with shelter management, the Animal Shelter Supervisor classification performed minimal amounts of care and maintenance activities during the audit period, as this classification is mostly supervisory and administrative. The town determined that this classification performed 5% of the care and maintenance activities. The remaining duties included assisting management, conducting facility inspections, creating reports, overseeing personnel, etc. Based on our inquiries, we concurred with the town's assessment.

Once we determined the employee classifications involved in the care and maintenance of animals and the extent of their involvement, we calculated allowable costs for labor, which includes the applicable percentages of actual salaries and benefits costs incurred by the town for this cost component.

The following table summarizes the salaries and benefits amounts that we used in the care and maintenance formula by fiscal year:

Fiscal Year	Amount Claimed	Amount Supported	Difference
Salaries and benefits:			
2007-08	$ -	$ 201,200	$ 201,200
2008-09	-	155,101	155,101
Total, salaries and benefits	$ -	$ 356,301	$ 356,301

Materials and Supplies

The town claimed materials and supplies costs totaling $153,233 during the audit period ($146,175 for dogs and cats and $7,058 for other animals). As detailed above, the town used an incorrect methodology to claim care and maintenance costs. As part of this methodology, all of the costs were misclassified as "services and supplies" rather than materials and supplies, and actually consisted of estimated salaries and benefits, materials and supplies, contract services, and various other expenditures that were co-mingled together. Moreover, these co-mingled costs included items that are not reimbursable under the care and maintenance component.

In order to determine allowable material and supplies costs, we worked in conjunction with shelter management to identify materials and supplies costs eligible for reimbursement for the care and maintenance cost component. The town provided expenditure reports and line item descriptions of the costs for both the Animal Shelter Department (2130) and the Animal Control Department (2120). We identified materials and supplies costs related to the care and maintenance of all animals in the following accounts:

- Account 7305 – Animal Food Supplies
- Account 7370 – Special Department Expense
- Account 9026 – Equipment Maintenance
- Account 7265 – Office Supplies
- Account 7277 – Printing
- Account 7655 – Cleaning and Sanitary Supplies

We excluded certain expenditures posted to these accounts that were not used for care and maintenance activities.

Dogs and Cats

The town claimed $72,857 in materials and supplies costs for dogs and cats in FY 2007-08 and $73,318 in FY 2008-09. As mentioned above, these costs actually consisted of various expenditures that were co-mingled together and misclassified as services and supplies. We worked with shelter staff to determine the actual amounts of materials and supplies costs incurred for care and maintenance activities of all animals for each year of the audit period.

The following table shows the amount of materials and supplies claimed, the amount supported, and the difference by fiscal year:

Fiscal Year	Expenditure Category	Amount per Town	Amount Supported	Difference
2007-08				
	Co-mingled animal shelter costs	$ 72,857	$ -	$ (72,857)
	7305 - Animal Food Supplies	-	10,222	10,222
	7370 - Special Dept. Expense	-	7,016	7,016
	9026 - Equipment Maintenance (parts)	-	294	294
	7265 - Office Supplies	-	8	8
	7277 - Printing	-	344	344
		$ 72,857	$ 17,884	$ (54,973)
2008-09				
	Co-mingled animal shelter costs	$ 73,318	$ -	$ (73,318)
	7305 - Animal Food Supplies	-	12,464	12,464
	7370 - Special Dept. Expense	-	11,704	11,704
	7655 - Cleaning Service & Sanitary Supplies	-	4,108	4,108
	9026 - Equipment Maintenance	-	649	649
		$ 73,318	$ 28,925	$ (44,393)
Total, materials and supplies		$ 146,175	$ 46,809	$ (99,366)

Other Animals

The town claimed $3,177 in materials and supplies costs for other animals in FY 2007-08 and $3,881 in FY 2008-09. These costs actually consisted of various expenditures that were co-mingled together and misclassified as services and supplies. We worked with shelter staff to determine the actual amounts of materials and supplies costs incurred for care and maintenance of all animals for each year of the audit period. Therefore, the allowable costs for other animals are already included in the table above.

The following table shows the amount of materials and supplies costs claimed, the amount supported, and the difference by fiscal year:

Fiscal Year	Expenditure Category	Amount per Town	Amount Supported	Difference
2007-08				
	co-mingled animal shelter costs	$ 3,177	$ -	$ (3,177)
2008-09				
	co-mingled animal shelter costs	$ 3,881	$ -	$ (3,881)
Total, materials and supplies		$ 7,058	$ -	$ (7,058)

The following table summarizes the gross amount of materials and supplies costs claimed, the amount supported, and the difference by fiscal year. We used the totals in the amount supported column in the care and maintenance formula for both dogs and cats and other animals for each fiscal year of the audit period.

Fiscal Year	Gross - Materials and Supplies Amount per Town	Amount Supported	Difference
2007-08	$ 76,034	$ 17,884	$ (58,150)
2008-09	77,199	28,925	(48,274)
Total	$ 153,233	$ 46,809	$ (106,424)

Contract Services

The town did not claim contract services costs during the audit period, as all costs were co-mingled together and claimed as services and supplies. However, during the course of the audit, the town provided expenditure reports and line item descriptions for utilities costs incurred during the audit period.

FY 2007-08

Per shelter management, all of the town's utilities were billed to the Public Services Account through one master bill. Costs could not be broken down for the animal shelter, except for the water bill. The water company was able to provide a breakdown of the amount paid by the town for services to the animal shelter address.

FY 2008-09

Beginning with FY 2008-09, the town started billing utilities separately to each separate department, with the exception of phone and trash. Therefore, we were able to identify utilities costs for electricity, natural gas, and water in the town's expenditure reports for the animal shelter (Department 2130).

We held discussions with shelter management who determined that the following pro-rata percentages should be applied to utility costs as they relate to the care and maintenance of animals:

- Water at 85% - the town reasoned that almost all of the water consumed by the shelter is a direct result of care and maintenance of the animals. For example, providing water, washing down and sanitizing the kennels and stalls, washing bedding, etc. There was no landscaping to water, there was only one restroom for staff, and a tiny kitchen sink.

- Electricity and natural gas at 85% - the town reasoned that during the audit period, they were housed at the old shelter, where they had to continually keep swamp coolers running in the summer and heaters running during the winter to keep the animals comfortable, and they had a gas dryer.

We reviewed the town's assessment of utility costs incurred for care and maintenance activities and found that the city's determination of the pro-rata percentages is reasonable.

The following table summarizes the costs claimed, the supported costs, the allowable pro-rata percentage, the allowable costs, and audit adjustment amounts for contract services by fiscal year:

Fiscal Year	Expenditure	Actual Cost	Amount Claimed	Pro-Rata Percentage Allowable	Amount Allowable	Audit Adjustment
2007-08						
	Electricity	$ -	$ -	0%	$ -	$ -
	Natrual Gas	-	-	0%	-	-
	Water	837	-	85%	711	711
		$ 837	$ -		$ 711	$ 711
2008-09						
	Electricity	$ 7,395	$ -	85%	$ 6,286	$ 6,286
	Natrual Gas	5,205	-	85%	4,425	4,425
	Water	1,066	-	85%	906	906
		$ 13,667	$ -		$ 11,617	$ 11,617
Total, contract services		$ 14,503	$ -		$ 12,328	$ 12,328

Animal Census Data

The yearly animal census refers to the total number of days that all animals were housed in the town's shelter. The actual cost formula requires the eligible cost of care to be divided by the yearly census to arrive at an average cost per animal per day. The cost per animal per day is then multiplied by the number of "eligible" animals (defined later) and the number of increased days.

The town provided the actual animal census information from its Shelter Pro database system for the audit period. We worked in conjunction with shelter management to determine the allowable animal census per fiscal year. Management verified the validity of the raw data and corrected any data entry errors. For example, staff corrected animal data showing negative days impounded, zeroes shown for the number of animals impounded, and other obvious inconsistencies in the raw data. We consistently applied the exclusions per the parameters and guidelines to the raw animal data provided by the town.

The following table summarizes the claimed and allowable animal census information by fiscal year:

	Animal Census		
Fiscal Year	Census Claimed	Census Allowable	Difference
2007-08	47,666	57,701	10,035
2008-09	58,669	57,233	(1,436)
Total	106,335	114,934	8,599

Eligible Dogs, Cats, and "Other" Animals

To verify the eligible animal population, we ran a query of all animals that fit the following reimbursement criteria:

Eligible Dogs and Cats:

- Died (of natural causes) during the increased holding period: died days 4, 5, and 6
- Ultimately euthanized: euthanized on day 7 of the holding period and beyond

Eligible "Other" Animals:

- Died (of natural causes) during the increased holding period: died day 2, 3, 4, 5 and 6 (animals that died on day 1 were not included because they were most likely irremediably suffering from a serious illness or injury or were too severely injured to move and it may have been more humane to dispose of the animal)
- Ultimately euthanized: euthanized on day 7 of the holding period and beyond.

The town overstated the number of eligible dogs, cats and other animals for each year of the audit period. In order to determine the correct number of eligible animals for each fiscal year of the audit period, we requested animal data from the town. We then applied the number of eligible animals to the actual cost formula for all years of the audit period. We consistently applied the exclusions per the parameters and guidelines to the raw animal data provided by the town.

The following table summarizes the claimed and allowable eligible animals used in the care and maintenance formula for the audit period by fiscal year:

	Eligible Animals Claimed			Eligible Animals Allowable		
Fiscal Year	Dogs/Cats	Other Animals	Total Claimed	Dogs/Cats	Other Animals	Total Allowable
2007-08	2,844	62	2,906	1,622	1	1,623
2008-09	3,098	82	3,180	1,366	4	1,370
Total	5,942	144	6,086	2,988	5	2,993

Reimbursable Days

For both fiscal years of the audit period, the town claimed two reimbursable days for dogs and cats and four reimbursable days for other animals. The town's claims state that the mandate added two extra holding days for dogs and cats and four extra holding days for other animals. In actuality, the mandate required shelters to keep dogs and cats and other animals for four business days after the day of impoundment, excluding Saturdays, Sundays, and legal holidays. Prior to this mandated program, the law stated that dogs and cats must be kept for 72 hours from the time of impoundment and there was no requirement for other animals. As a result of the "four business days" holding requirement, the average number of increased holding days per week for dogs and cats is three days and for other animals is six days. The town did not correctly apply the increased holding period requirement of this mandate when calculating the number of reimbursable days.

An Appellate Court decision in *Purifoy v. Howell* dated March 26, 2010, determined that Saturday is not considered a business day for the purposes of this mandated program. Therefore, for the audit period, we determined that the increased holding period for dogs and cats is three days and the increased holding period for other animals is six days.

Assembly Bill 222

Assembly Bill 222 (Chapter 97, Statutes of 2011) was enacted on July 25, 2011, and took effect January 1, 2012. This bill states that a "business day" includes any day that a public or private animal shelter is open to the public for at least four hours, excluding state holidays. This bill would be applicable beginning January 1, 2012 and does affect not the audit period covered in this audit.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2013-14 Budget Acts. If the program becomes active, we recommend that the town ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

FINDING 3— Overstated increased holding period costs

The town claimed a total of $124,477 for services and supplies costs under the Increased Holding Period cost component. We found that $91,979 is allowable and $32,498 is unallowable. The costs are unallowable because the town claimed unallowable services and supplies costs, misclassified costs, and used an incorrect methodology for claiming costs.

The following tables summarize the claimed, allowable, and unallowable costs for the Increased Holding Period cost component for the audit period by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Services and supplies:			
2007-08	$ 57,566	$ -	$ (57,566)
2008-09	66,911	-	(66,911)
Subtotal, services and supplies	$124,477	$ -	$(124,477)

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Salaries and benefits:			
2007-08	$ -	$ 45,483	$ 45,483
2008-09	-	46,496	46,496
Subtotal, salaries and benefits	$ -	$ 91,979	$ 91,979

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Total direct costs:			
2007-08	$ 57,566	$ 45,483	$ (12,083)
2008-09	66,911	46,496	(20,415)
Total	$124,477	$ 91,979	$ (32,498)

Services and Supplies

The town claimed $124,477 for services and supplies for the audit period. We found that the entire amount is unallowable. Under this component, claimants are reimbursed for making animals available for owner redemption on either one weekday evening or one weekend day. The town made animals available for owner redemption during the audit period by staying open to the public for six hours on Saturdays.

The town claimed costs for this component by using total shelter costs incurred in Department 2130 (Animal Shelter) less costs reported in account 9888 (Spay/Neuter Program). This revised total for shelter

cost was then divided by 2,912, a number described as "total hours of facility operations" in the town's claims. The resulting amount was described as the "cost per hour" to operate the entire shelter, which was then multiplied by the number of hours that the town's shelter was open during the year on Saturdays (312) to calculate claimed costs.

The town's methodology for claiming costs under this component is incorrect. Using total costs incurred by the animal shelter (less spay and neuter costs) to determine an hourly amount to operate the animal shelter assumes that all of the remaining costs incurred to operate the shelter on Saturdays are reimbursable. However, this is not consistent with the requirements of this mandated program. For example, costs incurred for non-reimbursable activities such as animal licensing, adoption, and euthanasia are not reimbursable at any time. In addition, costs incurred for animal care and maintenance have already been claimed under that cost component and have not been factored out in the town's calculations for this cost component. Moreover, the town misclassified the costs as "services and supplies" costs rather than as salary and benefit costs.

Salaries and Benefits

As mentioned above, the town did not claim salary and benefit costs during the audit period. Rather, the town used an incorrect methodology for calculating allowable costs and then misclassified them as services and supplies. We found that the town incurred a total of $91,979 in allowable salaries and benefits for the audit period.

Hours of Operation

For each year of the audit period, the town provided support that its animal shelter was open to the public on Saturdays from 9:00 a.m. to 3:00 p.m., for a total of six hours per employee performing the reimbursable activities. The shelter met the requirements of the mandate by making animals available for owner redemption on the weekend day.

The shelter's hours of operation are essential in determining the allowable hours to comply with the Increased Holding Period cost component. For both fiscal years of the audit period, the town correctly claimed and was able to support that the shelter was open to the public on Saturdays from 9:00 a.m. to 3:00 p.m., for a total of six hours per allowable employee.

Staffing Requirements

We held discussions with shelter management concerning the staffing requirements to make animals available for owner redemption on Saturdays when the shelter was open to the public in comparison to Sundays when the shelter was closed. We also obtained staffing schedules for the town's shelter to determine the number of increased positions necessary to perform the reimbursable activities.

The town did not claim employee classifications under this component. The staffing schedules for both fiscal years of the audit period show that on Sundays when the shelter was closed to the public, the shelter was staffed with just one Animal Shelter Attendant. However, when the shelter was open to the public on Saturdays, the shelter was staffed with the following:

- Two Animal Shelter Attendants,
- One Shelter Supervisor,
- Two Animal Control (Customer Service) Technicians, and
- Two Animal Control Officers in FY 2007-08 and one in FY 2008-09

Therefore, based on the staffing schedules provided, the increased staff positions on Saturdays needed to perform the reimbursable activities consisted of one Animal Shelter Attendant, one Shelter Supervisor, and two Animal Control (Customer Service) Technicians. We are not including the Animal Control Officers, as this position would not be responsible for assisting owners to redeem their pets; rather, this position would be performing duties in the field.

The following table shows the claimed and the allowable employee classifications determined to be the increased positions necessary to comply with making the animals available for owner redemption. In addition, the table summarizes the total hours claimed and allowable:

	Fiscal Year		
	2007-08	2008-09	Totals
Claimed			
Office Specialists	-	-	
Animal Care Assistants	-	-	
Total employee positions	-	-	
x Hours claimed per position	6	6	
x Weeks per year	52	52	
Total hours claimed	312	312	624

	Fiscal Year		
	2007-08	2008-09	Totals
Allowable			
Shelter Supervisor	1	1	
Shelter Attendant	1	1	
Animal Control (Customer Service) Technician	2	2	
Total employee positions	4	4	
x Hours allowed per position	6	6	
x weeks per year	52	52	
Total hours allowable	1,248	1,248	2,496

Indirect Costs

The indirect costs applicable for this cost component, totaling $6,478 for the audit period, were calculated separately. See Finding 7 – Allowable Indirect Costs for the calculations.

The parameters and guidelines (section IV.B.4–Using the Holding Period of Four Business Days After the Day of Impoundment) state that the following activities are reimbursable beginning January 1, 1999, for impounded animals specified in Food and Agriculture Code section 31753 ("other animals"), and beginning July 1, 1999, for impounded dogs and cats for either:

1. Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or

2. For those local agencies with fewer than three full time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owner to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed.

The parameters and guidelines (section IV – Reimbursable Activities) state that:

> To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documentation to show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities.

The parameters and guidelines (section V.A.1 – Salaries and Benefits) state that:

> Claimants must report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2013-14 Budget Acts. If the program becomes active, we recommend that the town ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

FINDING 4— Allowable lost and found lists costs

The town did not claim any costs under the Lost and Found Lists cost component during the audit period. However, we found that $995 is allowable under this cost component.

Contract Services

During the course of the audit, the town submitted invoices for various expenditures. With these invoices, we found that the town incurred costs for the purchase of *Multiple Options* animal data software in FY 2008-09. The invoice details the various services and options provided with the software package along with the associated costs. We found that under the "services" portion of the invoice, the option titled "PetFinder Support" is applicable to this component. The total cost for the PetFinder Support was $995. We ultimately determined that the entire amount is related to this mandated activity and $995 is allowable in contract services costs.

Salaries and Benefits

The town did not claim costs under this component and therefore did not claim salaries and benefits. During the course of the audit, the town was able to provide support that they complied with the five reimbursable activities outlined for this component. However, a time study would have to be performed for the activities of providing lost and found information to the public in order to determine allowable salary and benefit costs. Though given the option, the town did not perform a time study during the course of the audit.

The program's parameters and guidelines allow reimbursement, beginning January 1, 1999, for providing owners of lost animals and those who find lost animals with all of the following:

1. Ability to list the animals they have lost or found on —lost-and-found‖ lists maintained by the local agency;
2. Referrals to animals listed that may be the animals the owner or finders have lost or found;
3. The telephone numbers and addresses of other pounds and shelters in the same vicinity;
4. Advice as to means of publishing and disseminating information regarding lost animals; and
5. The telephone numbers and addresses of volunteer groups that may be of assistance in locating lost animals.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2013-14 Budget Acts. If the program becomes active, we recommend that the town ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

FINDING 5 – Allowable maintaining non-medical records costs

The town did not originally claim costs under the Maintaining Non-Medical Records cost component. However, during the course of the audit, we found that the town incurred a total of $62,977 in allowable costs ($60,242 for salaries and benefits, and $2,735 for contract services).

The following table summarizes the combined claimed, allowable, and adjusted direct costs for the Non-Medical Records cost component by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Total direct costs:			
2007-08	$ -	$ 31,065	$ 31,065
2008-09	-	31,912	31,912
Total	$ -	$ 62,977	$ 62,977

Salaries and Benefits

The town did not claim salaries and benefits during the audit period. However, the town conducted a time study during the course of the audit to determine the average amount of time spent by various employee classifications processing non-medical animal records. We found that $60,242 is allowable.

The following table summarizes the claimed, allowable, and audit adjustment amounts for salaries and benefits for the Non-Medical Records cost component by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Salaries and benefits:			
2007-08	$ -	$ 31,065	$ 31,065
2008-09	-	29,177	29,177
Total, salaries and benefits	$ -	$ 60,242	$ 60,242

Time Study

During the course of the audit, the town conducted a time study for this cost component from April 16, 2016, through April 25, 2016. The town studied the time required to process records for incoming animals and the final disposition of animals. The six employee classifications of Animal Services Technician, Animal Control Officer, Animal Shelter Supervisor, Animal Health Technician, Office Assistant, and Shelter Specialist participated in the time study. However, three of the classifications that participated in the time study were not applicable during the audit period: Animal Health Technician, Office Assistant, and Shelter Specialist. The Animal Services Technician classification was called Animal Control Technician during the audit period - these two positions are considered the same classification.

Taking into consideration the classifications that actually existed during the audit period, we applied the following classifications to the audit period:

- Animal Services Technician (equivalent to Animal Control Technician)
- Animal Control Officer
- Animal Shelter Supervisor

The time study determined that it takes an average of 3.51 minutes to process incoming animal records and an average of 4.55 minutes to process records for the final disposition of animals. However, three of the employee classifications that participated in the time study did not exist during the audit period, as noted above. Regardless, we determined that the total amounts of time required to process animal records were adequately established by the town's time study and should not be revised. Therefore, we allocated the number of minutes spent by these three classifications in the town's time study to the three classifications that existed during the audit period.

Number of Animal Records Processed

During the course of the audit, we obtained the town's raw animal data for FY 2007-08 and FY 2008-09 from its animal tracking software system database. We applied the time study results to the number of animal records processed based on this data. For purposes of the maintaining non-medical records cost component, the allowable number of animal records is the total number processed by the facility during the fiscal year, with no exclusions.

The following table summarizes the number of non-medical records processed for the audit period by fiscal year:

	Fiscal Year		
	2007-08	2008-09	TOTAL
Intake	5,961	5,480	11,441
Final Disposition	5,961	5,480	11,441

The following table identifies the involvement level of employee classifications that processed non-medical records during the audit period, based on the time study that the town conducted:

Employee Classification	Percentage Involvement
Incoming Animal Records:	
Animal Control Technician	60%
Animal Control Officer	36%
Animal Shelter Supervisor	4%
	100%
Final Disposition Animal Records:	
Animal Control Technician	56%
Animal Control Officer	20%
Animal Shelter Supervisor	24%
	100%

To determine allowable salaries and benefits, we applied the results of the town's time study to the employee classifications that performed the activities. We determined that costs totaling $60,242 were allowable for salaries and benefits.

Contract Services

The town did not originally claim costs under the Maintaining Non-Medical Records cost component. However, we found that the town incurred $2,735 in contract services costs for the purchase of animal data software in FY 2008-09.

During the course of the audit, the town submitted invoices for various expenditures. With these invoices, we found that the town incurred costs for the purchase of Multiple Options animal data software in FY 2008-09. The invoice details the various services and options provided with the software along with the associated costs. Under the "Shelter Management System Software" portion of the invoice, the base cost for the SQL version of the software package was $10, 5000. In addition, the total of the various options added together was $21,695, for a subtotal of $32,195. The town was then given a 10% discount, making the final total $28,975.50. We found that the option titled "kennel management" was applicable to this component. The other options listed, such as "point of sales", "accounts receivable", and "dispatching system", among others, do not pertain to this component. The cost for the "kennel management" portion was $2,000 and we found this entire amount to be allowable for complying with the mandated activity of processing records for incoming animals and the final disposition of animals. We then calculated the pro-rata percent that the kennel management option represented out of all the options listed. The result was 7%. We then applied 7% to the base cost of the software package ($10,500) in order to determine the proportionate share of that cost that was related to this component. The result was $735. Therefore, allowable contract services consisted of $2,000 for the kennel management portion of the software options along with $735 for the proportionate share of the base software package cost, for a total of $2,735.

Indirect Costs

The indirect costs applicable for this cost component, totaling $4,244 for the audit period, were calculated separately. See Finding 7 – Allowable Indirect Costs for the calculations.

The parameters and guidelines (section IV.B.8–Maintaining Non-Medical Records) identify the following reimbursable activities:

> Beginning January 1, 1999 – Maintaining non-medical records on animals that are either taken up, euthanized after the holding period, or impounded. Such records shall include the following:
>
> - The date the animal was taken up, euthanized, or impounded;
> - The circumstances under which the animal is taken up, euthanized, or impounded;
> - The names of the personnel who took up, euthanized, or impounded the animal; and
> - The final disposition of the animal, including the name of the person who euthanized the animal or the name and address of the adopting party.

The parameters and guidelines (section IV.B.8–Maintaining Non-Medical Records) identify the following reimbursable activity:

> The cost of Software license renewal contracts, to the extent these costs are not claimed as an indirect cost under these parameters and guidelines, is eligible for reimbursement under Section V (A) (2) of the

parameters and guidelines. If the computer software is utilized in some way that is not directly related to the maintenance of records specified in this section, only the pro rata portion of the software license renewal contract that is used for compliance with this section is reimbursable.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2013-14 Budget Acts. If the program becomes active, we recommend that the town ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

FINDING 6— Allowable Procuring Equipment Component costs

The town did not claim any costs under the Procuring Equipment Cost component during the audit period. However, we identified costs in the Capital Equipment and Communications Equipment expense accounts for the animal shelter, and in the Capital Outlay expense account for animal control. The town provided support for these costs and we classified them under both materials and supplies and fixed assets. We found that $13,365 is allowable under this cost component.

The following table summarizes the claimed, allowable, and audit adjustment amounts for total direct costs for the audit period by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Direct costs:			
2007-08	-	6,630	6,630
2008-09	-	6,735	6,735
Total	$ -	$ 13,365	$ 13,365

Materials and Supplies

The town did not include any materials and supplies costs under this cost component in its claims for the audit period. However, the town provided support for materials and supplies costs not originally claimed that are eligible for reimbursement under the mandated program. We found that $5,252 is allowable in materials and supplies costs for this component.

The following table summarizes the costs claimed, the supported costs, the allowable pro-rata percentage, and the allowable costs for materials and supplies by fiscal year:

Fiscal Year	Amount Claimed	Supported Costs	Pro-Rata Percentage Allowable	Amount Allowable	Audit Adjustment
Materials and supplies:					
2007-08	-	$ 4,170	100%	$ 4,170	$ 4,170
2008-09	-	1,082	100%	1,082	1,082
Subtotal, materials and supplies	$ -	$ 5,252		$ 5,252	$ 5,252

For FY 2007-08, the town incurred costs totaling $4,170. The following costs came from animal shelter (2130) expense accounts:

- A cat resting shelf for the cat area ($953);
- Shelving/storage to keep animal food off the floor and minimize rodents ($446 and $738);
- Benches/tools to keep food off the floor ($438); and
- Radios for shelter attendants to communicate with one another ($287).

The following costs came from animal control (2120) expense accounts:

- Feral cat dens for the feral cat area of the shelter ($941), and
- A "rabbitat" hutch to house rabbits ($317).

For FY 2008-09, the town incurred costs totaling $1,082. These costs came from animal shelter (2130) expense accounts, and consisted of the following:

- Four compact refrigerators to store drugs and medications for the animals ($916), and
- Radios for shelter attendants to communicate with one another ($166).

We interviewed shelter management and staff, who provided a reasonable explanation of how this equipment was necessary to comply with the reimbursable activities of the mandated program. In addition, shelter management stated, and we accepted, that each piece of equipment was used solely for mandated activities.

Fixed Assets

The town did not include any fixed asset costs under this cost component in its claims for the audit period. However, the town provided support for fixed asset costs not originally claimed that are eligible for reimbursement under the mandated program. We found that $8,113 is allowable in fixed asset costs for this component.

The following table summarizes the costs claimed, the supported costs, the allowable pro-rata percentage, and the allowable costs for fixed assets by fiscal year:

Fiscal Year	Amount Claimed	Supported Costs	Percentage Allowable	Amount Allowable	Audit Adjustment
Fixed assets:					
2007-08	$ -	$ 2,460	100%	$ 2,460	$ 2,460
2008-09	-	5,653	100%	5,653	5,653
Subtotal, fixed assets	$ -	$ 8,113		$ 8,113	$ 8,113

For FY 2007-08, the town incurred costs totaling $2,460. The cost came from animal shelter (2130) expense accounts and was for the purchase of a sloped dog kennel hard roof to provide a roof for the kennel. An additional cost in the amount of $5,980 was also identified this fiscal year, and consisted of a nine-unit bank of stainless steel cages to house the animals. However, the town did not provide an invoice for this expense; therefore, the cost is unallowable because it was not supported. For FY 2008-09, identified costs totaled $5,653. This cost also came from the 2130 expense accounts and was for the purchase of stainless steel cages to house small dogs and puppies.

We interviewed shelter management and staff, who provided a reasonable explanation of how this equipment was necessary to comply with the reimbursable activities of the mandated program. In addition, shelter management stated, and we accepted, that each piece of equipment was used solely for mandated activities.

The parameters and guidelines (section IV.B.10) identify the following reimbursable activity:

> Beginning January 1, 1999 for procuring medical, kennel, and computer equipment necessary to comply with the reimbursable activities listed in Section IV (B) for the parameters and guidelines, to the extent these costs are not claimed as an indirect cost under Section V (B) of the parameters and guidelines. If the medical, kennel, and computer equipment is utilized in some way not directly related to the mandated program or the population of animals listed in Section IV (B), only the pro rata portion of the activity that is used for the purposes of the mandated program is reimbursable.

The parameters and guidelines (section IV – Reimbursable Activities) state that:

> To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documentation to show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2013-14 Budget Acts. If the program becomes active, we recommend that the town ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

FINDING 7—Allowable Indirect Costs

The town did not claim reimbursement for indirect costs for the audit period. However, the town incorporated overhead costs into the Care and Maintenance (Finding 2) cost component. We found that $12,708 in indirect costs is allowable.

Fiscal Year	Claimed Indirect Costs	Allowable Indirect Costs	Audit Adjustment
2007-08	$ -	$ 6,627	$ 6,627
2008-09	-	6,081	6,081
Total	$ -	$ 12,708	$ 12,708

Overhead costs

As stated, the town did not claim indirect costs for the audit period. The town did, however, incorporate overhead costs into the Care and Maintenance component by adding in a 40% overhead factor for the M.S. (Municipal Services) Director when computing total annual shelter costs. Including a calculated overhead cost into the care and maintenance formula is incorrect. The parameters and guidelines clearly state that claimants either have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

Indirect cost rate

During the course of the audit, the town elected to use the option identified in the parameters and guidelines of using 10% of direct labor, excluding fringe benefits, to claim indirect costs for the audit period. The Assistant Director of Finance decided this was the best option due to the town's record retention period expiring and also due to the town switching software during the audit period, making many records unavailable.

Allowable Salaries

As a result of our audit, we determined allowable salaries and benefits for the audit period. As noted above, the town elected to use the 10% of direct labor option to claim indirect costs. Accordingly, allowable indirect costs for the audit period are based solely on allowable salaries.

The following table summarizes the claimed, allowable, and audit adjustment amounts to salaries by fiscal year:

Fiscal Year	Total Claimed Salaries	Total Allowable Salaries	Total Adjustment to Salaries
2007-08	$ -	$ 66,277	$ 66,277
2008-09	-	60,809	60,809
Total	$ -	$ 127,086	$ 127,086

Allowable indirect costs for the audit period were computed by applying the 10% indirect cost rate to total allowable salaries shown in the table above.

The parameters and guidelines (section V.B.—Indirect Costs) state that:

> Indirect costs are those that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.
>
> Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) pursuant to the Office of Management and Budget (OMB) Circular A-87.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2013-14 Budget Acts. If the program becomes active, we recommend that the town ensure that its indirect cost rates are properly calculated and are applied to the same direct cost base that was used to calculate the rate.

FINDING 8— Allowable productive hourly rates and benefit rates

Productive Hourly Rates

For both fiscal years of the audit period, the town did not claim salaries or benefits. Instead, they claimed all costs under "services and supplies". Therefore, we calculated allowable productive hourly rates for the audit period.

Allowable Productive Hourly Rates

During the course of the audit, the town did not provide payroll reports for either of the two fiscal years of the audit period. Town management explained that their record retention policy is seven years. The start of this audit was right at the seven-year mark. Additionally, the town switched software sometime during the audit period, so many records could not be retrieved. However, the town was able to provide a report titled "Earnings History by GL#" for FY 2007-08, which was found in town files and had previously been generated from the town's payroll system. The report provided town employee names, employee ID numbers, and total salaries paid for the fiscal year. Management confirmed that the totals do not include any kind of benefits. Along with this report, the town submitted a table that was not generated from the town's system, but rather compiled by the mandated cost consultant, listing employee names along with their hourly rate. We explained to town management that the hourly rates listed in this table could not be used to calculate allowable costs, as it was created outside of the district's system and was not accompanied by supporting documentation showing how the rates were calculated.

FY 2007-08

For FY 2007-08, we performed our own calculations of productive hourly rates using the information that was available in the town's FY 2007-08 Earnings History report. Because this report was not as comprehensive as a typical payroll report, we had to obtain certain pieces of information from other sources. We matched employee names shown on the report to the hourly rate table mentioned above in order to identify employee classifications/titles. In the absence of actual annual productive hours for each employee, we defaulted to the SCO's claiming instructions and used 1,800 productive hours in our calculations. We divided each employee's total salary amount by 1,800 hours to arrive at a productive hourly rate. We then grouped employees of the same classification together to arrive at an average productive hourly rate for each classification for the fiscal year. However, there were three instances where we did not use 1,800 hours, as it was evident from the employees' yearly salary amount that they were not full-time. We asked the Assistant Director of Finance to clarify these items. He was able to work with the town's personnel department to identify the approximate hours worked by each of these three employees based on information from their personnel files.

FY 2008-09

Because the town was only able to provide salary information for FY 2007-08, we devised an alternative methodology to determine allowable productive hourly rates for FY 2008-09. We used the calculated average productive hourly rates per classification from FY 2007-08 as a base, and multiplied these figures by the FY 2008-09 CPI Index (1.1 percent). The resulting figures were the allowable average productive hourly rates per classification for FY 2008-09. We obtained the CPI Index from the California Department of Finance's website under Financial and Economic Data, CPI and Deflators. We discussed this methodology with the Assistant Director of Finance, and he agreed that in the absence of supporting documentation, this was the best approach.

We applied the calculated average productive hourly rates per classification to the various cost components to determine allowable salary and benefit costs.

Benefit Rates

As mentioned, for both fiscal years of the audit period, the town did not claim salaries or benefits. Instead, they claimed all costs under "services and supplies". Therefore, we calculated allowable benefit rates for the audit period.

Allowable Benefit Rates

We calculated the allowable benefit rate for both fiscal years of the audit period by obtaining the year-to-date expenditure reports for both the Animal Control Department (2120) and the Animal Shelter Department (2130). For both fiscal years, we calculated total salaries and total benefits separately. To determine each fiscal year's applicable employee benefit rate, we used data from the year-to-date expenditure reports and divided total benefits by total salaries to arrive at a benefit rate. We performed this calculation for both departments. Due to record retention issues and changes in software during the audit period, the town was only able to provide payroll information for FY 2007-08. In the payroll information provided, employees of the same classification appeared under both the 2120 account and the 2130 account, making it difficult to apply the applicable benefit rate to each classification when calculating allowable salary and benefit amounts. Therefore, for both fiscal years, we calculated the average benefit rate of the two departments as follows:

FY 2007-08

Animal Control Department calculated benefit rate: 39.64%
Animal Shelter Department calculated benefit rate: 42.6%
Average benefit rate for fiscal year: 41.12%

FY 2008-09

Animal Control Department calculated benefit rate: 42.76%
Animal Shelter Department calculated benefit rate: 42.92%
Average benefit rate for fiscal year: 42.82%

We applied the average benefit rates to the allowable productive hourly rates to arrive at salary and benefit costs for the audit period. The exception is the care and maintenance component, wherein the average benefit rates were applied to actual salaries.

The parameters and guidelines (section V–Claim Preparation and Submission–Direct Cost Reporting–Salaries and Benefits) state that, for salaries and benefits, claimants are required to:

> Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the reimbursable activities performed and the hours devoted to each reimbursable activity performed.

The SCO's claiming instructions state that one of three options may be used to compute productive hourly rates:

- Actual annual productive hours for each employee

- The weighted-average annual productive hours for each job title, or
- 1,800 annual productive hours for all employees. (The 1,800 annual productive hours excludes time for paid holidays, vacation earned, sick leave taken, informal time off, jury duty, and military leave taken.)

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through 2013-14 Budget Acts. If the program becomes active, we recommend that the town ensure that productive hourly rates and benefit rates are calculated in accordance with the guidance provided in the SCO's claiming instructions.

Subj: **RE: Exit Conference To-Do Lists**
Date: 5/5/2016 5:56:24 P.M. Pacific Daylight Time
From: gwhiteside@applevalley.org
To: jvenneman@sco.ca.gov
CC: AArghestani@sco.ca.gov, KAntobam@applevalley.org, AAtteberry@applevalley.org, AChinnCRS@aol.com

Jim,

Thank you for the follow-up e-mail . Thank you all for taking time out of your busy schedules so we can get these claims finalized.

Regards,

Gina Whiteside
Director of Animal Services

From: jvenneman@sco.ca.gov [mailto:jvenneman@sco.ca.gov]
Sent: Thursday, May 05, 2016 4:36 PM
To: Gina Schwin-Whiteside
Cc: AArghestani@sco.ca.gov; Kofi Antobam; Adriana Atteberry
Subject: Exit Conference To-Do Lists

Hi Gina,

Thanks for your assistance with today's exit conference. Based on our discussion today, here is the list that I put together who is going to do what from this point until the final report is issued.....

We are going to provide:

- Details of our allowable cost calculations for Care & Maintenance, Increased Holding Period, and Maintaining No Medical Records.
- Details of our productive hourly rate calculations – including the town's Earnings History by GL Number Report th we used for the calculations.
- Our spreadsheets showing how the animal data was sorted and used
- A copy of the invoice from FY 2008-09 that was provided for the stainless steel cages
- We are going to revise the allowable costs to include an allocation of utility costs applicable to FY 2007-08 using utility cost data for FY 2008-09 and then adjusted based on animal census data. We will send you the allowable amounts once we have completed the analysis in the next day or two.
- We will take a look at the original email that documents your original estimate of staff time spent on care and maintenance activities and then re-visit this issue with you.

You are going to provide:

- Saturday logs from the audit period showing time spent by Animal Control Officers in the shelter along with an explanation of what they were doing.
- An Indirect Cost Rate Proposal for FY 2007-08 and FY 2008-09, if the applicable expenditure information from those years can be found.
- A completed time study for Lost and Found Lists activities. {Note – time study results must be submitted to us p to the issuance of our audit report. Any information submitted to us after that date supporting allowable costs v not be considered.}
- An invoice from FY 2007-08 supporting costs incurred for stainless steel cages, if it can be located.

That's it as far as my list is concerned. If I am missing something, please let me know. We should be able to provide mos

the information from our list sometime tomorrow. In addition, if any other information is available that you believe supports allowable costs, please send it to us and we will take a look at it.

Thanks,

Jim Venneman, CPA
Audit Manager
State Controller's Office
Division of Audits - Mandated Cost Audits Bureau
916.322.9887-Office | 916.708.5825-Cell
916.324.7223-Fax
jvenneman@sco.ca.gov

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=

Subj: **FW: Exit Conference To-Do Lists**
Date: 5/10/2016 11:43:54 A.M. Pacific Daylight Time
From: gwhiteside@applevalley.org
To: AAtteberry@applevalley.org, AChinnCRS@aol.com

Just in case it did not go through.

From: jvenneman@sco.ca.gov [mailto:jvenneman@sco.ca.gov]
Sent: Friday, May 06, 2016 5:37 PM
To: Gina Schwin-Whiteside
Cc: AArghestani@sco.ca.gov
Subject: RE: Exit Conference To-Do Lists

Hi Gina,

As discussed yesterday, here are the documents that we agreed to provide:

- The analysis of care and maintenance costs – revised today to include utility costs for FY 2007-08. Allowable care and maintenance costs increased by $925.
- The analysis of Increased Holding Period costs
- The analysis of Non-Medical Records costs
- The analysis of productive hourly rates
- Animal database statistics and analysis for FY 2007-08 and FY 2008-09
- The invoice supporting FY 2008-09 costs for the stainless steel cages
- The revised Schedule 1 – after updating care and maintenance costs
- The Earnings By History GL Report for FY 2007-08 – provided by Kofi

As for some of the other items that we talked about, here is an update.

- We re-visited the percentages of staff involvement for care and maintenance and decided to stick with the percentages that we presented during yesterday's meeting.
- My apologies, as I misspoke yesterday about accepting a time study for Lost and Found Lists. After discussing this audit with upper management today, we would need to re-open fieldwork in order to adequately review any time study results.
- The same thing for an Indirect Cost Rate Proposal. The 10% option that we used to determine allowable indirect costs is an acceptable method allowable per the program's Parameters and Guidelines. In addition, we spoke to Kofi at some length about this and agreed together to use the 10% flat rate option.

We realize your positions on these three issues. You can include your objections and/or any additional information about these issues in your response to the draft report. The report may be issued in 3-4 weeks from today.

In the meantime, if you have any questions or comments about this, please let me or Amy know.

Thanks and have a good weekend,

Jim Venneman, CPA
Audit Manager
State Controller's Office
Division of Audits - Mandated Cost Audits Bureau
916.322.9887-Office | 916.708.5825-Cell

916.324.7223-Fax
jvenneman@sco.ca.gov

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From: Gina Schwin-Whiteside [mailto:gwhiteside@applevalley.org]
Sent: Thursday, May 05, 2016 5:55 PM
To: Venneman, Jim <jvenneman@sco.ca.gov>
Cc: Arghestani, Amy <AArghestani@sco.ca.gov>; Kofi Antobam <KAntobam@applevalley.org>; Adriana Atteberry <AAtteberry@applevalley.org>; 'AChinnCRS@aol.com' <AChinnCRS@aol.com>
Subject: RE: Exit Conference To-Do Lists

Jim,

Thank you for the follow-up e-mail . Thank you all for taking time out of your busy schedules so we can get these claims finalized.

Regards,

Gina Whiteside
Director of Animal Services

From: jvenneman@sco.ca.gov [mailto:jvenneman@sco.ca.gov]
Sent: Thursday, May 05, 2016 4:36 PM
To: Gina Schwin-Whiteside
Cc: AArghestani@sco.ca.gov; Kofi Antobam; Adriana Atteberry
Subject: Exit Conference To-Do Lists

Hi Gina,

Thanks for your assistance with today's exit conference. Based on our discussion today, here is the list that I put together of who is going to do what from this point until the final report is issued.....

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- We will take a look at the original email that documents your original estimate of staff time spent on care and maintenance activities and then re-visit this issue with you.

You are going to provide:

- Saturday logs from the audit period showing time spent by Animal Control Officers in the shelter along with an explanation of what they were doing.
- An Indirect Cost Rate Proposal for FY 2007-08 and FY 2008-09, if the applicable expenditure information from those years can be found.
- A completed time study for Lost and Found Lists activities. {Note – time study results must be submitted to us prio to the issuance of our audit report. Any information submitted to us after that date supporting allowable costs will not be considered.}
- An invoice from FY 2007-08 supporting costs incurred for stainless steel cages, if it can be located.

That's it as far as my list is concerned. If I am missing something, please let me know. We should be able to provide most o the information from our list sometime tomorrow. In addition, if any other information is available that you believe supports allowable costs, please send it to us and we will take a look at it.

Thanks,

Jim Venneman, CPA
Audit Manager
State Controller's Office
Division of Audits - Mandated Cost Audits Bureau
916.322.9887-Office | 916.708.5825-Cell
916.324.7223-Fax
jvenneman@sco.ca.gov

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Subj: **FW: Message from km-as-as**
Date: 5/26/2016 1:15:44 P.M. Pacific Daylight Time
From: AAtteberry@applevalley.org
To: AChinnCRS@aol.com

Hi Annette,

Here is what we got for time study.

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: km-as-as@applevalley.org [mailto:km-as-as@applevalley.org]
Sent: Thursday, May 26, 2016 1:21 PM
To: Adriana Atteberry
Subject: Message from km-as-as

=

AVanimalservices@applevalley.org

From: AChinnCRS@aol.com [mailto:AChinnCRS@aol.com]
Sent: Thursday, May 26, 2016 1:26 PM
To: Adriana Atteberry
Subject: Re: FW: Message from km-as-as

Thank you Adriana,

Is there a reason it's only done on cats? Do dogs get a wellness check too?

Is time to give them a vaccine included in this time?

Annette S. Chinn
Cost Recovery Systems, Inc.
705-2 E. Bidwell Street #294
Folsom, CA 95630

phone (916) 939-7901
fax (916) 939-7801

In a message dated 5/26/2016 1:15:44 P.M. Pacific Daylight Time, AAtteberry@applevalley.org writes:

> Hi Annette.
>
> Here is what we got for time study.
>
> *Thank you,*
> *Adriana Atteberry*
> *Administrative Secretary*
> 22131 Powhatan Rd. | Apple Valley, CA 92307
> 760-240-7000 ext. 7558 | *Fax 760-247-6487*
>
> *aatteberry@applevalley.org*
> *AVanimalservices@applevalley.org*
>
>
>
>
> **From:** km-as-as@applevalley.org [mailto:km-as-as@applevalley.org]
> **Sent:** Thursday, May 26, 2016 1:21 PM
> **To:** Adriana Atteberry
> **Subject:** Message from km-as-as
>
> =

Date	Impound #	Species	Exam. Time (secs)	Determined Animal Status	Employee Initials	Supervisor Initials
5/30/16	05 28 16 34	canine	83	healthy		
5/30/16	05 30 16 6	canine	103	healthy		
5/30/16	05 30 16 3	canine	143	treatable		
5/30/16	05 30 16 4	canine	133	treatable		
5/31/16	05 23 16 9	canine	115	healthy		
5/31/16	05 20 16 25	canine	102	healthy		
5/31/16	05 20 16 26	canine	101	healthy		
5/31/16	05 19 16 1	canine	124	healthy		
5/31/16	05 24 16 24	canine	113	healthy		
5/31/16	05 30 16 5	canine	111	healthy		
5/31/16	05 31 16 18	canine	109	healthy		
5/31/16	05 31 16 20	canine	95	healthy		
5/31/16	05 31 16 24	canine	123	healthy		
5/31/16	05 31 16 25	canine	131	healthy		

Time Study Form for Necessary and Prompt Veterinary Care - Initial Physical Examination

Employee Name (printed):
Employee Classification: Animal Control Officer or Animal Care Technician (circle one)

Task: **Initial Physical Examination of Stray Animal**

Time Study Start Date: 5/18/2016

Time Study End Date: 5/20/2016

By signing this document, I certify under penalty of perjury under the laws of the State of California that the information documented below is true and correct.

Employee Signature: K Hall Employee Name (printed): Kristin Hall Date: 5/20/16

Supervisor Signature: Supervisor name (printed): Date:

Description:

This time study is being conducted in compliance of Paramaters and Guidelines Part IV, Section B, Item 3-9 "Necessary and Prompt Veterinary Care" (Civ. Code, 88 1834 and 1846) Beginning January 1, 1999 - Providing "necessary and prompt veterinary care" for stray and abandoned animals, other than injured cats and dogs given emergency treatment, that die during the holding period or are ultimately euthanized, during the holding periods specified in Statutes of 1998, Chapter 752.

"Necessary and prompt veterinary care" means all reasonably necessary medical procedures performed by a veterinarian or someone under the supervision of a veterinarian to make stray or abandoned animals "adoptable". The following veterinary procedures, if conducted, are eligible for reimbursement:

»An initial physical examination of the animal to determine the animal's baseline health status and classification as "adoptable," "treatable," or "non-rehabilitatable."

Staff are to document the time it takes to complete the above action on stray animals impounded into the facility. All doocumented entres must be verifed by the employees supervisor.

Explanation of Terms:

Date: Day initial physical examination was completed
Impound Number: Impound number of animal being examined
Animal Species: Specie of animal being examinted
Examination Time (secs.): The total time, in seconds, it took to perform the initial examinaiton on animal.
Determined Animal Status: The status of the animal deterimined after the examination either Healthy, Treatable, Rehabilitatable, or Untreatable)

Time Study Animal Information Data:

Date	Impound Number	Animal Species	Examination Time (secs.)	Determined Animal Status	Employee Init.	Supervisor Init.

Date	Impound #	Species	Exam. Time (secs)	Determined Animal Status	Employee Initials	Supervisor Initials
5/19/16	05 14 16 8	feline	67	Healthy		
5/19/16	05 14 16 9	feline	43	Healthy		
5/19/16	05 14 16 10	feline	45	Healthy		
5/19/16	05 14 16 11	feline	42	Healthy		
5/19/16	05 14 16 12	feline	45	Healthy		
5/19/16	05 17 16 42	feline	73	Healthy		
5/19/16	05 18 16 11	feline	61	Healthy		
5/19/16	05 19 16 7	feline	71	Healthy		
5/19/16	05 19 16 7	feline	80	Healthy		
5/20/16	04 21 16 38	feline	68	Healthy		
5/20/16	04 01 16 10	feline	61	Treatable		
5/20/16	04 01 16 9	feline	43	Treatable		
5/20/16	05 05 16 32	feline	50	Treatable		
5/20/16	04 01 16 11	feline	44	Treatable		
5/20/16	04 01 16 8	feline	43	Treatable		
5/20/16	04 13 16 9	feline	45	Treatable		
5/20/16	04 14 16 13	feline	46	Treatable		
5/20/16	04 01 16 25	feline	49	Treatable		
5/20/16	04 01 16 26	feline	41	Treatable		
5/20/16	04 01 16 7	feline	62	Healthy		
5/20/16	03 22 16 5	feline	69	Healthy		
5/20/16	05 19 16 17	feline	137	Rehabilitatable		
5/20/16	05 20 16 4	feline	47	Treatable		
5/20/16	05 20 16 5	feline	40	Treatable		
5/20/16	05 20 16 6	feline	44	Treatable		
5/20/16	05 20 16 7	feline	41	Treatable		

Time Study Form for Necessary and Prompt Veterinary Care - Initial Physical Examination

Employee Name (printed):
Employee Classification: Animal Control Officer or Animal Care Technician (circle one)

Task: **Initial Physical Examination of Stray Animal**

Time Study Start Date: 5/18/2016

Time Study End Date: 5/20/2016

By signing this document, I certify under penalty of perjury under the laws of the State of California that the information documented below is true and correct.

Employee Signture: Employee Name (printed): Date:

Supervisor Signature: Supervisor name (printed): Date:

Description:
This time study is being conducted in compliance of Paramaters and Guidelines Part IV, Section B, Item 3-9 "Necessary and Prompt Veterinary Care" (Civ. Code, 88 1834 and 1846) Beginning January 1, 1999 - Providing "necessary and prompt veterinary care" for stray and abandoned animals, other than injured cats and dogs given emergency treatment, that die during the holding period or are ultimately euthanized, during the holding periods specified in Statutes of 1998, Chapter 752.
"Necessary and prompt veterinary care" means all reasonably necessary medical procedures performed by a veterinarian or someone under the supervision of a veterinarian to make stray or abandoned animals "adoptable". The following veterinary procedures, if conducted, are eligible for reimbursement:

»An initial physical examination of the animal to determine the animal's baseline health status and classification as "adoptable, " "treatable, " or "non-rehabilitatable. "

Staff are to document the time it takes to complete the above action on stray animals impounded into the facility. All doocumented entres must be verifed by the employees supervisor.

Explanation of Terms:

Date: Day initial physical examination was completed
Impound Number: Impound number of animal being examined
Animal Species: Specie of animal being examinted
Examination Time (secs.): The total time, in seconds, it took to perform the initial examinaiton on animal.
Determined Animal Status: The status of the animal deterimined after the examination either Healthy, Treatable, Rehabilitatable, or Untreatable)

Time Study Animal Information Data:

Date	Impound Number	Animal Species	Examination Time (secs.)	Determined Animal Status	Employee Init.	Supervisor Init.

Time Study Form for Necessary and Prompt Veterinary Care - Administration of Wellness Vaccination

Employee Name (printed):
Employee Classification: Animal Control Officer or Animal Care Technician (circle one)

Task: **Administration of Wellness Vaccination**

Time Study Start Date: 5/18/2016

Time Study End Date: 5/20/2016

By signing this document, I certify under penalty of perjury under the laws of the State of California that the information documented below is true and correct.

Employee Signture: Employee Name (printed): Date:

Supervisor Signature: Supervisor name (printed): Date:

Description:
This time study is being conducted in compliance of Paramaters and Guidelines Part IV, Section B, Item 3-9 "Necessary and Prompt Veterinary Care" (Civ. Code, 88 1834 and 1846) Beginning January 1, 1999 - Providing "necessary and prompt veterinary care" for stray and abandoned animals, other than injured cats and dogs given emergency treatment, that die during the holding period or are ultimately euthanized, during the holding periods specified in Statutes of 1998, Chapter 752.
"Necessary and prompt veterinary care" means all reasonably necessary medical procedures performed by a veterinarian or someone under the supervision of a veterinarian to make stray or abandoned animals "adoptable". The following veterinary procedures, if conducted, are eligible for reimbursement:

» A wellness vaccine administered to "treatable" or "adoptable" animals.

Staff are to document the time it takes to complete the above action on stray animals impounded into the facility. (See attached Policy and Procedures.) All doocumented entres must be verifed by the employees supervisor.

Explanation of Terms:

Date: Day initial physical examination was completed
Impound Number: Impound number of animal being examined
Animal Species: Specie of animal being examinted
Vaccination Time (secs.): The total time, in seconds, it took to perform the initial examinaiton on animal.
Determined Animal Status: The status of the animal deterimined after the examination (Healthy, Treatable, Rehabilitatable, or Untreatable)

Time Study Animal Information Data:

Date	Impound Number	Animal Species	Vaccination Time (secs.)	Determined Animal Status	Employee Init.	Supervisor Init.

Subj: **RE: FW: Message from km-as-as**
Date: 5/26/2016 3:30:17 P.M. Pacific Daylight Time
From: AAtteberry@applevalley.org
To: AChinnCRS@aol.com

yes

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: AChinnCRS@aol.com [mailto:AChinnCRS@aol.com]
Sent: Thursday, May 26, 2016 3:27 PM
To: Adriana Atteberry
Subject: Re: FW: Message from km-as-as

So each admitted animal goes through this process at intake? And they all get a wellness vaccine at that time?

Thank you,

Annette S. Chinn
Cost Recovery Systems, Inc.
705-2 E. Bidwell Street #294
Folsom, CA 95630

phone (916) 939-7901
fax (916) 939-7801

> From: AAtteberry@applevalley.org
> To: AChinnCRS@aol.com
> Sent: 5/26/2016 2:50:29 P.M. Pacific Daylight Time
> Subj: RE: FW: Message from km-as-as
>
> Yes, dogs get a wellness check. I will have our RVT do dogs, on the days given no dogs needed wellness exam.
>
> *Thank you,*
> *Adriana Atteberry*
> *Administrative Secretary*
> 22131 Powhatan Rd. | Apple Valley, CA 92307
> 760-240-7000 ext. 7558 | *Fax 760-247-6487*
>
> *aatteberry@applevalley.org*

Subj: **Fwd: Animal Adoption Draft Audit Report**
Date: 6/8/2016 1:16:55 P.M. Pacific Daylight Time
From: gwhiteside@applevalley.org
To: AAtteberry@applevalley.org, AChinnCRS@aol.com

Just FYI. Kofi and I are out of the office todayand tomorrow.

Sent from my Verizon Wireless 4G LTE smartphone

-------- Original message --------
From: AArghestani@sco.ca.gov
Date: 6/8/2016 11:22 AM (GMT-08:00)
To: Kofi Antobam <KAntobam@applevalley.org>, Gina Schwin-Whiteside <gwhiteside@applevalley.org>
Cc: jvenneman@sco.ca.gov
Subject: Animal Adoption Draft Audit Report

Good morning Kofi,

Attached is the draft audit report for the Animal Adoption audit recently completed for the period of July 1, 2007, through June 30, 2009. This report was signed this morning. You should receive a hard copy of the report in the mail in a few days.

As stated in the transmittal letter, the town has ten (10) calendar days in which to submit a written response, which would be Saturday, June, 18. Since this is a weekend day, please have the written response submitted by **Monday, June 20, 2016**. If possible, could you send me a .pdf copy of the town's response before mailing it?

Please confirm receipt of this email. If you have any questions regarding any of the amounts identified in the draft audit report, please don't hesitate to contact me.

Thank you,

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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BETTY T. YEE
California State Controller

June 8, 2016

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Marc Puckett, Assistant Town Manager
of Finance and Administration
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

Dear Mr. Puckett:

The State Controller's Office audited the costs claimed by the Town of Apple Valley for the legislatively mandated Animal Adoption Program (Chapter 752, Statutes of 1998 and Chapter 313, Statutes of 2004) for the period of July 1, 2007, through June 30, 2009.

The town claimed $2,256,209 for the mandated program. Our audit found that $215,608 is allowable and $2,040,601 is unallowable. The costs are unallowable because the town overstated allowable costs, claimed unallowable costs and unsupported costs, claimed misclassified costs and ineligible animals, and misstated animal census data. The State made no payments to the town. The State will pay allowable costs claimed, totaling $215,608, contingent upon available appropriations.

Please submit any comments concerning the draft report within 10 calendar days after you receive this letter. In particular, you should address the accuracy of the audit findings. We may modify the report based on your comments or additional data that develops as we complete the audit. Also, we will include your comments in the final report.

Please send your response to Jim L. Spano, Chief, Mandated Cost Audits Bureau, at the State Controller's Office, Division of Audits, Post Office Box 942850, Sacramento, California 94250-5874. If we do not receive your comments within the specified time, we will release the report as final.

This draft audit report is confidential. We limit report access and distribution to those referenced in this letter. However, when we issue the final audit report, it becomes a public record.

P.O. Box 942850, Sacramento, CA 94250 ♦ (916) 445-2636
3301 C Street, Suite 700, Sacramento, CA 95816 ♦ (916) 324-8907
901 Corporate Center Drive, Suite 200, Monterey Park, CA 91754 ♦ (323) 981-6802

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/rg

Attachment

cc: Kofi Antobam, Assistant Director of Finance
Town of Apple Valley
Gina Schwin-Whiteside, Animal Services Director
Town of Apple Valley

TOWN OF APPLE VALLEY

Audit Report

ANIMAL ADOPTION PROGRAM

Chapter 752, Statutes of 1998
and Chapter 313, Statutes of 2004

July 1, 2007, through June 30, 2009

BETTY T. YEE
California State Controller

June 2016

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Findings and Recommendations 7

DRAFT

Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the Town of Apple Valley for the legislatively mandated Animal Adoption Program (Chapter 752, Statutes of 1998 and Chapter 313, Statutes of 2004) for the period of July 1, 2007, through June 30, 2009.

The town claimed $2,256,209 for the mandated program. Our audit found that $215,608 is allowable and $2,040,601 is unallowable. The costs are unallowable because the town overstated allowable costs, claimed unallowable costs and unsupported costs, claimed misclassified costs and ineligible animals, and misstated animal census data. The State made no payments to the town. The State will pay allowable costs claimed, totaling $215,608, contingent upon available appropriations.

Background

Food and Agriculture Code sections 31108, 31752-31753, 32001, and 32003 (added and amended by Chapter 752, Statutes of 1998) attempted to end the euthanasia of adoptable and treatable animals. The statutes expressly identify the State policy that no adoptable animal should be euthanized if it can be adopted into a suitable home and that no treatable animal should be euthanized. The legislation increases the holding period for stray and abandoned dogs, cats, and other specified animals. It also requires public or private shelters to:

- Verify the temperament of feral cats;
- Post lost-and-found lists;
- Maintain records for impounded animals; and
- Ensure that impounded animals receive necessary and prompt veterinary care.

On January 25, 1981, the Commission on State Mandates (CSM) determined that Chapter 752, Statutes of 1998, imposed a state mandate reimbursable under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted the parameters and guidelines on February 28, 2002, corrected them on March 20, 2002, and last amended them on January 26, 2006. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

The Legislature suspended the Animal Adoption Program in the Budget Acts for fiscal year (FY) 2010-11 through FY 2015-16.

Objectives, Scope, and Methodology

We conducted this performance audit to determine whether costs claimed represent increased costs resulting from the Animal Adoption Program for the period of July 1, 2007, through June 30, 2009.

The legal authority to conduct this audit is provided by Government Code sections 12410, 17558.5, and 17561. We did not audit the town's financial statements. We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the town's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures. Our audit scope did not assess the efficiency or effectiveness of program operations. We did not audit the town's financial statements.

The objectives of our audit were to determine whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

To achieve our audit objectives, we performed the following procedures:

- Reviewed annual claims filed with the SCO to identify any mathematical errors and performed analytical procedures to determine any unusual or unexpected variances from year-to-year.
- Completed an internal control questionnaire and performed a walk-through of the claim preparation process to determine what information was used, who obtained it, and how it was obtained.
- Interviewed town staff to determine employee classifications involved in performing the reimbursable activities during the audit period.
- Assessed whether computer-processed data provided by the claimant to support claimed costs was complete and accurate and could be relied upon.
- Verified the validity of the claimant's raw animal data and corrected any data error entries.
- Traced costs claimed to supporting documentation that showed when the costs were incurred, the validity of such costs, and their relationship to mandated activities.
- Traced productive hourly rate calculations for town employees to supporting documentation in the town's payroll system.
- Determined whether indirect costs claimed were for common or joint purposes and whether indirect cost rates were properly supported and applied.

- Inquired whether the claimant realized any offsetting savings or reimbursements from the statutes which created the mandated program.
- Recalculated allowable costs claimed using audited data.

Conclusion

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

For the audit period, the town of Apple Valley claimed $2,256,209 for costs of the Animal Adoption Program. Our audit found that $215,608 is allowable and $2,040,601 is unallowable.

The State made no payments to the town. Our audit found that $215,608 is allowable. The State will pay allowable costs, totaling $215,608, contingent upon available appropriations.

Views of Responsible Officials

We conducted an exit conference on May 5, 2016, and discussed our audit results with Kofi Antobam, Assistant Director of Finance; Gina Schwin-Whiteside, Animal Services Director; and Adriana Atteberry, Administrative Assistant. At the exit conference, we stated that the final report will include the views of responsible officials.

Restricted Use

This report is solely for the information and use of the Town of Apple Valley, 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, CPA
Chief, Division of Audits

_____, 2016

Schedule 1—
Summary of Program Costs
July 1, 2007, through June 30, 2009

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustments	Reference [1]
July 1, 2007, through June 30, 2008				
Direct costs:				
Acquiring space/facilities	$ 745,135	$ -	$ (745,135)	Finding 1
Care and maintenance of dogs, cats, and other animals [2]	76,034	19,487	(56,547)	Finding 2
Increased holding period	57,566	45,483	(12,083)	Finding 3
Maintaining non-medical records	-	31,065	31,065	Finding 5
Procuring equipment	-	5,252	5,252	Finding 6
Total direct costs	878,735	101,287	(777,448)	
Indirect costs	-	6,627	6,627	Finding 7
Total program costs	$ 878,735	107,914	$ (770,821)	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		$ 107,914		
July 1, 2008, through June 30, 2009				
Direct costs:				
Acquiring space/facilities	$ 1,233,364	$ -	$ (1,233,364)	Finding 1
Care and maintenance of dogs, cats, and other animals [2]	77,199	14,097	(63,102)	Finding 2
Increased holding period	66,911	46,496	(20,415)	Finding 3
Lost and found lists	-	995	995	Finding 4
Maintaining non-medical records	-	31,912	31,912	Finding 5
Procuring Equipment	-	8,113	8,113	Finding 6
Total direct costs	1,377,474	101,613	(1,275,861)	
Indirect costs	-	6,081	6,081	Finding 7
Total program costs	$ 1,377,474	107,694	$ (1,269,780)	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		$ 107,694		
Summary: July 1, 2007, through June 30, 2009				
Direct costs:				
Acquiring space/facilities	$ 1,978,499	$ -	$ (1,978,499)	Finding 1
Care and maintenance of dogs, cats, and other animals [2]	153,233	33,584	(119,649)	Finding 2
Increased holding period	124,477	91,979	(32,498)	Finding 3
Lost and found lists	-	995	995	Finding 4
Maintaining non-medical records	-	62,977	62,977	Finding 5
Procuring equipment	-	13,365	13,365	Finding 6
Total direct costs	2,256,209	202,900	(2,053,309)	
Indirect costs	-	12,708	12,708	Finding 7
Total direct and indirect costs	$ 2,256,209	215,608	$ (2,040,601)	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		$ 215,608		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustments	Reference [1]
Summary by Object Account: July 1, 2007, through June 30, 2009				
Direct Costs:				
Salaries and benefits	$ -	$ 180,394	$ 180,394	
Materials and supplies	2,256,209	16,977	(2,239,232)	
Contract services	-	5,529	5,529	
Total direct costs	2,256,209	202,900	(2,053,309)	
Indirect costs	-	12,708	12,708	
Total direct and indirect costs	$ 2,256,209	215,608	$ (2,040,601)	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		$ 215,608		

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[1] See the Findings and Recommendations section.

[2] See Schedule 2 – Summary of Care and Maintenance Costs.

Schedule 2—
Summary of Care and Maintenance Costs
July 1, 2007, through June 30, 2009

Category	Total Costs Claimed (Services & Supplies)	Allowable per Audit: Salaries	Benefits	Materials & Supplies	Contract Services	Total Costs Allowable	Audit Adjustment
July 1, 2007, through June 30, 2008							
Total care and maintenance costs	$ 610,549	$ 142,572	$ 58,628	$ 17,884	$ 11,510		
Total animal census	÷ 47,666	÷ 57,701	÷ 57,701	÷ 57,701	÷ 57,701		
Cost per day	$ 12.81	2.47	1.02	0.31	0.20		
Care and Maintenance of Dogs and Cats:							
Cost per day	$ 12.81	$ 2.47	$ 1.02	$ 0.31	$ 0.20		
Number of eligible dogs and cats	x 2,844	x 1,622	x 1,622	x 1,622	x 1,622		
Reimbursable days	x 2.00	x 3	x 3	x 3	x 3		
Total care and maintenance costs for dogs and cats [1]	$ 72,857	$ 12,019	$ 4,963	$ 1,508	$ 973	$ 19,463	$ (53,394)
Care and Maintenance of Other "Eligible" Animals:							
Cost per day	$ 12.81	$ 2.47	$ 1.02	$ 0.31	$ 0.20		
Number of eligible other animals	x 62.00	x 1	x 1	x 1	x 1		
Reimbursable days	x 4.00	x 6	x 6	x 6	x 6		
Total care and maintenance costs for other animals	$ 3,177	$ 15	$ 6	$ 2	$ 1	$ 24	$ (3,153)
Total care and maintenance costs	$ 76,034	$ 12,034	$ 4,969	$ 1,510	$ 974	$ 19,487	$ (56,547)
July 1, 2008, through June 30, 2009							
Total care and maintenance costs	$ 694,234	$ 108,583	$ 46,518	$ 28,925	$ 11,617		
Total animal census	÷ 58,669	÷ 57,233	÷ 57,233	÷ 57,233	÷ 57,233		
Cost per day	$ 11.83	$ 1.90	$ 0.81	$ 0.51	$ 0.20		
Care and Maintenance of Dogs and Cats:							
Cost per day	$ 11.83	$ 1.90	$ 0.81	$ 0.51	$ 0.20		
Number of eligible dogs and cats	x 3,098	x 1,366	x 1,366	x 1,366	x 1,366		
Reimbursable days	x 2	x 3	x 3	x 3	x 3		
Total care and maintenance costs for dogs and cats [1]	$ 73,318	$ 7,786	$ 3,319	$ 2,090	$ 820	$ 14,015	$ (59,303)
Care and Maintenance of Other "Eligible" Animals:							
Cost per day	$ 11.83	$ 1.90	$ 0.81	$ 0.51	$ 0.20		
Number of eligible other animals	x 82	x 4	x 4	x 4	x 4		
Reimbursable days	x 4	x 6	x 6	x 6	x 6		
Total care and maintenance costs for other animals [1]	$ 3,881	$ 46	$ 19	$ 12	$ 5	$ 82	$ (3,799)
Total care and maintenance costs	$ 77,199	$ 7,832	$ 3,338	$ 2,102	$ 825	$ 14,097	$ (63,102)
Summary: July 1, 2007, through June 30, 2009							
Care and maintenance:							
Dogs and cats	$ 146,175	$ 19,805	$ 8,282	$ 3,598	$ 1,793	$ 33,478	$ (112,697)
Other "eligible" animals	7,058	61	25	14	6	106	$ (6,952)
Total care and maintenance costs	$ 153,233	$ 19,866	$ 8,307	$ 3,612	$ 1,799	$ 33,584	$ (119,649)

[1] Differences in Total Cost Claimed column are due to rounding.

Findings and Recommendations

**FINDING 1—
Unallowable acquisition of additional space and/or construction of new facilities costs**

The town claimed services and supplies costs totaling $1,978,499 during the audit period under the Acquisition of Additional Space and/or Construction of New Facilities cost component. We found that the entire amount is unallowable because the town did not support, through a Board Agenda or other similar supporting documentation, that the construction was a direct result of the increased holding period requirements of this mandated program.

In its fiscal year (FY) 2008-09 claim, the town provided supporting documentation for the expenditures that it incurred in the form of a Transaction Detail Report for RDA Project Area #2 – Capital Projects. The town's detail report listed expenditures for both the land acquisition and the related expenses for the construction of the new animal shelter. The report was dated July 1, 2006, through October 25, 2010. The audit period is July 1, 2007, through June 30, 2009. Therefore, many of the expenses listed in the report are outside of the audit period.

In its claims, the town states that prior to March 2005, the town contracted with the City of Hesperia for animal shelter services. In FY 2005-06, the town established its own animal care facility. The facility was intended to be temporary; therefore, temporary capital improvements were made to an existing building to allow for the housing of animals in the town's own jurisdiction. We obtained online a "special meeting workshop" document dated February 16, 2007, wherein the Deputy Town Manager discusses "public facilities priorities." In this workshop, town officials mention that the town experienced population growth and that the existing animal shelter was only a temporary solution. We also obtained online a Town Council Meeting Agenda dated July 10, 2007, approving the award of professional service agreements for the design of the new animal shelter facility. The agenda authorized staff to "commence the process of issuing redevelopment tax allocation bonds for the Public Works and Animal Shelter facilities...." We also obtained online flyers/media releases stating that "Apple Valley's sound budget and conservative financial management have positioned the town for growth, even in the current economy. Infrastructure planning is a top priority at a time when we can get the most for our money."

Based on this information, we determined that the town's animal shelter was constructed in FY 2007-08 through FY 2008-09 because of population growth, the temporary nature of the existing shelter, and the cost-effectiveness of taking on the project at that time. However, the town did not provide documentation that complies with the requirements contained in the parameters and guidelines, stating that "constructing new facilities is necessary for the increased holding period required by Statutes of 1998, Chapter 752 and that existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats, and other specified animals that are ultimately euthanized." In other words, that the construction of new facilities was necessitated as a result of the legislative requirements of the Hayden Bill, which extended the required holding period of stray dogs, cats, and other animals.

Additionally, reimbursement for this component is limited to the proportionate share of actual costs required to plan, design, acquire, and/or build facilities in a given fiscal year based on the pro-rata representation of impounded stray or abandoned dogs, cats, and other animals that are held during the increased holding period and either die during the increased holding period or are euthanized after the increased holding period to the total population of animals housed in the facility during the entire holding period. In its claims, the town pro-rated the costs at 51.8% for FY 2007-08 and 12.9% for FY 2008-09; however, it did not provide calculations to show how it arrived at these percentages.

The parameters and guidelines (section IV.B.1–Acquisition of Additional Space and/or Construction of New Facilities) identify the following reimbursable activities:

> Beginning January 1, 1999, for acquiring additional space by purchase or lease and/or construction of new facilities to provide appropriate or adequate shelter necessary to comply with the mandated activities during the increased holding period for impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, chapter 752 that die during the increased holding period or are ultimately euthanized.
>
> Eligible claimants are entitled to reimbursement for the proportionate share of actual costs required to plan, design, acquire, and/or build facilities in a given fiscal year based on the pro rata representation of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that are held during the increased holding period specified in Sections IV (B) (3) and (4) of these parameters and guidelines and die during the increased holding period or are ultimately euthanized, to the total population of animals housed in the facility. The population of animals housed in the facilities includes those animals that are excluded from reimbursement, as specified in Sections IV (B)(3) and (4) of these parameters and guidelines during the entire holding period required by Food and Agriculture Code sections 31108, 31752, and 31753.
>
> Supporting Documentation Submitted with the Initial and Subsequent Reimbursement Claims
>
> Acquiring additional space and/or construction of new facilities is reimbursable only to the extent that an eligible claimant submits, with the initial and/or subsequent reimbursement claim, documentation reflecting the following:
>
> A determination by the governing board that acquiring additional space and/or constructing new facilities is necessary for the increased holding period required by Statutes of 1998, Chapter 752 because the existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats, and other specified animals that are ultimately euthanized. The determination by the governing board shall include all of the following findings:
>
> - The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in 1998. For purposes of claiming reimbursement under section IV.B.1, average Daily Census is defined as the average number of impounded stay or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 housed on any given day, in a 365-day period;

- The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in a given year under the holding periods required by Food and Agriculture Code sections 31108, 31752, and 31753, as added or amended by Statutes of 1998, Chapter 752;

- Existing facilities are not appropriately configured and/or equipped to comply with the increased holding period required by Statutes of 1998, Chapter 752;

- Remodeling existing facilities is not feasible or is more expensive than acquiring additional space and/or constructing new facilities to comply with the increased holding period required by Statutes 1998, chapter 752; and

- Contracting with existing private or public shelters in the area to house the increase of impounded stray or abandoned dogs, cats, or other animas specified in Statutes 1998, chapter 752 is not feasible or is more expensive than acquiring additional space and/or contracting new facilities to comply with the increased holding period required by Statutes 1998, chapter 752. This finding should include the cost to contract with existing shelters.

Documentation requirements may be satisfied in whole or in part by staff agenda items, staff reports, minutes of governing board meetings, transcripts of governing board meetings, certification by the governing board describing the finding and determination and/or a resolution adopted by the governing board pursuant to Food and Agriculture Code section 31755, as added by Statutes of 1999, Chapter 81 (Assembly Bill 1482).

The parameters and guidelines (section IV – Reimbursable Activities) state that:

> To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documentation to show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2015-16 Budget Acts. If the program becomes active, we recommend that the town ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

FINDING 2— Overstated care and maintenance costs

The town claimed direct costs totaling $153,233 ($146,175 for dogs and cats and $7,058 for other animals) during the audit period for the Care and Maintenance cost component. We found that $33,584 is allowable and $119,649 is unallowable. The costs are unallowable because the town claimed unallowable services and supplies costs; misclassified costs; did not correctly calculate the annual census and the eligible number of dogs, cats and other animals; and did not correctly apply the care and maintenance formula.

The following table summarizes the claimed, allowable, and audit adjustment amounts for care and maintenance costs for the audit period. Refer to Schedule 2 (Summary of Care and Maintenance Costs) for further details.

Fiscal Year	Amount Claimed: Dogs/Cats	Amount Claimed: Other Animals	Amount Claimed: Total Claimed	Amount Allowable: Dogs/Cats	Amount Allowable: Other Animals	Amount Allowable: Total Allowable	Audit Adjustment
2007-08	$ 72,857	$ 3,177	$ 76,034	$ 19,463	$ 24	$ 19,487	$ (56,547)
2008-09	73,318	3,881	77,199	14,015	82	14,097	(63,102)
Total	$ 146,175	7,058	$ 153,233	$ 33,478	$ 106	$ 33,584	$ (119,649)

The parameters and guidelines (section IV.B.3–Care and Maintenance for Impounded Stray or Abandoned Dogs and Cats that Die During the Increased Holding Period or Are Ultimately Euthanized) identify the following reimbursable activities:

> Beginning July 1, 1999 – Providing care and maintenance during the increased holding period for impounded stray or abandoned dogs and cats that die during the increased holding period or are ultimately euthanized. The increased holding period shall be measured by calculating the difference between three days from the day of capture and four or six business days from the day after impoundment.

The parameters and guidelines (section IV.B.4 – Care and Maintenance for Impounded Stray or Abandoned Animals specified in Food and Agriculture Code section 31753 that Die During the Increased Holding Period or Are Ultimately Euthanized) also state:

> Beginning January 1, 1999 – For providing care and maintenance for. . . stray or abandoned rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, and tortoises legally allowed as personal property that die during the increased holding period or are ultimately euthanized.
>
> Eligible claimants are *not* entitled to reimbursement for the care and maintenance of the following population of dogs and cats and other animals:
>
> - Stray or abandoned dogs, cats, and other animals that are irremediably suffering from a serious illness or severe injury,
> - Newborn stray or abandoned dogs, cats, and other animals that need maternal care and have been impounded without their mothers,
> - Stray or abandoned dogs, cats and other animals too severely injured to move or when a veterinarian is not available and it would be more humane to dispose of the animal,
> - Owner-relinquished dogs, cats, and other animals, and
> - Stray or abandoned dogs, cats, and other animals that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

The parameters and guidelines state that claimants may elect to use either the Actual Cost Method or the Time Study Method to claim costs for the care and maintenance of impounded stray or abandoned dogs, cats, and other animals that die during the increased holding period or are ultimately euthanized. The county elected to use the actual cost method to claim these costs.

The parameters and guidelines specify the following steps for claiming costs using the Actual Cost Method:

> Actual Cost Method – Under the actual cost method, actual reimbursable care and maintenance costs per animal per day are computed for an annual claim period, as follows:
>
> a) Determine the total annual cost of care and maintenance for all dogs, cats and other animals impounded at a facility. Total cost of care and maintenance includes labor, materials, supplies, indirect costs, and contract services.
>
> b) Determine the average daily census of all dogs, cats and other animals. For purposes of claiming reimbursement under IV.B.3, average daily census is defined as the average number of all dogs and cats at a facility housed on any given day, in 365-day period and the average number of all other animals at a facility housed on any given day, in a 365-day period.
>
> c) Multiply the average daily census of dogs, cats and other animals by 365 = the yearly census of dogs and cats and the yearly census of other animals.
>
> d) Divide the total annual cost of care by the yearly census of dogs and cats to calculate the cost per dog and cat per day and by the yearly census of other animals to calculate the cost per other animal per day.
>
> e) Multiply the cost per animal per day by the number of impounded stay or abandoned dogs, cats and other animals that die during the increased holding period or are ultimately euthanized by each reimbursable day.
>
> Reimbursable days for cats and dogs is the difference between three days from the day of capture, and four or six business days from the day after impoundment. The reimbursable days for other animals are four or six days from the day after impoundment.

Care and Maintenance Formula

The town elected to use the Actual Cost method to claim costs. The parameters and guidelines provide for a formula-driven methodology to determine allowable mandated costs for the care and maintenance of dogs and cats, and other animals. The use of this method requires a claimant to calculate the total amount of eligible costs incurred to provide care and maintenance for the animals housed in its shelter(s). This total is divided by the annual census of animals housed in the shelter(s) to determine a cost per animal per day.

The next element of the formula is adding the number of stray and abandoned animals that died of natural causes during the holding period plus those animals that were euthanized after the required holding period. This total number of animals is then multiplied by the cost per animal per day. The resulting amount represents allowable costs for providing care and maintenance. Our calculations took into consideration that the required holding period does not include Saturday as a business day. This is consistent with an Appellate Court decision in *Purifoy v. Howell* dated March 26, 2010.

The mandate reimburses claimants for costs associated with animals that were not relinquished, redeemed, adopted, or released to a nonprofit agency—and for animals for which the local agency was unable to assess fees to recover such costs. Costs incurred by the town for care and maintenance consisted of salaries and benefits, materials and supplies, contract services, and related indirect costs (related indirect costs are addressed separately in Finding 7).

Claimed

The town used an incorrect methodology to claim costs for care and maintenance during the audit period. The town calculated care and maintenance costs by taking total expenditures incurred within Department 2130 (Animal Shelter), subtracting costs for the Spay/Neuter Program (account 8988), adding in a 40% overhead factor for the Municipal Services Director, and dividing the overall total of this calculation by the annual census of animals to determine the cost per animal per day. The cost per animal per day was then multiplied by the number of dogs and cats, and other animals euthanized during the year. The number of dogs and cats euthanized during the year was multiplied by a factor of two to correspond to the number of extra days in the holding period, and the number of other animals had been multiplied by a factor of four.

This methodology is incorrect for a number of reasons. First, using the total of costs incurred within the animal shelter less costs for the spay and neuter program assumes that *all* of the remaining costs were 100% related to the care and maintenance of animals. This is an incorrect assumption, as certain non-reimbursable activities take place within the animal shelter, such as animal licensing and adoption. In addition, certain activities take place that are not related to care and maintenance, such as employee education and training, meetings and conferences, office-related expenditures, and costs for veterinary medical services. Allowable costs for these activities are claimable under a different cost component. There is no language in the parameters and guidelines permitting claimants the option to claim costs for multiple cost components using the Actual Cost Method option prescribed for care and maintenance activities. In addition, the factors unique to claiming costs for care and maintenance are not found within the other cost components.

Allowable

We worked with town representatives to determine which employee classifications performed care and maintenance activities and to what extent. We also obtained actual cost data for materials and supplies and contract services costs that were directly related to care and maintenance activities. The town provided its animal census database for the audit period; we used the database to determine the annual census of animals, as well as the numbers of eligible animals. We calculated indirect costs related to care and maintenance activities separately within Finding 7.

Schedule 2 (Summary of Care and Maintenance Costs) summarizes the adjustments that we made to claimed costs for animal care and maintenance. These adjustments consisted of changes to total annual costs incurred by the town for animal care and maintenance (salaries, benefits, materials and supplies, and contract services) and animal census data used to determine the cost per animal per day. The schedule also shows the changes to the number of eligible animals and the number of reimbursable days that we used to determine reimbursable costs for each year of the audit period.

Salaries and Benefits

The town did not claim salaries and benefits for the audit period. Rather, it claimed costs for salaries and benefits, materials and supplies, contract services, and indirect costs under the category of services and supplies, resulting in misclassified costs.

During the course of the audit, we requested that the town provide the actual salary amounts paid to those employee classifications directly involved with the care and maintenance function. Due to record-retention and software issues, the town provided salary information for FY 2007-08 only. In the absence of supporting documentation for FY 2008-09 salary amounts, we proposed and the town agreed to use FY 2007-08 salary amounts as a base and applied the 2008-09 CPI index of 1.01%. Refer to Finding 8 for further information on the analysis of salaries and benefits.

We also requested the duty statements for such classifications to assist in determining the percentage of the daily workload that was devoted to caring for and maintaining animals. Animal shelter management provided a list of personnel who participate in the care and maintenance functions. Management also provided information relating to the level of involvement of each classification according to the employee's job duty description and staffing requirements during the audit period.

The following table details the percent of animal care and maintenance per employee classification for the town's animal shelter as determined by shelter management.

FY 2007-08 and FY 2008-09	
Employee Classification:	
Animal Shelter Attendant/Assistant	60%
Animal Control/Customer Service Technician	5%
Animal Control Officer	5%
Animal Control Supervisor	5%
Registered Veterinary Technician	20%
Animal Shelter Supervisor	5%
	100%

Animal Shelter Attendant/Assistant

Based on discussions with shelter management, the Animal Shelter Attendant/Assistant classification performed the bulk of the care and maintenance activities during the audit period. The town determined that this classification performed 60% of the care and maintenance activities. The remaining duties included reviewing applications for adoptions, counseling citizens, assisting with screening calls, overseeing volunteer and work release, and other duties as assigned.

Animal Control/Customer Service Technician

Based on discussions with shelter management, the Animal Control/Customer Service Technician classification performed a minimal amount of care and maintenance activities during the audit period, as the classification is mostly administrative in nature. The town determined that this classification performed 5% of the care and maintenance activities. The remaining duties included staffing the front counter, clerical tasks, issuing dog licenses, screening calls, and dispatching.

Animal Control Officer

Based on discussions with shelter management, the Animal Control Officer classification performed a minimal amount of care and maintenance activities during the audit period, as the classification is mostly in the field, retrieving stray dogs and cats and working with citizens. The town determined that this classification performed 5% of the care and maintenance activities, including morning cleaning and feeding of dogs. The remaining duties included running citizen calls, paperwork follow-up, door-to-door canvassing, and administrative hearings.

Animal Control Supervisor

Based on discussions with shelter management, the Animal Control Supervisor classification performed minimal amounts of care and maintenance activities during the audit period. Similar to the Animal Control Officer, this classification is mostly in the field with some administrative duties. The town determined that this classification performed 5% of the care and maintenance activities, including morning cleaning and feeding of dogs. The remaining duties included running calls, paperwork follow-up, door-to-door canvassing, administrative hearings, and employee evaluations.

Registered Veterinary Technician

Based on discussions with shelter management, we determined that the Registered Veterinary Technician classification performed some amount of care and maintenance activities during the audit period. The town determined that this classification performed 20% of the care and maintenance activities, including routine animal care. The remaining duties included paraprofessional veterinary medical care and other duties as assigned.

Animal Shelter Supervisor

Based on discussions with shelter management, we determined that the Animal Shelter Supervisor classification performed a minimal amount of care and maintenance activities during the audit period, as this classification is mostly supervisory and administrative. The town determined that this classification performed 5% of the care and maintenance activities. The remaining duties included assisting management, conducting facility inspections, creating reports, and overseeing personnel.

Calculation

Based on our inquiries, we concurred with the above percentages of employee classification involvement as determined by the town. Once we determined the employee classifications involved in the care and maintenance of animals and the extent of their involvement, we calculated allowable costs for labor, including the applicable percentages of actual salaries and benefits costs incurred by the town for this cost component.

The following table summarizes the salaries and benefits amounts that we used in the care and maintenance formula by fiscal year:

Fiscal Year	Amount Claimed	Amount Supported	Difference
Salaries and benefits:			
2007-08	$ -	$ 201,200	$ 201,200
2008-09	-	155,101	155,101
Total, salaries and benefits	$ -	$ 356,301	$ 356,301

Materials and Supplies

The town claimed materials and supplies costs totaling $153,233 during the audit period ($146,175 for dogs and cats and $7,058 for other animals). As detailed above, the town used an incorrect methodology to claim care and maintenance costs. The town misclassified all of the costs as services and supplies rather than materials and supplies. It also co-mingled estimated salaries and benefits, materials and supplies, contract services, and various other expenditures. These co-mingled costs included items that are not reimbursable under the Care and Maintenance cost component.

In order to determine allowable material and supplies costs, we worked in conjunction with shelter management to identify materials and supplies costs eligible for reimbursement for the Care and Maintenance cost component. The town provided expenditure reports and line item descriptions of the costs for both the Animal Shelter Department (2130) and the Animal Control Department (2120). We identified materials and supplies costs related to the care and maintenance of all animals in the following accounts:

- Account 7305 – Animal Food Supplies
- Account 7370 – Special Department Expense
- Account 9026 – Equipment Maintenance (parts)
- Account 7265 – Office Supplies
- Account 7277 – Printing
- Account 7655 – Cleaning Service and Sanitary Supplies

We excluded certain expenditures posted to these accounts that were not used for care and maintenance activities.

Dogs and Cats

The town claimed $72,857 in materials and supplies costs for dogs and cats for FY 2007-08 and $73,318 for FY 2008-09. As mentioned above, these costs consisted of various expenditures that were co-mingled and misclassified as services and supplies. We worked with shelter staff to determine the actual amounts of materials and supplies costs incurred for care and maintenance activities of all animals for each year of the audit period.

The following table shows the amount of materials and supplies claimed, the amount supported, and the difference by fiscal year:

Fiscal Year	Expenditure Category	Amount per Town	Amount Supported	Difference
2007-08				
	Co-mingled animal shelter costs	$ 72,857	$ -	$ (72,857)
	7305 - Animal Food Supplies	-	10,222	10,222
	7370 - Special Dept. Expense	-	7,016	7,016
	9026 - Equipment Maintenance (parts)	-	294	294
	7265 - Office Supplies	-	8	8
	7277 - Printing	-	344	344
		$ 72,857	$ 17,884	$ (54,973)
2008-09				
	Co-mingled animal shelter costs	$ 73,318	$ -	$ (73,318)
	7305 - Animal Food Supplies	-	12,464	12,464
	7370 - Special Dept. Expense	-	11,704	11,704
	7655 - Cleaning Service & Sanitary Supplies	-	4,108	4,108
	9026 - Equipment Maintenance	-	649	649
		$ 73,318	$ 28,925	$ (44,393)
Total materials and supplies		$ 146,175	$ 46,809	$ (99,366)

Other Animals

The town claimed $3,177 in materials and supplies costs for other animals for FY 2007-08 and $3,881 for FY 2008-09. These costs consisted of various expenditures that were co-mingled and misclassified as services and supplies. We worked with shelter staff to determine the actual amounts of materials and supplies costs incurred for care and maintenance of all animals for each year of the audit period. Allowable costs for other animals are already included in the table above.

The following table shows the amount of materials and supplies costs claimed, the amount supported, and the difference by fiscal year:

Fiscal Year	Expenditure Category	Amount per Town	Amount Supported	Difference
2007-08				
	Co-mingled animal shelter costs	$ 3,177	$ -	$ (3,177)
2008-09				
	Co-mingled animal shelter costs	$ 3,881	$ -	$ (3,881)
Total, materials and supplies		$ 7,058	$ -	$ (7,058)

The following table summarizes the gross amount of materials and supplies costs claimed, the amount supported, and the difference by fiscal year. We used the totals in the amount supported column in the care and maintenance formula for both dogs and cats and other animals for each fiscal year of the audit period.

	Gross Amount of Materials and Supplies		
Fiscal Year	Amount per Town	Amount Supported	Difference
2007-08	$ 76,034	$ 17,884	$ (58,150)
2008-09	77,199	28,925	(48,274)
Total	$ 153,233	$ 46,809	$ (106,424)

Contract Services

The town did not claim contract services costs during the audit period, as all costs were co-mingled and claimed as services and supplies. During the course of the audit, the town provided expenditure reports and line item descriptions for utilities costs incurred during the audit period.

FY 2007-08

Per shelter management, all of the town's utilities were billed to the Public Services Account through one master bill. Costs could not be broken down for the animal shelter, except for the water bill. The water company was able to provide a breakdown of the amount paid by the town for services to the animal shelter address. Using utility cost data that was available for FY 2008-09, we allocated electricity and natural gas costs applicable to FY 2007-08 based on animal census data for the two fiscal years. The

percent difference in the animal census for FY 2007-08 compared to FY 2008-09 was 1.01. Therefore, we multiplied the electricity and natural gas costs in FY 2008-09 by a factor of 1.01% to arrive at costs for FY 2007-08.

FY 2008-09

Beginning with FY 2008-09, the town started billing utilities separately to each department, with the exception of phone and trash. Therefore, we were able to identify utilities costs for electricity, natural gas, and water in the town's expenditure reports for the animal shelter (Department 2130).

We held discussions with shelter management, who determined that the following pro-rata percentages should be applied to utility costs as they relate to the care and maintenance of animals:

- Water at 85% – the town reasoned that almost all of the water consumed by the shelter is a direct result of care and maintenance of the animals—for example, providing water, washing down and sanitizing the kennels and stalls, and washing bedding. There was no landscaping to water, only one restroom for staff, and a small kitchen sink.
- Electricity and natural gas at 85% – the town reasoned that during the audit period, staff and animals were housed at the old shelter, where staff had to continually keep swamp coolers running in the summer and heaters running during the winter to keep the animals comfortable. The facility also has a gas-powered laundry dryer.

We reviewed the town's assessment of utility costs incurred for care and maintenance activities and found that the city's determination of the pro-rata percentages is reasonable.

The following table summarizes the costs claimed, the supported costs, the allowable pro-rata percentage, the allowable costs, and audit adjustment amounts for contract services by fiscal year:

Fiscal Year	Expenditure	Actual Cost	Amount Claimed	Pro-Rata Percentage Allowable	Amount Allowable	Audit Adjustment
2007-08						
	Electricity	$ 7,456	$ -	85%	$ 6,338	$ 6,338
	Natural Gas	5,248	-	85%	4,461	4,461
	Water	837	-	85%	711	711
		$ 13,541	$ -		$ 11,510	$ 11,510
2008-09						
	Electricity	$ 7,395	$ -	85%	$ 6,286	$ 6,286
	Natural Gas	5,205	-	85%	4,425	4,425
	Water	1,066	-	85%	906	906
		$ 13,666	$ -		$ 11,617	$ 11,617
Total, contract services		$ 27,207	$ -		$ 23,127	$ 23,127

Animal Census Data

The yearly animal census refers to the total number of days that all animals were housed in the town's shelter. The actual cost formula requires the eligible cost of care to be divided by the yearly census to arrive at an average cost per animal per day. The cost per animal per day is then multiplied by the number of "eligible" animals (defined below) and the number of increased days.

The town provided the actual animal census information from its Shelter Pro database system for the audit period. We worked in conjunction with shelter management to determine the allowable animal census per fiscal year. Management verified the validity of the raw data and corrected any data entry errors. For example, staff corrected animal data showing negative days impounded, zeroes shown for the number of animals impounded, and other obvious inconsistencies in the raw data. We applied the exclusions per the parameters and guidelines to the raw animal data provided by the town.

The following table summarizes the claimed and allowable animal census information by fiscal year:

	Animal Census		
Fiscal Year	Census Claimed	Census Allowable	Difference
2007-08	47,666	57,701	10,035
2008-09	58,669	57,233	(1,436)
Total	106,335	114,934	8,599

Eligible Dogs, Cats, and Other Animals

To verify the eligible animal population, we ran a query of all animals that fit the following reimbursement criteria:

Eligible dogs and cats:

- Died of natural causes during the increased holding period: died on days 4, 5, and 6
- Ultimately euthanized: euthanized on day 7 of the holding period and beyond

Eligible Other Animals:

- Died of natural causes during the increased holding period: died on days 2, 3, 4, 5, and 6 (animals that died on day 1 were not included because they were most likely irremediably suffering from a serious illness or injury or were too severely injured to move and it may have been more humane to dispose of the animal)
- Ultimately euthanized: euthanized on day 7 of the holding period and beyond

The town overstated the number of eligible dogs, cats, and other animals for each year of the audit period. In order to determine the correct number of eligible animals for each fiscal year of the audit period, we requested animal data from the town. We applied the number of eligible animals to the actual cost formula for all years of the audit period. We consistently applied the exclusions per the parameters and guidelines to the raw animal data provided by the town.

The following table summarizes the claimed and allowable eligible animals used in the care and maintenance formula for the audit period by fiscal year:

Fiscal Year	Eligible Animals Claimed			Eligible Animals Allowable		
	Dogs/Cats	Other Animals	Total Claimed	Dogs/Cats	Other Animals	Total Allowable
2007-08	2,844	62	2,906	1,622	1	1,623
2008-09	3,098	82	3,180	1,366	4	1,370
Total	5,942	144	6,086	2,988	5	2,993

Reimbursable Days

For both fiscal years of the audit period, the town claimed two reimbursable days for dogs and cats and four reimbursable days for other animals. The town's claims state that the mandate added two extra holding days for dogs and cats and four extra holding days for other animals. In fact, the mandate required shelters to keep dogs and cats and other animals for four business days after the day of impoundment, excluding Saturdays, Sundays, and legal holidays. Prior to this mandated program, the law stated that dogs and cats must be kept for 72 hours from the time of impoundment, and there was no requirement for other animals. As a result of the "four business days" holding requirement, the average number of increased holding days per week for dogs and cats is three days and for other animals is six days. The town did not correctly apply the increased holding period requirement of this mandate when calculating the number of reimbursable days.

An Appellate Court decision in *Purifoy v. Howell* dated March 26, 2010, determined that Saturday is not considered a business day for the purposes of this mandated program. Therefore, for the audit period, we determined that the increased holding period for dogs and cats is three days and the increased holding period for other animals is six days.

Assembly Bill 222

Assembly Bill 222 (Chapter 97, Statutes of 2011) was enacted on July 25, 2011, and took effect January 1, 2012. This bill states that a "business day" includes any day that a public or private animal shelter is open to the public for at least four hours, excluding state holidays. This bill was applicable beginning January 1, 2012 and does not affect the audit period covered in this audit.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2015-16 Budget Acts. If the program becomes active, we recommend that the town ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

FINDING 3—Overstated increased holding period costs

The town claimed a total of $124,477 for services and supplies costs under the Increased Holding Period cost component. We found that $91,979 is allowable and $32,498 is unallowable. The costs are unallowable because the town claimed unallowable services and supplies costs, misclassified costs, and used an incorrect methodology for claiming costs.

The following tables summarize the claimed, allowable, and unallowable costs for the Increased Holding Period cost component for the audit period by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Services and supplies:			
2007-08	$ 57,566	$ -	$ (57,566)
2008-09	66,911	-	(66,911)
Subtotal, services and supplies	$124,477	$ -	$ (124,477)

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Salaries and benefits:			
2007-08	$ -	$ 45,483	$ 45,483
2008-09	-	46,496	46,496
Subtotal, salaries and benefits	$ -	$ 91,979	$ 91,979

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Total direct costs:			
2007-08	$ 57,566	$ 45,483	$ (12,083)
2008-09	66,911	46,496	(20,415)
Total	$124,477	$ 91,979	$ (32,498)

Services and Supplies

The town claimed $124,477 for services and supplies for the audit period. We found that the entire amount is unallowable. Under this component, claimants are reimbursed for making animals available for owner redemption on either one weekday evening or one weekend day. The town made animals available for owner redemption during the audit period by staying open to the public for six hours on Saturdays.

The town claimed costs for this component by using total shelter costs incurred in animal shelter (Department 2130) less costs reported in account 8988 (Spay/Neuter Program). This revised total for shelter cost was then divided by 2,912, a number described as "total hours of facility operations" in the town's claims. The resulting amount was described as the "cost per hour" to operate the entire shelter, which was then multiplied by the number of hours that the town's shelter was open during the year on Saturdays (312) to calculate claimed costs.

The town's methodology for claiming costs under this component is incorrect. Using total costs incurred by the animal shelter (less spay and neuter costs) to determine an hourly amount to operate the animal shelter assumes that all of the remaining costs incurred to operate the shelter on Saturdays are reimbursable. This assumption is not consistent with the requirements of this mandated program. For example, costs incurred for non-reimbursable activities such as animal licensing, adoption, and euthanasia are not reimbursable at any time. In addition, costs incurred for animal care and maintenance were claimed under that cost component, yet were not factored out in the town's calculations for this cost component. Moreover, the town misclassified the costs as "services and supplies" costs rather than as salary and benefit costs.

Salaries and Benefits

As mentioned above, the town did not claim salaries and benefits during the audit period. Instead, it used an incorrect methodology for calculating allowable costs and then misclassified them as services and supplies. We found that the town incurred a total of $91,979 in allowable salaries and benefits for the audit period.

Hours of Operation

For each year of the audit period, the town provided support that its animal shelter was open to the public on Saturdays from 9:00 a.m. to 3:00 p.m., for a total of six hours per employee performing the reimbursable activities. The shelter met the requirements of the mandate by making animals available for owner redemption on the weekend day.

The shelter's hours of operation are essential in determining the allowable hours to comply with the Increased Holding Period cost component. For both fiscal years of the audit period, the town correctly claimed and was able to support that the shelter was open to the public on Saturdays from 9:00 a.m. to 3:00 p.m., for a total of six hours per allowable employee.

Staffing Requirements

We discussed with shelter management the staffing requirements to make animals available for owner redemption on Saturdays, when the shelter was open to the public, in comparison to Sundays, when the shelter was closed. We also obtained staffing schedules for the town's shelter to determine the number of increased positions necessary to perform the reimbursable activities.

The town did not claim employee classifications under this component. The staffing schedules for both fiscal years of the audit period show that on Sundays, when the shelter was closed to the public, the shelter was staffed with just one Animal Shelter Attendant/Assistant. However, when the shelter was open to the public on Saturdays, the shelter was staffed with the following:

- Two Animal Shelter Attendants/Assistants;
- One Shelter Supervisor;
- Two Animal Control/Customer Service Technicians; and
- Two Animal Control Officers in FY 2007-08 and one in FY 2008-09.

Based on the staffing schedules provided, the increased staff positions on Saturdays needed to perform the reimbursable activities consisted of one Animal Shelter Attendant/Assistant, one Animal Shelter Supervisor, and two Animal Control/Customer Service Technicians. We excluded the Animal Control Officers, as this position would not be responsible for assisting owners with redeeming their pets but instead would be performing duties in the field.

The following table shows the claimed and the allowable employee classifications determined to be the increased positions necessary to comply with making the animals available for owner redemption. In addition, the table summarizes the total hours claimed and allowable:

	Fiscal Year		
	2007-08	2008-09	Totals
Claimed			
Hours claimed	6	6	
x Weeks per year	52	52	
Total hours claimed	312	312	624
Allowable			
Animal Shelter Supervisor	1	1	
Animal Shelter Attendant/Assistant	1	1	
Animal Control/Customer Service Technician	2	2	
Total employee positions	4	4	
x Hours allowed per position	6	6	
x weeks per year	52	52	
Total hours allowable	1,248	1,248	2,496

Indirect Costs

The indirect costs applicable for this cost component, totaling $6,478 for the audit period, were calculated separately. See Finding 7, Allowable Indirect Costs, for the calculations.

The parameters and guidelines (section IV.B.4–Using the Holding Period of Four Business Days After the Day of Impoundment) state that the following activities are reimbursable beginning January 1, 1999, for impounded animals specified in Food and Agriculture Code section 31753 ("other animals"), and beginning July 1, 1999, for impounded dogs and cats for either:

1. Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or
2. For those local agencies with fewer than three full time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owner to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed.

The parameters and guidelines (section IV – Reimbursable Activities) state that:

> To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documentation to show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities.

The parameters and guidelines (section V.A.1 – Salaries and Benefits) state that:

> Claimants must report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2015-16 Budget Acts. If the program becomes active, we recommend that the town ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

FINDING 4— Allowable lost and found lists costs

The town did not claim any costs under the Lost and Found Lists cost component during the audit period. We found that $995 is allowable under this cost component.

Contract Services

During the course of the audit, the town submitted invoices for various expenditures. Using these invoices, we found that the town incurred costs for the purchase of Multiple Options animal data software in FY 2008-09. The invoice details the various services and options provided with the software package, along with the associated costs. We found that under the "services" portion of the invoice, the option titled PetFinder Support is applicable to this component. The total cost for the PetFinder Support was $995. We ultimately determined that the entire amount is related to this mandated activity and $995 is allowable in contract services costs.

Salaries and Benefits

The town did not claim costs under this component and, therefore, did not claim salaries and benefits. During the course of the audit, the town was able to provide support that it complied with the five reimbursable activities outlined for this component. However,the town would have to perform a time study for the activities of providing lost and found information to the public in order to determine allowable salary and benefit costs. Though given the option, the town did not perform a time study during the course of the audit.

The parameters and guidelines allow reimbursement, beginning January 1, 1999, for providing owners of lost animals and those who find lost animals with all of the following:

1. Ability to list the animals they have lost or found on lost-and-found lists maintained by the local agency;
2. Referrals to animals listed that may be the animals the owner or finders have lost or found;
3. The telephone numbers and addresses of other pounds and shelters in the same vicinity;
4. Advice as to means of publishing and disseminating information regarding lost animals; and
5. The telephone numbers and addresses of volunteer groups that may be of assistance in locating lost animals.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2015-16 Budget Acts. If the program becomes active, we recommend that the town ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

FINDING 5—Allowable maintaining non-medical records costs

The town did not claim costs under the Maintaining Non-Medical Records cost component. However, during the course of the audit, we found that the town incurred a total of $62,977 in allowable costs ($60,242 for salaries and benefits, and $2,735 for contract services).

The following table summarizes the combined claimed, allowable, and adjusted direct costs for the Maintaining Non-Medical Records cost component by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Total direct costs:			
2007-08	$ -	$ 31,065	$ 31,065
2008-09	-	31,912	31,912
Total	$ -	$ 62,977	$ 62,977

Salaries and Benefits

The town did not claim salaries and benefits during the audit period. However, the town conducted a time study during the course of the audit to determine the average amount of time spent by various employee classifications processing non-medical animal records. We found that $60,242 is allowable.

The following table summarizes the claimed, allowable, and audit adjustment amounts for salaries and benefits for the Maintaining Non-Medical Records cost component by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Salaries and benefits:			
2007-08	$ -	$ 31,065	$ 31,065
2008-09	-	29,177	29,177
Total, salaries and benefits	$ -	$ 60,242	$ 60,242

Time Study

During the course of the audit, the town conducted a time study for this cost component from April 16, 2016, through April 25, 2016. The town studied the time required to process records for incoming animals and the final disposition of animals. The six employee classifications of Animal Services Technician, Animal Control Officer, Animal Shelter Supervisor, Animal Health Technician, Office Assistant, and Shelter Specialist participated in the time study. However, three of the classifications that participated in the time study were not applicable during the audit period: Animal Health Technician, Office Assistant, and Shelter Specialist. The Animal Services Technician classification was called Animal Control Technician during the audit period; these two positions are considered the same classification.

Taking into consideration the classifications that actually existed during the audit period, we applied the following classifications to the audit period:

- Animal Services Technician (equivalent to Animal Control/ Customer Service Technician)
- Animal Control Officer
- Animal Shelter Supervisor

The time study determined that it takes an average of 3.51 minutes to process incoming animal records and an average of 4.55 minutes to process records for the final disposition of animals. However, three of the employee classifications that participated in the time study did not exist during the audit period, as noted above. Regardless, we determined that the total amounts of time required to process animal records were adequately established by the town's time study and should not be revised.

Therefore, we allocated the number of minutes spent by these three classifications in the town's time study to the three classifications that existed during the audit period.

Number of Animal Records Processed

During the course of the audit, we obtained the town's raw animal data for FY 2007-08 and FY 2008-09 from its animal tracking software system database. We applied the time study results to the number of animal records processed based on this data. For purposes of the Maintaining Non-Medical Records cost component, the allowable number of animal records is the total number processed by the facility during the fiscal year, with no exclusions.

The following table summarizes the number of non-medical records processed for the audit period by fiscal year:

	Fiscal Year		
	2007-08	2008-09	
Intake	5,961	5,480	11,441
Final Disposition	5,961	5,480	11,441

The following table identifies the involvement level of employee classifications that processed non-medical records during the audit period, based on the time study that the town conducted:

Employee Classification	Percentage Involvement
Incoming Animal Records:	
Animal Control Technician	60%
Animal Control Officer	36%
Animal Shelter Supervisor	4%
	100%
Final Disposition Animal Records:	
Animal Control Technician	56%
Animal Control Officer	20%
Animal Shelter Supervisor	24%
	100%

To determine allowable salaries and benefits, we applied the results of the town's time study to the employee classifications that performed the activities. We determined that costs totaling $60,242 were allowable for salaries and benefits.

Contract Services

The town did not claim costs under the Maintaining Non-Medical Records cost component. However, we found that the town incurred $2,735 in contract services costs for the purchase of animal data software in FY 2008-09.

During the course of the audit, the town submitted invoices for various expenditures. Using these invoices, we found that the town incurred costs for the purchase of Multiple Options animal data software in FY 2008-09. The invoice details the various services and options provided with the software, along with the associated costs. Under the Shelter Management System Software portion of the invoice, the base cost for the SQL version of the software package was $10, 500. In addition, the total of the various options added together was $21,695, for a subtotal of $32,195. The town was then given a 10% discount, making the final total $28,975.50. We found that the option titled "kennel management" was applicable to this component. The other options listed, such as "point of sales," "accounts receivable," and "dispatching system," among others, do not pertain to this component. The cost for the "kennel management" portion was $2,000; we found the entire amount to be allowable, as the kennel management activites complied with the mandated activity of processing records for incoming animals and the final disposition of animals. We then calculated the pro-rata percent that the kennel management option represented out of all the options listed. We applied the resulting 7% to the base cost of the software package ($10,500) in order to determine the proportionate share of that cost that was related to this component, totaling $735. Allowable contract services consisted of $2,000 for the kennel management portion of the software and $735 for the proportionate share of the base software package cost, for a total of $2,735.

Indirect Costs

The indirect costs applicable for this cost component, totaling $4,244 for the audit period, were calculated separately. See Finding 7, Allowable Indirect Costs, for the calculations.

The parameters and guidelines (section IV.B.8–Maintaining Non-Medical Records) identify the following reimbursable activities:

> Beginning January 1, 1999 – Maintaining non-medical records on animals that are either taken up, euthanized after the holding period, or impounded. Such records shall include the following:
>
> - The date the animal was taken up, euthanized, or impounded;
> - The circumstances under which the animal is taken up, euthanized, or impounded;
> - The names of the personnel who took up, euthanized, or impounded the animal; and
> - The final disposition of the animal, including the name of the person who euthanized the animal or the name and address of the adopting party.

The parameters and guidelines (section IV.B.8–Maintaining Non-Medical Records) identify the following reimbursable activity:

> The cost of Software license renewal contracts, to the extent these costs are not claimed as an indirect cost under these parameters and guidelines, is eligible for reimbursement under Section V (A) (2) of the parameters and guidelines. If the computer software is utilized in some way that is not directly related to the maintenance of records specified in this

section, only the pro rata portion of the software license renewal contract that is used for compliance with this section is reimbursable.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2015-16 Budget Acts. If the program becomes active, we recommend that the town ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

FINDING 6—Allowable procuring equipment component costs

The town did not claim any costs under the Procuring Equipment Cost component during the audit period. However, we identified costs in the Capital Equipment and Communications Equipment expense accounts for the animal shelter, and in the Capital Outlay expense account for animal control. The town provided support for these costs and we classified them under both materials and supplies and fixed assets. We found that $13,365 is allowable under this cost component.

The following table summarizes the claimed, allowable, and audit adjustment amounts for total direct costs for the audit period by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Direct costs:			
2007-08	-	6,630	6,630
2008-09	-	6,735	6,735
Total	$ -	$ 13,365	$ 13,365

Materials and Supplies

The town did not include any materials and supplies costs under this cost component in its claims for the audit period. However, the town provided support for materials and supplies costs not claimed that are eligible for reimbursement under the mandated program. We found that $5,252 in materials and supplies costs is allowable for this component.

The following table summarizes the costs claimed, the supported costs, the allowable pro-rata percentage, and the allowable costs for materials and supplies by fiscal year:

Fiscal Year	Amount Claimed	Supported Costs	Pro-Rata Percentage Allowable	Amount Allowable	Audit Adjustment
Materials and supplies:					
2007-08	-	$ 4,170	100%	$ 4,170	$ 4,170
2008-09	-	1,082	100%	1,082	1,082
Subtotal materials and supplies	$ -	$ 5,252		$ 5,252	$ 5,252

For FY 2007-08, the town incurred costs totaling $4,170. The following costs came from animal shelter (Department 2130) expense accounts:

- A cat resting shelf for the cat area ($953);
- Shelving/storage to keep animal food off of the floor and reduce rodent activity ($446 and $738);
- Benches/tools to keep food off of the floor ($438); and
- Radios for shelter attendants to communicate with one another ($287).

The following costs came from animal control (Department 2120) expense accounts:

- Feral cat dens for the feral cat area of the shelter ($941); and
- A hutch to house rabbits ($317).

For FY 2008-09, the town incurred costs totaling $1,082. These costs came from animal shelter (Department 2130) expense accounts, and consisted of the following:

- Four compact refrigerators to store drugs and medications for the animals ($916), and
- Radios for shelter attendants to communicate with one another ($166).

We interviewed shelter management and staff, who provided a reasonable explanation of how this equipment was necessary to comply with the reimbursable activities of the mandated program. In addition, shelter management stated, and we accepted, that each piece of equipment was used solely for mandated activities.

Fixed Assets

The town did not include any fixed asset costs under this cost component in its claims for the audit period. However, the town provided support for fixed asset costs not claimed that are eligible for reimbursement under the mandated program. We found that $8,113 is allowable in fixed asset costs for this component.

The following table summarizes the costs claimed, the supported costs, the allowable pro-rata percentage, and the allowable costs for fixed assets by fiscal year:

Fiscal Year	Amount Claimed	Supported Costs	Percentage Allowable	Amount Allowable	Audit Adjustment
Fixed assets:					
2007-08	$ -	$ 2,460	100%	$ 2,460	$ 2,460
2008-09	-	5,653	100%	5,653	5,653
Subtotal, fixed assets	$ -	$ 8,113		$ 8,113	$ 8,113

For FY 2007-08, the town incurred costs totaling $2,460. The costs came from animal shelter (Department 2130) expense accounts and were for the purchase of a sloped dog, kennel hard roof. The town identified additional costs in the amount of $5,980 for FY 2007-08 for purchase of of a nine-unit bank of stainless steel cages to house the animals. However, the town did not provide an invoice for this expense; therefore, the cost is unallowable because it is unsupported. For FY 2008-09, the town identified costs totaling $5,653. This cost also came from the 2130 expense accounts and was for the purchase of stainless steel cages to house small dogs and puppies.

We interviewed shelter management and staff, who provided a reasonable explanation of how this equipment was necessary to comply with the reimbursable activities of the mandated program. In addition, shelter management stated, and we accepted, that each piece of equipment was used solely for mandated activities.

The parameters and guidelines (section IV.B.10) identify the following reimbursable activity:

> Beginning January 1, 1999 for procuring medical, kennel, and computer equipment necessary to comply with the reimbursable activities listed in Section IV (B) for the parameters and guidelines, to the extent these costs are not claimed as an indirect cost under Section V (B) of the parameters and guidelines. If the medical, kennel, and computer equipment is utilized in some way not directly related to the mandated program or the population of animals listed in Section IV (B), only the pro rata portion of the activity that is used for the purposes of the mandated program is reimbursable.

The parameters and guidelines (section IV – Reimbursable Activities) state that:

> To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documentation to show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2015-16 Budget Acts. If the program becomes active, we recommend that the town ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

FINDING 7—Allowable indirect costs

The town did not claim reimbursement for indirect costs for the audit period. However, the town incorporated overhead costs into the Care and Maintenance (Finding 2) cost component. We found that $12,708 in indirect costs is allowable.

Fiscal Year	Claimed Indirect Costs	Allowable Indirect Costs	Audit Adjustment
2007-08	$ -	$ 6,627	$ 6,627
2008-09	-	6,081	6,081
Total	$ -	$ 12,708	$ 12,708

Overhead costs

As stated, the town did not claim indirect costs for the audit period. The town did, however, incorporate overhead costs into the Care and Maintenance component by adding in a 40% overhead factor for the Municipal Services Director when computing total annual shelter costs. Including a calculated overhead cost into the care and maintenance formula is incorrect. The parameters and guidelines state that claimants either have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

Indirect cost rate

During the course of the audit, the town elected to use the option of using 10% of direct labor, excluding fringe benefits, to claim indirect costs for the audit period. The Assistant Director of Finance decided this was the best option because the town's record-retention period had expired and because the town switched software during the audit period, making many records unavailable.

Allowable Salaries

As a result of our audit, we determined allowable salaries and benefits for the audit period. As noted above, the town elected to use the 10% of direct labor option to claim indirect costs. Accordingly, allowable indirect costs for the audit period are based solely on allowable salaries.

The following table summarizes the claimed, allowable, and audit adjustment amounts to salaries by fiscal year:

Fiscal Year	Total Claimed Salaries	Total Allowable Salaries	Total Adjustment to Salaries
2007-08	$ -	$ 66,277	$ 66,277
2008-09	-	60,809	60,809
Total	$ -	$ 127,086	$ 127,086

Allowable indirect costs for the audit period were computed by applying the 10% indirect cost rate to total allowable salaries shown in the table above.

The parameters and guidelines (section V.B. – Indirect Costs) state that:

> Indirect costs are those that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.
>
> Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) pursuant to the Office of Management and Budget (OMB) Circular A-87.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2015-16 Budget Acts. If the program becomes active, we recommend that the town ensure that its indirect cost rates are properly calculated and are applied to the same direct cost base that was used to calculate the rate.

FINDING 8— Allowable productive hourly rates and benefit rates

For both fiscal years of the audit period, the town did not claim salaries or benefits. Instead, it claimed all costs under services and supplies. Therefore, we calculated allowable productive hourly rates for the audit period.

Allowable Productive Hourly Rates

During the course of the audit, the town did not provide payroll reports for either of the two fiscal years of the audit period. Town management explained that the town record retention policy is seven years. The start of our audit was right at the seven-year mark. Additionally, the town switched software sometime during the audit period, so many records could not be retrieved. However, the town was able to provide a report titled "Earnings History by GL#" for FY 2007-08, which was found in town files and had previously been generated from the town's payroll system. The report provided town employee names, employee ID numbers, and total salaries paid for the fiscal year. Management confirmed that the totals do not include any kind of benefits. Along with this report, the town submitted a table that was not generated from the town's system, but rather compiled by the mandated cost consultant, listing employee names and their hourly productive rate. We explained to town management that the hourly rates listed in this table could not be used to calculate allowable costs, as the table was created outside of the district's system and was not accompanied by supporting documentation showing how the rates were calculated.

FY 2007-08

For FY 2007-08, we performed our own calculations of productive hourly rates using the information that was available in the town's FY 2007-08 Earnings History report. Because this report was not as comprehensive as a typical payroll report, we had to obtain certain information from other sources. We matched employee names shown on the report to the productive hourly rate table mentioned above in order to identify employee classifications/titles. In the absence of actual annual productive hours for each employee, we defaulted to the SCO's claiming instructions and used 1,800 productive hours in our calculations. We divided each employee's total salary amount by 1,800 hours to arrive at a productive hourly rate. We then grouped employees of the same classification together to arrive at an average productive hourly rate for each classification for the fiscal year. However, in three instances we did not use 1,800 hours, as it was evident from the employees' yearly salary amounts that they were not full-time. We asked the Assistant Director of Finance to clarify these items. He was able to work with the town's personnel department to identify the approximate hours worked by each of these three employees based on information from their personnel files.

FY 2008-09

Because the town was able to provide salary information only for FY 2007-08, we devised an alternative methodology to determine allowable productive hourly rates for FY 2008-09. We used the calculated average productive hourly rates per classification from FY 2007-08 as a base, and multiplied these figures by the FY 2008-09 CPI Index (1.01%). The resulting figures were the allowable average productive hourly rates per classification for FY 2008-09. We obtained the CPI Index from the California Department of Finance's website under Financial and Economic Data, CPI and Deflators. We discussed this methodology with the Assistant Director of Finance, and he agreed that in the absence of supporting documentation, this was the best approach.

We applied the calculated average productive hourly rates per classification to the various cost components to determine allowable salary and benefit costs.

Benefit Rates

As mentioned previously, for both fiscal years of the audit period, the town did not claim salaries or benefits. Instead, it claimed all costs under services and supplies. Therefore, we calculated allowable benefit rates for the audit period.

Allowable Benefit Rates

We calculated the allowable benefit rate for both fiscal years of the audit period by obtaining the year-to-date expenditure reports for both the Animal Control Department (2120) and the Animal Shelter Department (2130). For both fiscal years, we calculated total salaries and total benefits separately. To determine each fiscal year's applicable employee benefit

rate, we used data from the year-to-date expenditure reports and divided total benefits by total salaries to arrive at a benefit rate. We performed this calculation for both departments. Due to record-retention issues and changes in software during the audit period, the town was able to provide payroll information only for FY 2007-08. In the payroll information provided, employees of the same classification appeared under both the 2120 account and the 2130 account, making it difficult to apply the applicable benefit rate to each classification when calculating allowable salary and benefit amounts. Therefore, for both fiscal years, we calculated the average benefit rate of the two departments as follows:

FY 2007-08

Animal Control Department calculated benefit rate: 39.64%
Animal Shelter Department calculated benefit rate: 42.6%
Average benefit rate for fiscal year: 41.12%

FY 2008-09

Animal Control Department calculated benefit rate: 42.76%
Animal Shelter Department calculated benefit rate: 42.92%
Average benefit rate for fiscal year: 42.82%

We applied the average benefit rates to the allowable productive hourly rates to arrive at salary and benefit costs for the audit period. The exception is the Care and Maintenance cost component, wherein the average benefit rates were applied to actual salaries.

The parameters and guidelines (section V–Claim Preparation and Submission–Direct Cost Reporting–Salaries and Benefits) state that, for salaries and benefits, claimants are required to:

> Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the reimbursable activities performed and the hours devoted to each reimbursable activity performed.

The SCO's claiming instructions state that one of three options may be used to compute productive hourly rates:

- Actual annual productive hours for each employee;
- The weighted-average annual productive hours for each job title; or
- 1,800 annual productive hours for all employees. (The 1,800 annual productive hours excludes time for paid holidays, vacation earned, sick leave taken, informal time off, jury duty, and military leave taken.)

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through 2015-16 Budget Acts. If the program becomes active, we recommend that the town ensure that productive hourly rates and benefit rates are calculated in accordance with the guidance provided in the SCO's claiming instructions.

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

http://www.sco.ca.gov

S15-MCC-0033

TOWN OF APPLE VALLEY

Audit Report

ANIMAL ADOPTION PROGRAM

Chapter 752, Statutes of 1998;
and Chapter 313, Statutes of 2004

July 1, 2007, through June 30, 2009

BETTY T. YEE
California State Controller

August 2016

BETTY T. YEE
California State Controller

August 15, 2016

The Honorable Barbara "Barb" Stanton, Mayor
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

Dear Ms. Stanton:

The State Controller's Office audited the costs claimed by the Town of Apple Valley for the legislatively mandated Animal Adoption Program (Chapter 752, Statutes of 1998 and Chapter 313, Statutes of 2004) for the period of July 1, 2007, through June 30, 2009.

The town claimed $2,256,209 for the mandated program. Our audit found that $215,608 is allowable and $2,040,601 is unallowable. The costs are unallowable because the town overstated allowable costs, claimed unallowable costs and unsupported costs, claimed misclassified costs and ineligible animals, and misstated animal census data. The State made no payments to the town. The State will pay allowable costs claimed, totaling $215,608, contingent upon available appropriations.

This final audit report contains an adjustment to costs claimed by the town. If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (Commission). Pursuant to Section 1185, subdivision (c), of the Commission's regulations (*California Code of Regulations*, Title 3), an IRC challenging this adjustment must be filed with the Commission no later than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended. You may obtain IRC information on the Commission's website at www.csm.ca.gov/forms/IRCForm.pdf.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/as

cc: Marc Puckett, Assistant Town Manager of Finance and Administration
Town of Apple Valley
Kofi Antobam, Assistant Director of Finance
Town of Apple Valley
Gina Schwin-Whiteside, Animal Services Director
Town of Apple Valley
Mary Halterman, Principal Program Budget Analyst
Local Government Unit, California Department of Finance
Danielle Brandon, Staff Finance Budget Analyst
Local Government Unit, California Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the Town of Apple Valley for the legislatively mandated Animal Adoption Program (Chapter 752, Statutes of 1998; and Chapter 313, Statutes of 2004) for the period of July 1, 2007, through June 30, 2009.

The town claimed $2,256,209 for the mandated program. Our audit found that $215,608 is allowable and $2,040,601 is unallowable. The costs are unallowable because the town overstated allowable costs, claimed unallowable costs and unsupported costs, claimed misclassified costs and ineligible animals, and misstated animal census data. The State made no payments to the town. The State will pay allowable costs claimed, totaling $215,608, contingent upon available appropriations.

Background

Food and Agriculture Code sections 31108, 31752-31753, 32001, and 32003 (added and amended by Chapter 752, Statutes of 1998) attempted to end the euthanasia of adoptable and treatable animals. The statutes expressly identify the State policy that no adoptable animal should be euthanized if it can be adopted into a suitable home and that no treatable animal should be euthanized. The legislation increases the holding period for stray and abandoned dogs, cats, and other specified animals. It also requires public or private shelters to:

- Verify the temperament of feral cats;
- Post lost-and-found lists;
- Maintain records for impounded animals; and
- Ensure that impounded animals receive necessary and prompt veterinary care.

On January 25, 1981, the Commission on State Mandates (Commission) determined that Chapter 752, Statutes of 1998, imposed a state mandate reimbursable under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The Commission adopted the parameters and guidelines on February 28, 2002, corrected them on March 20, 2002, and last amended them on January 26, 2006. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

The California State Legislature suspended the Animal Adoption Program in the Budget Acts for fiscal year (FY) 2010-11 through FY 2015-16.

Objectives, Scope, and Methodology

We conducted this performance audit to determine whether costs claimed represent increased costs resulting from the Animal Adoption Program for the period of July 1, 2007, through June 30, 2009.

The legal authority to conduct this audit is provided by Government Code sections 12410, 17558.5, and 17561. We did not audit the town's financial statements. We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the town's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures. Our audit scope did not assess the efficiency or effectiveness of program operations. We did not audit the town's financial statements.

The objectives of our audit were to determine whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

To achieve our audit objectives, we performed the following procedures:

- Reviewed annual claims filed with the SCO to identify any mathematical errors and performed analytical procedures to determine any unusual or unexpected variances from year-to-year.
- Completed an internal control questionnaire and performed a walk-through of the claim preparation process to determine what information was used, who obtained it, and how it was obtained.
- Interviewed town staff to determine employee classifications involved in performing the reimbursable activities during the audit period.
- Assessed whether computer-processed data provided by the claimant to support claimed costs was complete and accurate and could be relied upon.
- Verified the validity of the claimant's raw animal data and corrected any data error entries.
- Traced costs claimed to supporting documentation that showed when the costs were incurred, the validity of such costs, and their relationship to mandated activities.
- Traced productive hourly rate calculations for town employees to supporting documentation in the town's payroll system.
- Determined whether indirect costs claimed were for common or joint purposes and whether indirect cost rates were properly supported and applied.

- Inquired whether the claimant realized any offsetting savings or reimbursements from the statutes which created the mandated program.
- Recalculated allowable costs claimed using audited data.

Conclusion

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

For the audit period, the town of Apple Valley claimed $2,256,209 for costs of the Animal Adoption Program. Our audit found that $215,608 is allowable and $2,040,601 is unallowable.

The State made no payments to the town. Our audit found that $215,608 is allowable. The State will pay allowable costs, totaling $215,608, contingent upon available appropriations.

Views of Responsible Officials

We issued a draft audit report on June 8, 2016. Marc Puckett, Finance Director, responded by letter dated June 17, 2016 (Attachment), indicating "no comment" to Findings 4 and 6, disagreeing with Findings 1, 2, 3, 5, and 7, and not responding to Finding 8. This final audit report includes the town's response.

Restricted Use

This report is solely for the information and use of the Town of Apple Valley, 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.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

August 15, 2016

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Attachment—Town's Response to Draft Audit Report

The complete Audit Report can be found at the SCO website sco.ca.gov

(A full copy is not provided here)

APPENDIX B – Prompt and Necessary Support

State Claiming Instructions manual and pages from other SCO audits that shows allowable methods allowed for claiming Unit cost for Materials and Supplies and labor charges for this component

CONTENTS OF APPENDIX B

Claiming Instructions – Unit Cost for Materials and Supplies _____ *1*

SCO Antioch Animal Adoption Audit Excerpt _____ *2*

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SCO Contra Costa County Animal Adoption Audit Excerpt _____ *11*

SCO Corona Animal Adoption Audit Excerpt _____ *16*

SCO El Dorado County Animal Adoption Audit Excerpt _____ *21*

number of units consumed, the cost per unit, and the total dollar amount claimed. Materials and supplies purchased to perform a particular mandated activity are expected to be reasonable in quality, quantity and cost. Purchases in excess of reasonable quality, quantity, and cost are not reimbursable. Materials and supplies withdrawn from inventory and charged to the mandated activity must be based on a recognized method of pricing, consistently applied. Purchases shall be claimed at the actual price after deducting discounts, rebates and allowances received by local agencies.

(f) Calculating a Unit Cost for Materials and Supplies

In those instances where the claiming instructions suggest that a unit cost be developed for use as a basis of claiming costs mandated by the State, the materials and supplies component of the unit cost should be expressed as a unit cost of materials and supplies as shown in Table 1 or Table 2:

Table 1: Calculating a Unit Cost for Materials and Supplies

Supplies	Cost Per Unit	Amount of Supplies Used Per Activity	Unit Cost of Supplies Per Activity
Paper	0.02	4	$0.08
Files	0.10	1	0.10
Envelopes	0.03	2	0.06
Photocopies	0.10	4	0.40
			$0.64

Table 2: Calculating a Unit Cost for Materials and Supplies

Supplies	Supplies Used	Unit Cost of Supplies Per Activity
Paper ($10.00 for 500 sheet ream)	250 Sheets	$5.00
Files ($2.50 for box of 25)	10 Folders	1.00
Envelopes ($3.00 for box of 100)	50 Envelopes	1.50
Photocopies ($0.05 per copy)	40 Copies	2.00
		$9.50

If the number of reimbursable instances are 25, then the unit cost of supplies is $0.38 per reimbursable instance ($9.50 ÷ 25).

(g) Contract Services

The cost of contract services is allowable if the local agency lacks the staff resources or necessary expertise, or it is economically feasible to hire a contractor to perform the mandated activity. The claimant must give the name of the contractor; explain the reason for having to hire a contractor; describe the mandated activities performed; give the dates when the activities were performed, the number of hours spent performing the mandate, the hourly billing rate, and the total cost. The hourly billing rate shall not exceed the rate specified in the claiming instructions for the mandated program. The

FINDING 5—Unallowable necessary and prompt veterinary care costs

The city claimed direct costs totaling $297,092 ($105,098 in salaries and benefits and $191,994 in contract services) for the Necessary and Prompt Veterinary Care cost component during the audit period. We found that $99,423 is allowable ($79,248 in contract services and $20,175 in materials and supplies) and $197,669 is unallowable. The costs were unallowable because the city claimed estimated salary and benefit costs that were not supported and claimed ineligible contract services costs.

In the original audit report, we found that contract services costs totaling $79,248 were allowable. Subsequently, the city provided support for materials and supplies costs related to the wellness vaccines given to dogs and cats upon entering the animal shelter. Based on the additional documentation provided by the city, additional costs totaling $20,175 for materials and supplies are allowable.

The following table summarizes the claimed, allowable, and audit adjustment amounts for the cost component for the audit period by fiscal year:

Fiscal Year	Amount Claimed	Amount Alowable	Audit Adjustment
Salaries and benefits:			
2002-03	$ 42,232	$ -	$ (42,232)
2005-06	62,866	-	(62,866)
Subtotal, salaries and benefits	105,098	-	(105,098)
Materials and supplies:			
1998-99 [1]	-	3,024	3,024
1999-2000	-	3,432	3,432
2000-01	-	3,134	3,134
2001-02	-	2,026	2,026
2002-03	-	2,242	2,242
2005-06	10,248	3,129	(7,119)
2006-07	-	3,188	3,188
Subtotal, materials and supplies	10,248	20,175	9,927
Contract Services:			
1998-99 [1]	142	-	(142)
1999-2000	40,039	2,353	(37,686)
2000-01	39,984	-	(39,984)
2001-02	63,606	39,702	(23,904)
2002-03	34,171	26,604	(7,567)
2005-06	-	6,904	6,904
2006-07	3,804	3,685	(119)
Subtotal, salaries and benefits	181,746	79,248	(102,498)
Total	$ 297,092	$ 99,423	$ (197,669)

[1] Reimbursement for FY 1998-99 began on January 1, 1999.

Salaries and Benefits

During the audit, the city claimed salaries and benefit costs totaling $105,098 in its claims for FY 2002-03 and FY 2005-06. The entire amount was unallowable because the costs claimed were based on estimates of time to perform the reimbursable activities and the city did not provide documentation supporting the costs claimed. The city decided not to perform a time study for this activity; therefore, the costs claimed remain unallowable.

The following table summarizes the claimed, allowable, and audit adjustment amounts for salaries and benefits by fiscal year:

	Salaries and Benefits		
Fiscal Year	Amount Claimed	Amount Alowable	Audit Adjustment
2002-03	42,232	-	(42,232)
2005-06	62,866	-	(62,866)
	$ 105,098	$ -	$ (105,098)

Materials and Supplies

The city claimed $10,248 in materials and supplies costs in its claim for FY 2005-06. Those costs were reclassified as contract services costs in the original audit report. We asked the city about materials and supplies costs incurred under this component during the audit period. Based on our inquiries, the city provided copies of vaccine invoices from FY 2011-12 that supported the types of wellness vaccines administered and the cost per dosage for dogs and cats. However, the city was unable to provide vaccine invoices or any related cost information for any of the years during the audit period. So, we used the FY 2011-12 data that the city provided and adjusted the costs incurred for vaccines by using the Consumer Price Index (CPI).

We were informed that two wellness vaccines (Duramune Max and Bronchi Shield) are administered to dogs, and two wellness vaccines (Fel-O-Guard and Nobivac) are administered to cats. Based on information provided by the shelter, we used the raw data from the shelter's Chameleon Database to determine the number of eligible dogs and cats who received the wellness vaccines for each year of the audit period. We applied the cost per vaccine, based on FY 2011-12 data, to the eligible number of dogs and cats for each year of the audit period and then adjusted each year's total by the applicable CPI factor to calculate allowable costs. Using this methodology, we found that the city incurred materials and supplies costs totaling $20,175 for the audit period.

The following table summarizes the calculations of allowable costs for materials and supplies by fiscal year.

Description	Fiscal Year 1998-99	1999-2000	2000-01	2001-02	2002-03	2005-06	2006-07	Amount Allowable
Dog vaccines:	$ 4.20	$ 4.20	$ 4.20	$ 4.20	$ 4.20	$ 4.20	$ 4.20	
Eligible dogs	355	398	339	225	221	204	183	
Subtotal	1,491	1,672	1,424	945	928	857	769	
CPI factor	0.7055	0.7276	0.7590	0.7816	0.8020	0.8793	0.9091	
Total - dog vaccines	1,052	1,217	1,081	739	744	754	699	
Cat vaccines:	$ 3.66	$ 3.66	$ 3.66	$ 3.66	$ 3.66	$ 3.66	$ 3.66	
Eligible cats	764	832	739	450	510	738	748	
Subtotal	2.796	3,045	2,705	1,647	1,867	2,701	2,738	
CPI factor	0.7055	0.7276	0.7590	0.7816	0.8020	0.8793	0.9091	
Total - cat vaccines	1,973	2,216	2,053	1,287	1,497	2,375	2,489	
Total allowable costs	$ 3,024	$ 3,432	$ 3,134	$ 2,026	$ 2,242	$ 3,129	$ 3,188	$ 20,175

Contract Services

The city claimed contract services costs totaling $181,746 under the cost component. In the original audit report, we found that $79,248 was allowable and $102,498 was unallowable. The city did not provide any information supporting additional contract services costs for this revised audit report.

The following table summarizes the claimed, allowable, and audit adjustment amounts for contract services by fiscal year:

Fiscal Year	Contract Services Amount Claimed	Amount Alowable	Audit Adjustment
1998-99	$ 142	$ -	$ (142)
1999-2000	40,039	2,353	(37,686)
2000-01	39,985	-	(39,985)
2001-02	63,605	39,702	(23,903)
2002-03	34,171	26,604	(7,567)
2005-06	-	6,904	6,904
2006-07	3,804	3,685	(119)
	$ 181,746	$79,248	$ (102,498)

The parameters and guidelines (section IV.B.9 – Necessary and Prompt Veterinary Care) allow reimbursement, beginning January 1, 1999, for providing necessary and prompt veterinary care for stray and abandoned animals, other than injured cats and dogs given emergency treatment that die during the holding period or are ultimately euthanized during the holding periods specified in Statutes of 1998, Chapter 752.

> Necessary and prompt veterinary care means all reasonably necessary medical procedures performed by a veterinarian or someone under the supervision of a veterinarian to make stay or abandoned animals

FINDING 9— Misstated necessary and prompt veterinary care costs

The city claimed direct costs totaling $82,273 ($40,095 in salaries and benefits, $9,704 in materials and supplies, and $32,474 in contract services) for the Necessary and Prompt Veterinary Care cost component during the audit period. We found that $48,159 is allowable and the net amount of $34,114 is unallowable (understated by $8,165 and overstated by $42,279). The costs were misstated because the city claimed estimated costs and contract services costs that were not adequately supported, and understated allowable costs for materials and supplies.

Allowable salaries and benefits totaling $14,142 are based on two time studies that the city conducted for the activities of providing an initial physical exam and administering wellness vaccines. Allowable materials and supplies costs totaling $24,527 are based on support that the city provided for administering wellness vaccines. Allowable contract services costs totaling $9,490 are based on supporting documentation provided by the city for contract services performed by a licensed veterinarian during FY 2008-09.

The following table summarizes the claimed, allowable, and audit adjustment amounts for this cost component during the audit period by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Total direct costs:			
2001-02	$ 624	$ 8,789	$ 8,165
2007-08	43,713	15,021	(28,692)
2008-09	37,936	24,349	(13,587)
Total	$ 82,273	$ 48,159	$ (34,114)

Salaries and Benefits – Initial Physical Examination and Administration of a Wellness Vaccine

The city claimed $40,095 in salaries and benefits for performing initial physical exams during the audit period. The city did not claim any costs for administering wellness vaccines. The salary and benefit costs claimed were for FY 2007-08 only, and represented time spent by the city's veterinarian performing physical exams on strays with medical conditions. The city did not claim time for initial physical exams performed on the remaining animals (those without medical conditions). All salary and benefit costs claimed were initially unallowable because the city claimed estimated costs for this cost component. However, the city conducted two time studies during the course of the audit to support the average time it takes staff to conduct an initial physical examination of an animal and to administer a wellness vaccine. Based on the results of the city's time studies, we found that salary and benefit costs totaling $14,142 are allowable.

The following table summarizes the claimed, allowable, and audit adjustment amount for salaries and benefit costs by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Salaries and benefits:			
2001-02	$ -	$ 2,465	$ 2,465
2007-08	40,095	6,158	(33,937)
2008-09	-	5,519	5,519
Total, salaries and benefits	$ 40,095	$ 14,142	$ (25,953)

Time Study – Initial Physical Examination

During the course of the audit, the city performed a time study for conducting an initial physical exam of an animal to determine its baseline health. The time study was conducted for a two-week period from March 7, 2014, through March 20, 2014. The following classifications participated in the time study: Animal Care Assistant, Animal Control Officer, Registered Veterinary Technician, and Veterinarian. These classifications are qualified to make a determination whether an animal is "adoptable," "treatable," or "non-rehabilitatable" and to perform limited medical services. However, because the Veterinarian classification was not on the city's payroll report for FY 2001-02 and FY 2008-09, we did not apply this classification to the time study results for these two years.

The time study determined that it takes shelter staff an average of 2.58 minutes to conduct an initial physical exam. As mentioned above, the Veterinarian classification was not applicable for FY 2001-02 and FY 2008-09; therefore we applied the time study results to the employee classifications that were part of shelter staff for these two fiscal years. This adjusted the percentage involvement of each classification for these two fiscal years, while the average minutes per exam remained the same. To determine allowable costs for salaries and benefits, we first multiplied the results of the city's time study (2.58 minutes) by the number of eligible animals each year to determine total hours allowable. We then applied the allowable hours to the average productive hourly rate for each employee classification for each fiscal year of the audit period.

The following table summarizes the claimed, allowable, and audit adjustment amounts for salaries and benefits as a result of the Initial Physical Examination time study:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Salaries and benefits - Initial Physical Exam:			
2001-02	$ -	$ 728	$ 728
2007-08	40,095	3,183	(36,912)
2008-09	-	2,363	2,363
Total, salaries and benefits	$ 40,095	$ 6,274	$ (33,821)

Time Study – Administration of Wellness Vaccines

During the course of the audit, the city also performed a time study for administering wellness vaccines to "adoptable" or "treatable" animals. The time study was conducted for a two-week period from March 21, 2014 through April 3, 2014. The following classifications participated in the time study: Animal Care Assistant, Sr. Animal Care Assistant, and Animal Control Officer. Because the Animal Care Assistant classification was named Kennel Attendant in FY 2001-02, we applied the time study results for the Animal Care Assistant to the Kennel Attendant classification for that year.

The time study determined that it takes shelter staff an average of 3.73 minutes to administer a wellness vaccine to an animal. To determine allowable costs for salaries and benefits, we first multiplied the results of the city's time study (3.73 minutes) by the number of eligible animals each year to determine total hours allowable. We then applied the allowable hours to the average productive hourly rate for each employee classification noted above for each fiscal year of the audit period.

The following table summarizes the claimed, allowable, and audit adjustment amounts for salaries and benefits as a result of the Administration of Wellness Vaccines time study:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Salaries and benefits - Administration of Wellness Vaccines:			
2001-02	$ -	$ 1,737	$ 1,737
2007-08	-	2,975	2,975
2008-09	-	3,156	3,156
Total, salaries and benefits	$ -	$ 7,868	$ 7,868

Number of Eligible Animals

During the course of the audit, we obtained the city's raw data from its Chameleon database. We determined the number of eligible dogs and cats that receive initial physical examinations and wellness vaccines based on this data.

The parameters and guidelines specifically state that reimbursement is limited to "stray and abandoned animals... that die during the holding period or are ultimately euthanized." As noted in Finding 4, we determined the average holding period to be six days; therefore, reimbursement is limited to the following population of animals:

- Stray animals that died during the holding period: Died on days 2, 3, 4, 5, or 6
- Stray animals that were ultimately euthanized: Euthanized on day 7 and greater

This calculation is consistent with the Appellate Court ruling in the case of *Purifoy v. Howell*, which determined that Saturday is not considered a business day for the purposes of this mandated program.

We filtered the animal data provided by the city using this criterion and determined the number of animals that are eligible for reimbursement.

The following table summarizes the eligible number of animals that received an initial physical exam during the audit period.

	Fiscal Year			
	2001-02	2007-08	2008-09	Totals
Eligible cats	732	888	1,133	2,753
Eligible dogs	463	550	386	1,399
Total cats and dogs	1,195	1,438	1,519	4,152
Other animals	6	21	13	40
Total all animals	1,201	1,459	1,532	4,192

The following table summarizes the eligible number of animals that received wellness vaccines during the audit period:

	Fiscal Year			
	2001-02	2007-08	2008-09	Totals
Eligible cats	732	888	1,133	2,753
Eligible dogs	463	550	386	1,399
Total cats and dogs	1,195	1,438	1,519	4,152
Other animals	-	-	-	-
Total all animals	1,195	1,438	1,519	4,152

Materials and Supplies

The city claimed $9,704 in materials and supplies costs for FY 2007-08 and FY 2008-09. The entire amount was originally unallowable because the city claimed costs incurred for spay and neuter procedures and emergency medicine, which are not reimbursable under this cost component, and claimed unsupported costs for rabies vaccinations (rabies vaccinations administered to dogs also are not reimbursable). During the course of the audit, the city provided supporting documentation of costs incurred for the purchase of wellness vaccines. We found that allowable costs for the audit period totaled $24,527 ($10,491 for wellness vaccines administered to dogs and $14,036 for wellness vaccines administered to cats) based on the cost of the wellness vaccines and the number of eligible animals treated during each fiscal year.

The following table summarizes the claimed, allowable, and audit adjustment amounts for materials and supplies by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Materials and supplies:			
2001-02	$ -	$ 6,324	$ 6,324
2007-08	3,618	8,863	5,245
2008-09	6,086	9,340	3,254
Total, materials and supplies	$ 9,704	$ 24,527	$ 14,823

The table below details the calculation of allowable costs for the wellness vaccines:

	Fiscal Year 2001-02	2007-08	2008-09	Totals
Cost of dog wellness vaccines:				
Bordatella, DAPPV, Subcutaneous Bordatella 2 needles, 3 syringes	$ 6.64	$ 7.75	$ 8.17	
Number of eligible dogs	x 463	x 550	x 386	
Total costs for dog vaccines	$ 3,074	$ 4,263	$ 3,154	$ 10,491
Cost of cat wellness vaccines:				
Feline HCP, FVRC, 1 needle, 2 syringes	$ 4.44	$ 5.18	$ 5.46	
Number of eligible cats	x 732	x 888	x 1,133	
Total costs for cat vaccines	$ 3,250	$ 4,600	$ 6,186	$ 14,036
Total allowable costs	$ 6,324	$ 8,863	$ 9,340	$ 24,527

Contract Services

The city claimed a total of $32,474 in contract services costs for FY 2001-02 and FY 2008-09. The entire amount was originally unallowable because the city did not provide supporting documentation for contract services costs incurred. However, during the course of the audit, the city provided supporting documentation for costs incurred during FY 2008-09.

The following table summarizes the claimed, allowable, and audit adjustment amounts for contract services costs incurred for necessary and prompt veterinary care fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Contract services:			
2001-02	$ 624	$ -	$ (624)
2007-08	-	-	-
2008-09	31,850	9,490	(22,360)
Total, contract services	$ 32,474	$ 9,490	$ (22,984)

For FY 2001-02, the city claimed $624 for veterinary care provided by three different pet hospitals. We advised the city that costs were unallowable as claimed, as reimbursement for these activities is limited to the population of stray and abandoned animals that were treated

during the required holding period and then either died during the holding period or were ultimately euthanized. Therefore, to determine eligible costs, the city would need to provide itemized invoices from the veterinary practices detailing the animal ID, intake date, discharge date, the date the service was performed, and a description of the service performed.

For FY 2008-09, the city claimed $31,850 for the time spent by a contract veterinarian "performing physical exams on strays with medical conditions." The city estimated the time required to examine each animal and multiplied this by their determination of the number of eligible animals. We advised the city that for costs to be reimbursable, the city would need to provide a contract detailing the individual services performed by the veterinarian so that we could allocate the allowable contract costs incurred based on the level of mandated activities performed. During the course of the audit, the city provided a detailed contract for its veterinarian applicable to FY 2008-09. The contract provided a detailed scope of work, which lists the ongoing services that the veterinarian performed throughout the year. There are a total of six services listed, three of which are mandate-related, which equates to 50 percent. The city also provided a report showing the contract payments made to the veterinarian during the fiscal year, which totaled $99,895.

The portion of the contract eligible for reimbursement is limited to 50% ($49,948), as noted above. The costs are further limited by the number of animals determined to be eligible under this cost component. Eligible animals include those that died of natural causes during the holding period (days 2-6) and those that were ultimately euthanized (day 7 and greater). For FY 2008-09, the number of eligible animals was 1,532. We determined that 1,532 animals represented 19% of the 8,059 animals impounded at the city's animal shelter during FY 2008-09. We then applied this pro-rata percentage of animals (19%) to the eligible portion of contract services costs incurred ($49,948), resulting in $9,490 in allowable contract services costs.

The parameters and guidelines allow reimbursement, beginning January 1, 1999, for providing necessary and prompt veterinary care for stray and abandoned animals, other than injured cats and dogs given emergency treatment that die during the holding period or are ultimately euthanized during the holding period, as specified in Statutes of 1998, Chapter 752.

> Necessary and prompt veterinary care means all reasonably necessary medical procedures performed by a veterinarian or someone under the supervision of a veterinarian to make stay or abandoned animals adoptable. The following veterinary procedures, if conducted, are eligible for reimbursement:
>
> - An initial physical examination of the animal to determine the animal's baseline health status and classification as —adoptable, —treatable, or —non-rehabilitatable.
> - A wellness vaccine administered to —treatable or —adoptable animals.

- Veterinary care to stabilize and or relieve the suffering of a —treatable animal.
- Veterinary care intended to remedy any applicable disease, injury, or congenital or hereditary condition that adversely affects the health of a —treatablell animal or that is likely to adversely affect the animal's health in the future, until the animal becomes —adoptable.

Eligible claimants are *not* entitled to reimbursement for providing —necessary and prompt veterinary care to the following population of animals:

- Animals that are irremediably suffering from a serious illness or severe injury. . . ;
- Newborn animals that need maternal care and have been impounded without their mothers. . . ;
- Animals too severely injured to move or when a veterinarian is not available and it would be more humane to dispose of the animal. . . ;
- Owner-relinquished animals; and
- Stray or abandoned animals that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2013-14 Budget Acts. If the program becomes active, we recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

City's Response

The city concurs with the audit finding and recommendation.

FINDING 10— Misstated indirect costs

The city claimed indirect costs totaling $29,537 during the audit period. We found that $15,547 is allowable and the net amount of $13,990 is unallowable (understated by $1,014 and overstated by $15,004). The costs were misstated because the city understated allowable costs for direct salaries in FY 2001-02 and overstated allowable costs for direct salaries in FY 2007-08 and FY 2008-09.

FINDING 8—Unallowable necessary and prompt veterinary care costs

The county claimed $659,466 for the Necessary and Prompt Veterinary Care cost component during the audit period. We initially determined that all of the costs were unallowable because they were not adequately supported. However, during audit fieldwork, we noted that the county performed two time studies, but the results of the time studies were not used to claim reimbursement. Based on the results of the time studies, we determined that $45,186 in salaries and benefits is allowable.

Subsequent to the issuance of the draft report, the county provided invoices for our review representing allowable costs incurred for the purchase of wellness vaccines administered to dogs and cats. As a result, we determined that these invoices supported allowable services and supplies totaling $26,186 for the audit period.

The following table summarizes the claimed, allowable, and unallowable costs for the audit period by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Salaries and benefits:			
1998-99	$ —	$ 937	$ 937
1999-2000	—	3,790	3,790
2000-01	—	2,523	2,523
2001-02	26,743	3,350	(23,393)
2002-03	64,443	3,579	(60,864)
2004-05	133,032	4,493	(128,539)
2005-06	104,455	7,814	(96,641)
2006-07	107,695	8,618	(99,077)
2007-08	146,170	10,082	(136,088)
Total, salaries and benefits	582,538	45,186	(537,352)
Materials and supplies:			
1998-99	—	829	829
1999-2000	—	2,975	2,975
2000-01	—	2,173	2,173
2001-02	—	3,041	3,041
2002-03	—	2,993	2,993
2004-05	—	3,567	3,567
2005-06	—	3,140	3,140
2006-07	—	3,160	3,160
2007-08	—	4,308	4,308
Total, materials and supplies	—	26,186	26,186
Contract services:			
1999-2000	11,226	—	(11,226)
2000-01	44,325	—	(44,325)
2001-02	21,377	—	(21,377)
Total, contract services	76,928	—	(76,928)
Total	$ 659,466	$ 71,372	$ (588,094)

Overstated Salaries and Benefits

The county claimed reimbursement of $582,538 for salaries and benefits during the audit period. We initially determined that all of the costs were unallowable because they were not adequately supported. We subsequently determined that $45,186 is allowable, based on two time studies that were conducted.

For FY 2001-02 through FY 2007-08, the county claimed $582,538. The county calculated reimbursement by multiplying the annual salaries for Veterinarians, Registered Veterinarian Technicians, and Veterinarian Assistants by the percentage of stray animals that were euthanized and died of natural causes at the shelter.

We disagree with the county's calculation of allowable costs for the following reasons:

- Reimbursement is limited to the four specific activities identified in the parameters and guidelines, as noted below. While we concur that shelter staff performed reimbursable activities, simply claiming a percentage of employee salaries is not an accurate methodology to claim reimbursement of mandated costs for this cost component. Such methodology assumes that *all* activities performed by medical staff personnel were reimbursable, which is not a valid assumption.

- The veterinarians performing medical services are private doctors under contract with the county and are not on the county's payroll. The veterinarians work at the shelter several days each week and bill the shelter for their time. Therefore, if their time were properly calculated, it should have been claimed as contract services, which would ensure that indirect costs were not improperly applied to contract services costs in the county's claims.

Time Study #1

During our review of time study #1 for the other reimbursable components (e.g. feral cats, lost and found), we noticed that the county also performed a two-week time-study called "Treatment" from July 22, 2002, to August 4, 2002, but did not claim reimbursement for it. The county defined "treatment" as any time that is "necessary and prompt" and gave the following two examples: 1) "clean gooey eyes" and 2) "vaccinations." We used the results of this time study to determine allowable costs for FY 1998-99 through FY 2004-05.

We tallied the individual employees' time, as reported on the activity sheets, and determined that during the two-week time study period, the shelter staff collectively spent 1,852 minutes performing 734 treatments. The best application of the time study results to each fiscal year would be to calculate a reimbursable rate per employee classification and apply this rate by the percentage of animals that were time-studied by the total animals impounded at the shelter. For example, the time study revealed that registered veterinarian technicians spent 0.0577 hours per treatment and they treated 21.253% of the animals impounded during the time study. As 2,753 animals were eligible during FY 1999-2000, it is reasonable to believe that registered veterinarian technicians spent 33.76 hours in FY 1999-00 performing treatment activities ([2,753 × 21.253%] × 0.0577). Alternatively, for FY 2000-01, there were 1,812 eligible animals and Registered Veterinarian Technicians spent 22.22 hours performing treatment activities ([1,812 × 21.253%] × 0.0577).

Time Study #2

The county performed a second treatment time study from August 21, 2006, to September 17, 2006, but did not use it to claim reimbursement. The only difference between time study #1 and time study #2 is that time study #2 took place over a four-week period. We used the results of this time study to determine allowable costs for FY 2005-06 through FY 2007-08.

We tallied the individual employees' time, as reported on the summary sheets, and determined that during the four-week time study period, shelter staff collectively spent 2,800 minutes performing the same treatment activities noted above for 589 animals. We applied the results of time study #2 exactly like time study #1—by calculating a reimbursable rate per employee classification and applied this rate to the percentage of animals included in the time-study by the total number of animals impounded at the shelter.

Understated Material and Supply Costs

The county did not claim reimbursement for material and supply costs during the audit period. We determined that $26,186 is allowable.

Subsequent to the issuance of the draft report, the county provided invoices supporting costs incurred for wellness vaccines totaling $108,498 during the period of FY 2002-03 through FY 2007-08. The county was unable to provide any wellness vaccine invoices for FY 1998-99 through FY 2001-02. However, we realize that the county incurred costs for the activity of administering wellness vaccines to dogs and cats during these first four fiscal years of the audit period. Accordingly, we applied three-year averages of annual wellness vaccine costs incurred in the amount of $9,716 for dogs and $10,276 for cats based upon actual costs incurred by the county during FY 2002-03, FY 2004-05, and FY 2005-06.

We applied the pro rata portion of animals to the annual wellness vaccine costs and determined that $26,186 is allowable. The pro rata portion is percentage of stray and abandoned animals that died during the holding period plus those that were ultimately euthanized to the total number of animals housed at the shelter during each fiscal year.

The following table summarizes the pro-rata calculations and allowable material and supply costs for the audit period by fiscal year:

Fiscal Year	Eligible No. of Animals	Total No. of Animals	Ratio	Wellness Vaccine Costs	Reimbursable Amount
Dogs:					
1998-99	359	4,525	7.93%	$ 4,858	$ 385
1999-00	1,278	9,853	12.97%	9,716	1,260
2000-01	950	9,027	10.52%	9,716	1,023
2001-02	1,353	8,864	15.26%	9,716	1,483
2002-03	1,071	7,657	13.99%	9,027	1,263
2004-05	1,016	6,661	15.25%	10,125	1,544
2005-06	1,132	6,760	16.75%	9,996	1,674
2006-07	1,196	6,704	17.84%	10,648	1,900
2007-08	1,283	6,830	18.78%	12,738	2,393
Dogs, total allowable costs				86,540	12,925
Cats:					
1998-99	303	3,510	8.63%	5,138	444
1999-00	1,323	7,927	16.69%	10,276	1,715
2000-01	792	7,072	11.20%	10,276	1,151
2001-02	955	6,298	15.16%	10,276	1,558
2002-03	1,123	6,029	18.63%	9,291	1,731
2004-05	1,217	5,905	20.61%	9,814	2,023
2005-06	954	7,627	12.51%	11,722	1,466
2006-07	966	8,339	11.58%	10,878	1,260
2007-08	1,099	8,185	13.43%	14,259	1,915
Cats, total allowable costs				$ 91,930	13,262
Audit adjustment					$ 26,186

Contract Services Costs

The county claimed reimbursement of $76,928 for contract services costs during the audit period. We determined that none of the costs are allowable because they were not adequately supported.

For FY 1999-2000, FY 2000-01, and FY 2001-02, the county claimed $76,928 by multiplying the veterinarians' and registered veterinarian technicians' annual salaries by the percentage of stray euthanized and died animals to the total population of animals impounded at the shelter. This is the same methodology that the county used to calculate reimbursement for salaries and benefits. We disagreed with this methodology, as noted above in the Overstated Salaries and Benefits section.

The county performed a treatment time-study in 2002 and 2006, as described above. The treatment time studies consisted of both an initial physical exam of the animal and a wellness vaccine; these are both reimbursable activities. We calculated the allowable costs based on these two time studies as salaries and benefits; therefore, the allowable time for registered veterinarian technicians' has already been determined.

The county did not provide any veterinarian invoices for FY 1999-2000, FY 2000-01, or FY 2001-02. We reviewed the invoices that the county provided for FY 2002-03 that were claimed as salaries and benefits. The invoices listed the dates and hours worked, but no descriptions were provided of either the animals treated or the specific services performed. For example, the veterinarian billed the county $3,420 for 48 hours of non-surgical time and 21 hours of surgical time spent in the county's animal shelter during August of 2002. The county claimed reimbursement for 35% of the invoice amount as salaries and benefits. Although we concur that the veterinarians probably performed reimbursable activities, the supporting invoices would need to reflect the mandated activities that were performed and the amount that the county was billed for such services.

The parameters and guidelines (section IV.B.9–Necessary and Prompt Veterinary Care) identify the following reimbursable activities:

> Beginning January 1, 1999 – For providing "necessary and prompt veterinary care" for stray and abandoned animals other than injured cats and dogs given emergency treatment that die during the holding period or are ultimately euthanized during the holding periods specified in Statutes of 1998, Chapter 752.
>
> "Necessary and prompt veterinary care" means all reasonably necessary medical procedures performed by a veterinarian or someone under the supervision of a veterinarian to make stray or abandoned animals "adoptable." The following veterinary procedures, if conducted, are eligible for reimbursement:
>
> - An initial physical examination of the animal to determine the animal's baseline health status and classification as "adoptable," "treatable," or "non-rehabilitatable."
> - A wellness vaccine administered to "treatable" or "adoptable" animals.
> - Veterinary care to stabilize and or relive the suffering of a "treatable" animal.
> - Veterinary care intended to remedy any applicable disease, injury, or congenital or hereditary condition that adversely affects the health of a "treatable" animal or that is likely to adversely affect the animal's health in the future, until the animal becomes "adoptable."
>
> Population Exclusions
>
> Eligible claimants are *not* entitled to reimbursement for providing "necessary and prompt veterinary care" to the following population of animals:
>
> - Animals that are irremediably suffering from a serious illness or severe injury;
> - Newborn animals that need maternal care and have been impounded without their mothers;
> - Animals too severely injured to move or where a veterinarian is not available and it would be more humane to dispose of the animal;
> - Owner relinquished animals; and
> - Stray or abandoned animals that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

FINDING 6— Understated necessary and prompt veterinary care

The city claimed direct costs totaling $40,000 for the Necessary and Prompt Veterinary Care cost component during the audit period. We determined that $59,085 is allowable. The costs are understated because the city misstated allowable hours and did not claim salaries and benefits for FY 2002-03 through FY 2006-07 ($17,993), understated materials and supplies ($1,580), and overstated employee productive hourly rates ($488). Allowable related indirect costs total $7,489.

The following table summarizes the claimed, allowable, and audit adjustment amounts by fiscal year for the audit period:

Fiscal Year	Direct Costs Claimed	Direct Costs Allowable	Direct Cost Audit Adjustment	Indirect Cost Audit Adjustment
Salaries and benefits:				
1998-99	$ 2,027	$ 2,783	$ 756	$ 371
1999-2000	2,005	2,783	778	376
2000-01	7,886	3,006	(4,880)	(2,446)
2002-03	-	3,810	3,810	2,021
2004-05	-	4,713	4,713	1,681
2005-06	-	5,562	5,562	2,446
2006-07	-	6,766	6,766	3,040
Total, salaries and benefits	11,918	29,423	17,505	7,489
Materials and supplies:				
1998-99	-	-	-	-
1999-2000	-	-	-	-
2000-01	-	-	-	-
2002-03	-	28	28	-
2004-05	5,152	5,550	398	-
2005-06	5,240	5,721	481	-
2006-07	9,230	9,903	673	-
Total, materials and supplies	19,622	21,202	1,580	-
Contract services:				
1998-99	1,318	1,318	-	-
1999-2000	1,568	1,568	-	-
2000-01	4,756	4,756	-	-
2002-03	818	818	-	-
2004-05	-	-	-	-
2005-06	-	-	-	-
2006-07	-	-	-	-
Total, contract services	8,460	8,460	-	-
Total				
1998-99	3,345	4,101	756	371
1999-2000	3,573	4,351	778	376
2000-01	12,642	7,762	(4,880)	(2,446)
2002-03	818	4,656	3,838	2,021
2004-05	5,152	10,263	5,111	1,681
2005-06	5,240	11,283	6,043	2,446
2006-07	9,230	16,669	7,439	3,040
Total	$ 40,000	$ 59,085	$ 19,085	$ 7,489

The parameters and guidelines (section IV.B.8 – Necessary and Prompt Veterinary Care (Civil Code Sections 1834 and 1846)) identify the following reimbursable activities:

Beginning January 1, 1999 – Providing "necessary and prompt veterinary care" for stray and abandoned animals, other than injured cats and dogs given emergency treatment, that die during the increased holding period or are ultimately euthanized, during the holding periods specified in Statutes of 1998, Chapter 752.

"Necessary and prompt veterinary care" means all reasonably necessary medical procedures performed by a veterinarian or someone under the supervision of a veterinarian to make stray or abandoned animals "adoptable." The following veterinary procedures, if conducted, are eligible for reimbursement:

- An initial physical examination of the animal to determine the animal's baseline health status and classification as "adoptable," "treatable", or "non-rehabilitatable."
- A wellness vaccine administered to "treatable" or "adoptable" animals.
- Veterinary care to stabilize and/or relieve the suffering of a "treatable" animal.
- Veterinary care intended to remedy any applicable disease, injury, or congenital or hereditary condition that adversely affects the health of a "treatable" animal or that is likely to adversely affect the animal's health in the future, until the animal becomes "adoptable."

Population Exclusions

Eligible claimants are *not* entitled to reimbursement for providing "necessary and prompt veterinary care" to the following population of animals:

- Animals that are irremediably suffering from a serious illness or severe injury (Food and Agricultural Code section 17006);
- Newborn animals that need maternal care and have been impounded without their mothers (Food and Agricultural Code section 17006);
- Animals too severely injured to move or when a veterinarian is not available and it would be more humane to dispose of the animal (Penal Code sections 597.1, subdivision (e), 597f, subd. (d));
- Owner-relinquished animals; and
- Stray or abandoned animals that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

Veterinary Care Exclusions

Eligible claimants are *not* entitled to reimbursement for providing the following veterinary procedures:

- Emergency treatment given to injured cats and dogs (Penal Code section 597f, subd. (b));

- Administration of rabies vaccination to dogs (Health and Safety Code section 121690);
- Implantation of microchip identification;
- Spay or neuter surgery and treatment; [and]
- Euthanasia.

Audit Adjustments – Unallowable Costs Claimed

Allowable Hours – Initial Physical Examination and Wellness Vaccine Time Studies

The city claimed hours for seven Animal Control Officer (ACO) IIs for FY 1998-99 through FY 2000-01; the city did not claim salary and benefit costs for FY 2002-03 through FY 2006-07. Due to the unsupported claimed costs, the city conducted a time study for the week of November 1, 2010, through November 7, 2010. The time study for this cost component involved two ACO IIs and two ACO Is.

The city's time studies covered shelter staff activities for conducting an initial physical examination of the animal to determine the animal's baseline health, and a time study for administering a wellness vaccine to "adoptable," or "treatable" animals. The city kept track of the number of animals and the time needed to conduct a wellness exam and wellness vaccine. A city veterinarian comes to the shelter approximately once a week; per the city the veterinarian has provided appropriate training to the shelter staff involved with a wellness exam and wellness vaccine. Therefore, we determined that the shelter staff who participated in the time study are qualified to make a determination whether an animal is "adoptable," "treatable," or "non-rehabilitatable" as required by the program's parameters and guidelines.

Based on the time study, it takes the ACO I an average of 10 minutes to perform the wellness exam and he or she performs this activity 39% of the time. It takes an average of 17 minutes for an ACO II to perform the wellness exam and he or she performs this activity 61% of the time. The wellness vaccine time study was performed only by the ACO I classification; per the time study it takes an average of 9 minutes to perform this activity.

We applied the allowable minutes and allocated the allowable percentage of time spent per classification for the initial physical examination and wellness vaccine to the eligible animals (as discussed below) by the productive hourly rate.

Number of Eligible Animals

The city uses kennel cards instead of a computer software system to keep track of animal statistics. The city purged its animal statistics for FY 1998-99 through FY 2002-03. However, the city was able to provide photocopies of the kennel cards for the animals that were euthanized during FY 2004-05 through FY 2006-07. The city compiled this kennel card data and provided spreadsheets for FY 2004-05, FY 2005-06, and

FY 2006-07. We used the spreadsheets submitted by the city and followed the criterion below to determine "eligible" animals.

The parameters and guidelines state that reimbursement is limited to "stray and abandoned animals. . . that die during the holding period or are ultimately euthanized." As noted in Finding 2, we determined the average holding period to be six days; therefore, reimbursement is limited to the following population of animals:

- Stray animals that died on days 2, 3, 4, 5, or 6 during the holding period
- Stray animals that were ultimately euthanized on day 7 and later

The city's animal data included euthanized animals only; therefore, the animals that died during the holding period are not represented in the calculation. This calculation is consistent with the Appellate Court ruling in the case of *Purifoy v. Howell* which determined that Saturday is not considered a business day for the purposes of this mandated program. We filtered the animal data spreadsheets provided by the city using this criterion and determined the number of reimbursable "eligible" animals.

The following table summarizes the total allowable "eligible" animals, and the allowable animals and allowable hours for performing a wellness exam and administering a wellness vaccine per job title for the audit period by fiscal year:

	"Eligible" Animals			Number of Animals Per Job Title			Allowable Hours Per Job Title			
				Exam		Vaccine	Exam		Vaccine	
Fiscal Year	Eligible dogs and cats	Eligible "other" animals	Total	ACO I 61%	ACO II 39 %	ACO I	ACO I 10 Min.	ACO II 17 Min.	ACO I 9 Min.	Total Allowble Hours
1998-99	415	5	420	256	164	420	43	46	63	152
1999-2000	415	5	420	256	164	420	43	46	63	152
2000-01	415	5	420	256	164	420	43	46	63	152
2002-03	415	5	420	256	164	420	43	46	63	152
2004-05	358	12	370	226	144	370	38	41	56	135
2005-06	414	-	414	253	161	414	42	46	62	150
2006-07	472	4	476	290	186	476	48	53	71	172
Total	2,904	36	2,940	1,793	1,147	2,940	300	324	441	1,065

In total, we determined that the city understated salaries and benefits by $17,993 for the audit period.

Employee Productive Hourly Rates and Benefit Rates

As described in Finding 2, the city misstated employee productive hourly rates. We applied the adjusted productive hourly rates to the allowable hours and determined that salary and benefit costs were overstated by $488.

Misstated Materials and Supplies Costs

The city claimed materials and supplies related to veterinary care medicine and vaccines totaling $16,627 under the Care and Maintenance cost component for FY 2002-03 through FY 2006-07. We reclassified these costs under the Necessary and Prompt Veterinary Care cost component and calculated the pro-rata portion. The pro-rata portion is the percentage of stray and abandoned animals that died during the holding period, plus those that were ultimately euthanized, compared to the total number of animals housed at the shelter during each fiscal year. We determined that the reimbursable portion of costs incurred totaling $1,580 is allowable, with the $19,622 originally claimed, for a total of $21,202.

The following table summarizes the pro-rata calculation for the reclassified costs, and details the total costs claimed, amount allowable, and the audit adjustments for materials and supplies cost for FY 2002-03 through FY 2006-07:

Fiscal Year	Amount Claimed	Eligible Animals	Animals Housed	Pro-rata Percentage	Re-classified Allowable Care and Maintenance Costs (not pro-rated)	Allowable Pro-rated Costs	Total Allowable	Audit Adjustment
2002-03	$ -	420	4,039	10.40%	$ 271	$ 28	$ 28	$ 28
2004-05	5,152	370	4,260	8.69%	4,583	398	5,550	398
2005-06	5,240	414	4,342	9.53%	5,043	481	5,721	481
2006-07	9,230	476	4,760	10.00%	6,730	673	9,903	673
Total	$ 19,622				$ 16,627	$ 1,580	$ 21,202	$ 1,580

Recommendation

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

City's Response

The city concurs with the audit finding.

FINDING 10—Understated necessary and prompt veterinary care costs

The county claimed $3,370 under the Necessary and Prompt Veterinary Care cost component. We determined that $18,401 is allowable and costs were understated by $15,031. The costs were understated because eligible costs for veterinary care were misclassified and included within the care and maintenance formulas.

The following table summarizes the claimed, allowable, and unallowable costs separately for salaries and benefits, related indirect costs, materials and supplies, and contract services for the Necessary and Prompt Veterinary Care cost component for the audit period by fiscal year:

	Salaries and Benefits			Indirect Costs		
Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment	Amount Claimed	Amount Allowable	Audit Adjustment
2001-02	$ 164	$ 314	$ 150	$ 71	$ 137	$ 66
2002-03	1,824	360	(1,464)	524	103	(421)
2006-07	—	459	459	—	153	153
2007-08	—	549	549	—	360	360
2008-09	—	429	429	—	193	193
Total	$ 1,988	$ 2,111	$ 123	$ 595	$ 946	$ 351

	Materials and Supplies			Contract Services		
Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment	Amount Claimed	Amount Allowable	Audit Adjustment
2001-02	$ 787	$ 1,084	$ 297	$ —	$ 1,852	$ 1,852
2002-03	—	1,107	1,107	—	1,852	1,852
2006-07	—	1,264	1,264	—	2,093	2,093
2007-08	—	1,260	1,260	—	1,886	1,886
2008-09	—	1,368	1,368	—	1,578	1,578
Total	$ 787	$ 6,083	$ 5,296	$ —	$ 9,261	$ 9,261

The following table summarizes the combined claimed, allowable, and unallowable costs for the Necessary and Prompt Veterinary Care cost component for the audit period by fiscal year:

	Combined Costs		
Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
2001-02	$ 1,022	$ 3,387	$ 2,365
2002-03	2,348	3,422	1,074
2006-07	—	3,969	3,969
2007-08	—	4,055	4,055
2008-09	—	3,568	3,568
Total	$ 3,370	$ 18,401	$ 15,031

Claimed Costs

Basically, allowable costs for necessary and prompt veterinary care consists of costs incurred for the conduct of an initial physical exam, the administration of a wellness vaccine, and certain necessary and prompt care services to eligible animals during the required holding period.

The county claimed costs for veterinary services within the care and maintenance formulas in FY 2006-07 ($75,157), FY 2007-08 ($86,903), and FY 2008-09 ($76,363). We reclassified these costs from care and maintenance and analyzed them under this cost component as contract services costs.

The county claimed $235 for FY 2001-02 and $2,348 for FY 2002-03 for salaries, benefits, and related indirect costs to conduct initial physical assessments and for minor medical treatments conducted by Kennel Attendants to make animals "more adoptable." These costs are unallowable primarily because they were based on estimates of time spent to perform the activities.

In addition, the county claimed $787 in FY 2001-02 for materials and supplies—$517 was for costs associated with heartworm tests for adopted stray dogs and $270 for vaccines administered to adopted strays. These costs are unallowable because they were applied to animals that were ultimately adopted, which is one of the population exclusions under this cost component.

Determination of Allowable Costs

During the course of the audit, the county performed two time studies for this cost component, segregated their veterinary care invoices to include only services provided for eligible animals, and compiled materials and supplies costs for wellness vaccines (two vaccines for dogs and one vaccine for cats).

Eligible Dogs and Cats

We determined the eligible dogs and cats who receive the initial physical examination and the wellness vaccines from the Chameleon raw data provided by the county. The following graph details the eligible dogs and cats by fiscal year:

	Fiscal Year				
	2001-02	2002-03	2006-07	2007-08	2008-09
Eligible dogs	174 *	174 *	203	146	172
Eligible cats	154 *	154 *	118	230	115
Other animals	3 *	3 *	6	3	—
Total animals	331	331	327	379	287

* Average of three years

Allowable Costs–Initial Physical Examination Time Study

The county has a Veterinarian on staff. After discussions with the Veterinarian and shelter management, we determined that it is not part of her routine to perform an initial physical examination of animals impounded at the shelter. She may perform a secondary examination if the animal seems like it may need veterinarian care. Furthermore, the Veterinarian is at the shelter only on Tuesdays and usually only performs surgeries while on duty.

The Kennel Attendant Supervisor is the only person in the shelter qualified to make a determination in regards to an animal being "adoptable," "treatable," or "non-rehabilitatable." Therefore, the county studied the time it takes the Kennel Attendant Supervisor to perform an initial physical examination.

The time study was conducted for one pay period. As a result of the time study, it takes the Kennel Attendant Supervisor an average of 10.92 seconds (0.18 of a minute) to conduct an initial physical examination. Shelter management agreed that the county's accurate method to capture time with a stopwatch warranted rounding the time study results to the nearest whole minute. Therefore, we used 60 seconds (1 minute) to determine the allowable costs for the initial physical exam.

We applied the 60 seconds per initial physical examination to eligible animals. The eligible number of animals was determined by analyzing the Chameleon raw data provided by the county. We applied the exclusions as described in the parameters and guidelines for this component.

Saturday Not Considered as a Business Day

In addition, our calculations of allowable costs take into consideration that the required holding period does not include Saturday as a business day. This is consistent with the recent Appellate Court decision dated March 26, 2010, in the case of *Purifoy v. Howell.*

Allowable Costs–Administration of a Wellness Vaccine

Time Study

Although the county does have a Veterinarian on staff, administration of wellness vaccines is usually performed by the Kennel Attendant Supervisor and the Kennel Attendants. The county conducted a time study for one pay period to determine the average time that it takes to administer a wellness vaccine. While the Kennel Attendant Supervisor occasionally administers wellness vaccines, the county only included Kennel Attendants in their time study.

The time study documented that it takes Kennel Attendants an average of 2 minutes and 4 seconds (2.07 minutes) to administer a wellness vaccine. We applied the 2 minutes and 4 seconds per vaccine to eligible animals. The number of eligible animals was determined by analyzing the Chameleon raw data provided by the county. We applied the exclusions as described in the parameters and guidelines for this component.

Saturday Not Considered as a Business Day

In addition, our calculations of allowable costs take into consideration that the required holding period does not include Saturday as a business day. This is consistent with the recent Appellate Court decision dated March 26, 2010, in the case of *Purifoy v. Howell.*

Material and Supplies–Cost of Wellness Vaccines

The county provided support for the cost of wellness vaccines for two fiscal years. We noted that dogs are administered two wellness vaccines (Intra-Trac II and Galaxy) and cats are administered one wellness vaccine (Eclipse). The cost per vaccine for dogs and cats is applied only to the eligible number of dogs and cats, which was determined by analyzing the Chameleon raw data.

The county was unable to obtain invoices detailing wellness vaccine costs for FY 2001-02, FY 2002-03, and FY 2006-07. The county proposed and we accepted that vaccine costs for these three fiscal years be based on actual costs for FY 2007-08 as reduced by the Consumer Price Index.

The following table details the allowable cost for vaccines and the eligible number of dogs and cats treated:

	Fiscal Year					
	2001-02	2002-03	2006-07	2007-08	2008-09	Totals
Two dog vaccines	$ 4.51	$ 4.61	$ 4.98	$ 5.15	$ 6.17	
Eligible dogs	× 174*	× 174*	× 203	× 146	× 172	
Subtotal	$ 785	$ 802	$ 1,011	$ 752	$ 1,061	
One cat vaccine	$ 1.94	$ 1.98	$ 2.14	$ 2.21	$ 2.67	
Eligible cats	× 154*	× 154*	× 118	× 230	× 115	
Subtotal	$ 299	$ 305	$ 253	$ 508	$ 307	
Allowable	$ 1,084	$ 1,107	$ 1,264	$ 1,260	$ 1,368	$ 6,083

* Average of three years

Allowable Contract Services Costs–Veterinary Care Services

The county properly segregated eligible invoices for veterinary care for FY 2006-07 through FY 2008-09. The invoices identified the animal ID and the date on which the animal was treated. Therefore, shelter staff was able to look up each invoice to determine if the service was performed during the holding period and if the animal was eligible for reimbursement. The county was not able to obtain veterinary care invoices for FY 2001-02 and FY 2002-03. As we recognized that reimbursable activities were performed during these two fiscal years, we applied the average of costs incurred for the final three years of the audit period as allowable costs for the first two years of the audit period.

Saturday Not a Business Day

We applied the recent court ruling that Saturday shall not be considered a business day. Therefore, if an animal was euthanized before the end of the required holding period, that animal is not eligible for reimbursement. We used an actual calendar and reviewed the information on each of the invoices to identify the reimbursable veterinary care invoices.

The following table details the eligible invoice amounts by fiscal year to provide necessary and prompt veterinary care services:

Necessary and Prompt Veterinary Care Invoices–Contract Services

	Fiscal Year					
	2001-02	2002-03	2006-07	2007-08	2008-09	Totals
Pollock Pines			$ —	$ 287	$ 87	
Crossroads Vet Hospital			330	—	197	
Mother Lode			555	135	362	
Sierra Animal Hospital			1,208	1,464	932	
Total animals	$ 1,852*	$ 1,852*	$ 2,093	$ 1,886	$ 1,578	$ 9,261

* Average of three years

The parameters and guidelines (section IV.B.9–Necessary and Prompt Veterinary Care) identifies the following reimbursable activities:

> Beginning January 1, 1999 for providing "necessary and prompt veterinary care" for stray and abandoned animals, other than injured cats and dogs given emergency treatment that die during the holding period or are ultimately euthanized during the holding periods specified in Statutes of 1998, Chapter 752.
>
> Necessary and prompt veterinary care" means all reasonably necessary medical procedures performed by a veterinarian or someone under the supervision of a veterinarian to make stay or abandoned animals "adoptable." The following veterinary procedures, if conducted, are eligible for reimbursement:
>
> - An initial physical examination of the animal to determine the animal's baseline health status and classification as "adoptable," "treatable," or "non-rehabilitatable."
> - A wellness vaccine administered to "treatable" or "adoptable" animals.
> - Veterinary care to stabilize and or relieve the suffering of a "treatable" animal.
> - Veterinary care intended to remedy any applicable disease, injury, or congenital or hereditary condition that adversely affects the health of a "treatable" animal or that is likely to adversely affect the animal's health in the future, until the animal becomes "adoptable."
>
> Population Exclusions
>
> Eligible claimants are not entitled to reimbursement for providing "necessary and prompt veterinary care" to the following population of animals:
>
> - Animals that are irremediably suffering from a serious illness or severe injury,
> - Newborn animals that need maternal care and have been impounded without their mothers,
> - Animals too severely injured to move or where a veterinarian is not available and it would be more humane to dispose of the animal,
> - Owner relinquished animals, and
> - Stray or abandoned animals that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

Veterinary Care Exclusions

Eligible claimants are not entitled to reimbursement for providing the following veterinary procedures:

- Emergency treatment given to injured cats and dogs,
- Administration of rabies vaccination to dogs,
- Implantation of microchip identification;
- Spay or neuter surgery and treatment; and
- Euthanasia

Recommendation

We recommend that the county establish and implement procedures to ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported

County's Response

Understated necessary and prompt veterinary care costs – the County concurs with the finding and recommendation.

APPENDIX C –

Facility History

TOWN OF APPLE VALLEY
TOWN COUNCIL – REGULAR MEETING
MINUTES – FEBRUARY 10, 2004

STUDY SESSION AT 6:30 P.M.

1) **Discussion of items on agenda for regular meeting of February 10, 2004.**

Councilman Shoup recommended changes to the minutes for the meeting of January 24, 2004. He stated, and the Town Council concurred, that the amended motion for Item Number 13 should read, Motion by Councilman Shoup, seconded by Mayor Sagona, to amend the motion for purposes of continuing the hearing.

It was the consensus of the Town Council to adjourn the study session at 6:35 p.m.

OPENING CEREMONIES

CALL TO ORDER

Mayor Sagona called the regular meeting of the Apple Valley Town Council for the meeting of February 10, 2004 to order at 7:03p.m.

ROLL CALL

Roll call was taken with the following members present: Council Members Edward "Ted" Burgnon; Councilman Tim Jasper; Councilman Mark Shoup; Mayor Pro Tem Scott Nassif; Mayor Bob Sagona. Absent: None.

PLEDGE OF ALLEGIANCE: Led by Jacob Thorn, Boy Scout Troop 656

INVOCATION: Pastor Lolena, Church of the Valley

PRESENTATIONS: None

PUBLIC COMMENTS

None.

COUNCILMEMBER COMMENTS

Councilman Jasper commented on his visit to Minnesota to visit his father. He thanked the Town Council for their thoughts and prayers.

Mayor Sagona read a letter from the Editor of the Daily Press, apologizing for an error in the newspaper, which, stated that there was going to be a meeting for the Apple Valley Road widening on Friday, February 6.

COMMISSION/COMMITTEE PARTICIPATION

Councilman Shoup

- Apple Valley Airport Meeting – He commented on the Airport Committee Meeting scheduled for February 23, 2004 at the Apple Valley Airport. He stated that the public was invited to attend.

Mayor Pro Tem Nassif

- League of California Cities Mountain Desert Division – He stated that he and Council Jasper attended the League of California Cities meetings a few weeks ago. He announced that Legislative Days would be held May 12-13, 2004 in Sacramento. He also commented on the Grassroots Committee kick-off yesterday for a ballot measure that would prohibit the State from balancing the budget using local government funds. He stated that the committee has approximately 60 days to gather 5000 signatures in order to put the measure on the ballot.

Councilman Burgnon

- San Bernardino Associated Governments– He stated that the reauthorization of the Transportation Equity Act was moving to be heard by the Senate.

TOWN COUNCIL ANNOUNCEMENTS

Suggested items for next agenda:

Councilman Shoup expressed concern regarding the new homes being built in Apple Valley. He would like to have a future presentation on the ability to move forward with a project to allow residents to cross over the Mojave River.

Time, Date & Place for Next Town Council Regular or Special Meeting:

A. Regular Meeting – Tuesday, February 24, 2004 at 7:00 p.m. – Town Council Chambers, 14955 Dale Evans Parkway.

TOWN MANAGER'S COMMENTS AND LEGISLATIVE UPDATE

Bruce Williams, Town Manager, commented on a letter received from the San Bernardino County Board of Supervisors stating that they support Proposition 57, The Economic Recovery Bond Act and Proposition 58, Constitutional Provisions for a Balanced Budget. He stated that if the Town Council concurred, staff would present an item on the next agenda recommending the Town's support for the two propositions.

It was the consensus of the Town Council that a resolution of support for the propositions be presented at the next Town Council meeting.

CONSENT AGENDA

MOTION

Motion by Councilman Burgnon, seconded by Councilman Shoup, to approve and adopt the Consent Calendar Items numbered "1" and "2", as recommended.

ROLL CALL VOTE

Ayes:	Councilman Burgnon
	Councilman Jasper
	Councilman Shoup
	Mayor Pro Tem Nassif
	Mayor Sagona
Noes:	None
Abstain:	None
Absent:	None

Motion approved by a 5-0-0-0 vote

1. **Approval of Minutes of the Town Council**
   A. Regular Meeting – January 27, 2004
   Recommendation:
   Approve the subject minutes as part of the consent agenda.

2. **Adopt Resolution Number 2004-09 – A Resolution of the Town Council of the Town of Apple Valley, California, Supporting the American Lung Association of California Clean Vehicle Act**
   Recommendation:
   Adopt Resolution No. 2004-09 - A Resolution of the Town Council of the Town of Apple Valley, California, Supporting the American Lung Association of California Clean Vehicle Act.

PUBLIC HEARINGS

None.

LEGISLATIVE MATTERS

None.

REPORTS, REQUESTS AND COMMUNICATIONS

BUSINESS OF THE COUNCIL

3. **Construction Phasing for Apple Valley Road Improvements Between Yucca Loma Road and Bear Valley Road**

   Ev Butcher, Town Engineer, presented the staff report as filed with the Town Clerk.

   Councilman Shoup commented on the cost to improve Apple Valley Road. He questioned whether or not a portion of the road could be repaired and the remaining funds held for future use.

   Discussion ensued between the Town Council and Mr. Butcher regarding this project and the pros and cons to completing the project in phases.

   Mayor Pro Tem Nassif informed the Town Council that Measure I funds could not be banked indefinitely for future use.

Councilman Burgnon questioned the amount of funds currently available for this project.

Mr. Butcher stated that the Town had approximately $4.5 million set-aside for this project. He believed than in Invitation for Proposal was needed to obtain an accurate cost for this project.

Kenneth J. Henderson, Director of Economic and Community Development, stated that the original estimate given for this project was in 1992. He agreed that a new proposal was needed.

Discussion ensued regarding the possibility of widening Apple Valley Road beginning at Yucca Loma Road.

MOTION

Motion by Councilman Jasper seconded by Councilman Burgnon, to authorize staff to have design documents revised and to advertise for and receive bids for Phase A as described.

ROLL CALL VOTE

Ayes:	Councilman Burgnon
	Councilman Jasper
	Councilman Shoup
	Mayor Pro Tem Nassif
	Mayor Sagona
Noes:	None
Abstain:	None
Absent:	None

Motion approved by a 5-0-0-0 vote

RECESSED MEETING

Mayor Sagona declared a recess of the Apple Valley Town Council at 7:59 p.m.

MEETING RECONVENED

Mayor Sagona reconvened the meeting of the Apple Valley Town Council at 8:07 p.m.

It was the consensus of the Town Council that Item Number 5 be heard next on the agenda.

5. Off-site Infrastructure Business Assistance Program

Emily Wong, Economic Development Manager, presented the staff report as filed with the Town Clerk.

Councilman Shoup expressed concern regarding the number of commuters in Apple Valley. He would like to see a program that could increase the number of individuals who work within the Town.

Councilman Burgnon believed additional information was needed on this item before a decision could be made.

Mayor Pro Tem Nassif stated that he would like representation from the Chamber of Commerce to be a part of this discussion.

MOTION

Motion by Councilman Burgnon, seconded by Councilman Jasper, and unanimously carried, to continue this item to the Town Council Workshop on April 2, 2004.

4. Discussion of the Possible Establishment of an Equestrian Commission, Committee or Board

Kenneth J. Henderson, Director of Economic and Community Development, presented the staff report as filed with the Town Clerk.

Gail Nunn-Henderson, Apple Valley, read a statement from the equestrian organization regarding a proposed equestrian advisory committee.

Councilman Shoup commented on the current Historical Advisory Committee and their purpose as an advisory committee. He agrees with the idea of establishing an equestrian committee and recommended that the Town Council draft an ordinance creating such a committee for review.

MOTION

Motion by Councilman Shoup, seconded by Mayor Pro Tem Nassif, to direct staff to bring back an ordinance creating an equestrian committee within the boundaries of the former park district.

ROLL CALL VOTE

Ayes:	Councilman Burgnon
	Councilman Jasper
	Councilman Shoup
	Mayor Pro Tem Nassif
	Mayor Sagona
Noes:	None
Abstain:	None
Absent:	None

Motion approved by a 5-0-0-0 vote

6. Agreement for Small Animal Sheltering Services with Victor Valley Animal Protective League, Inc.

Dennis Cron, Public Services Manager, presented the staff report as filed with the Town Clerk.

Susan Edson, General Manager, Victor Valley Animal Protection League, commented that she has been the General Manager at the league for approximately 7 months. She commented on the letter that she provided to staff regarding the proposed fee increases. She expressed concern regarding the lack of communication and cooperation that she believed she had received with staff. She noted that the Victor Valley Animal Protective League was a private non-profit 501c3.

Mayor Pro Tem Nassif questioned whether or not the league had completed an audit

Ms. Edson stated that an audit was scheduled to be completed. She also noted that the board meetings, which are open to the public, are held at the shelter on the third Monday of each month at 7:00 p.m.

Susette Kallen, Apple Valley, stated that she was a member of the Victor Valley Animal Protection League, but resigned 10 months after joining due to the board and financial problems of the league. She stated that the treasurer was the paid bookkeeper and that an audit had not been completed over the past 20 years. She commented on numerous inconsistencies within the league.

Gail Nunn-Henderson, Former Board Member, commented on the unprofessionalism of the Victor Valley Animal Protection League.

Councilman Shoup expressed concern regarding contracting with an organization that refuses to open its books for review. He also questioned statements made by the General Manager, which he found to be untrue. He asked for documentation regarding their workers compensation insurance, which the league states had tripled. He also questioned whether or not the organization understood its accountability to the public. He suggested the item be continued until all requested information is provided to staff and he also recommended that staff search for alternative locations for shelter service.

Councilman Burgnon also expressed concern regarding this organization. He believed that the Town should search for their own animal control facility. He recommended that the possibility of an Apple Valley owned facility be discussed that the April 2, 2004 workshop.

Mr. Cron informed the Town Council that although he and Ms. Edson had not spoke recently to resolve the concerns expressed by the Council, that she had made numerous attempts to call him and he had made numerous attempts to call her; however they were both out of their offices when those calls were made.

Councilman Shoup apologized to Ms. Edson regarding comments that he made which he believed were inappropriate regarding her discussions with Town staff.

MOTION

Motion by Councilman Shoup, seconded by Mayor Pro Tem Nassif, to direct staff to continue under the current contract until the Protective League provides the requested information to staff; and direct staff to look at other entities for sheltering services and enter into negotiations for providing temporary shelter services at those facilities should the Protective League refuse to accept animals from Apple Valley into its facility.

ROLL CALL VOTE

Ayes:	Councilman Burgnon
	Councilman Jasper
	Councilman Shoup
	Mayor Pro Tem Nassif
	Mayor Sagona
Noes:	None
Abstain:	None
Absent:	None

Motion approved by a 5-0-0-0 vote

7. **Additional Information on Web Streaming Town Council Meetings on the Town of Apple Valley's Web Site.**

Susan Ward, Administrative Services Manager, presented the staff report as filed with the Town Clerk.

It was the consensus of the Town Council to continue this item to the Town Council workshop on April 2, 2004.

8. **Access Appeals Board**

Ev Butcher, Town Engineer, presented the staff report as filed with the Town Clerk.

Councilman Burgnon noted that the Access Appeals Board has never had a meeting. He stated that an Ad Hoc Committee could be created if the need for such a board ever exists.

MOTION

Motion by Councilman Shoup, seconded by Mayor Pro Tem Nassif, to direct staff to draft an ordinance repealing this ordinance.

ROLL CALL VOTE

Ayes:	Councilman Burgnon
	Councilman Jasper
	Councilman Shoup
	Mayor Pro Tem Nassif
	Mayor Sagona
Noes:	None
Abstain:	None
Absent:	None

Motion approved by a 5-0-0-0 vote

DEPARTMENTAL REPORTS AND BUSINESS

STAFF REPORTS

CORRESPONDENCE

CLOSED SESSION

None.

ADJOURNMENT

MOTION

Motion by Councilman Jasper, seconded by Councilman Shoup, and unanimously carried, to adjourn the meeting of February 10, 2004 at 9:30 p.m., with good wishes for a speedy recovery to Mr. James Jasper.

Mayor

Town Clerk

TOWN OF
APPLE VALLEY, CALIFORNIA

AGENDA MATTER

Subject Item:

HESPERIA SHELTERING SERVICES AGREEMENTS

Summary Statement:

On March 31, 2004 the Victor Valley Animal Protective League ceased to provide shelter services for the Town of Apple Valley. With concurrence of Town Council, Town staff negotiated an emergency animal sheltering arrangement for use of the Animal Shelter at the City of Hesperia. The Town has continued to use the Hesperia Shelter since that date. Town and City of Hesperia staff have worked to finalize the language of a formal Shelter Services Agreement, and to extend this service through the remainder of the 2004-05 Fiscal Year. The agreement(s) establishes the terms, and establishes fees associated with the Town's use of the Hesperia Shelter. The language of the attached agreement(s) have been reviewed and approved by the Town Attorney and The City's Attorney.

Recommended Action:

Approve both Sheltering Services Agreements, and authorize the Town Manager to sign both Sheltering Services Agreements between the Town of Apple Valley and the City of Hesperia.

Proposed by: Dennis L. Cron, Director of Public Services **Item Number** 6

T. M. Approval: _____ **Budgeted Item** ☒ **Yes** ☐ **No** ☐ **N/A**

Council Meeting Date: 8/10/04

6-1

TOWN OF
APPLE VALLEY, CALIFORNIA

AGENDA MATTER

Subject Item:

REVIEW, APPROVE CONSTRUCTION PLANS FOR THE APPLE VALLEY ANIMAL SHELTER FACILITY, AND AUTHORIZE STAFF TO PROCEED WITH ADVERTISEMENT FOR THIS PROJECT

Summary Statement:

The Apple Valley Animal Shelter Facility project includes the construction of a purpose built Animal Shelter Facility including office space. The facility will include a reception area for animal intake/adoption rooms, increased kennel capacity, kennel runs for large dogs, indoor small dog/puppy kennels, intake cat cages, cat colonies, reptile cages, get acquainted areas, quarantine rooms, isolation facilities, examination rooms, an education room and future space for a veterinary office/surgery suite. The design of the purpose built shelter will increase holding time for animals to increase adoption rates, create holding areas to isolate animals at intake, and provide a ventilation system designed to filter airborne diseases and minimize cross contamination of animals. The plans are being brought to Council for review, approval and authorization to proceed prior to the bid opening. Staff recommends that the Town Council review the plans that are available in the Town Council's office, approve the plans and direct staff to proceed with the project.

Recommended Action:

Review and approve construction plans for Apple Valley Animal Shelter Facility and direct staff to proceed with the project.

Proposed by: Municipal Services **Item Number** 6

T. M. Approval: _____ **Budgeted Item** ☒ **Yes** ☐ **No** ☐

Council Meeting Date: 09/09/08

FILING A CLAIM

1. Introduction

The law in the State of California (Government Code Sections 17500 through 17616) provides for the reimbursement of costs incurred by local agencies for costs mandated by the State. These are costs that local agencies are required to incur after July 1, 1980, as a result of any statute enacted after January 1, 1975, or any executive order implementing such statute which mandates a new program or higher level of service of an existing program.

A reimbursement claim is defined in GC Section 17522 as any claim filed with SCO by a local agency for reimbursement of costs incurred for which an appropriation is made for the purpose of paying the claim. An actual claim for the 2008-09 fiscal year, may be filed by February 16, 2010, without a late penalty. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed $10,000. Amended claims filed after the deadline will be reduced by 10% of the increased amount not to exceed $10,000 for the total claim. Claims filed more than one year after the deadline will not be accepted by the SCO.

In order for a claim to be considered properly filed, it must include documentation to support the indirect cost rate. A full discussion of the indirect cost methods available to local agencies may be found in Section 8 of these instructions.

When a program has been reimbursed for three or more years, the Commission may approve the program for inclusion in the State Mandates Apportionment System (SMAS). For programs included in SMAS, the SCO determines the amount of each claimant's entitlement based on an average of three consecutive fiscal years of actual costs adjusted by any changes in the Implicit Price Deflator (IPD). Claimants with an established entitlement receive an annual apportionment adjusted by any changes in the IPD and, under certain circumstances, by any changes in workload. Claimants with an established entitlement are not required to file further claims for the program.

The SCO is authorized to make payments for costs of mandated programs from amounts appropriated by the State Budget Act, by the State Mandates Claims Fund, or by specific legislation. In the event the appropriation is insufficient to pay claims in full, claimants will receive prorated payments in proportion to the dollar amount of approved claims for the program. Balances of prorated payments will be made when supplementary funds become available.

These claiming instructions are issued to help claimants prepare paper, and electronic mandated cost claims, for submission to SCO. These instructions are based upon the State of California statutes, regulations, and parameters and guidelines (P's & G's) adopted by the Commission. Since each mandate is administered separately, it is important to refer to the specific program for information relating to established policies on eligible reimbursable costs.

2. Local Government Electronic Claims (LGeC)

LGeC enables claimants and their consultants to securely prepare and submit mandated cost claims via the Internet. LGeC uses a series of data input screens to collect the information needed to prepare a claim and also provides a web service so claims can be uploaded in batch files. LGeC also incorporates an attachment feature so claimants can electronically attach supporting documentation if required. In order for a claim to be considered properly filed it must included a copy of the Indirect Cost Rate Proposal (ICRP) if the indirect cost rate exceeds ten percent.

The LGeC system provides an easy and straightforward approach to the claiming process. Filing claims using LGeC eliminates the manual preparation and submission of paper claims by the locals and the receiving, processing, key entry, verification, and storage of paper claims by the SCO. LGeC also provides mathematical checks and automated error detection to reduce erroneous and incomplete claims, provides the state with an electronic workflow process, and

stores the claims in an electronic format. Making the change from paper claims to electronic claims reduces the manual handling of paper claims and decreases the costs incurred by local entities for handling, postage, and storage of claims filed using the LGeC system.

In order to use the LGeC system you will need to obtain a user ID and password for each person who will access the LGeC system. To obtain a User ID and password you must file an application with the SCO. The application and instructions are available on the LGeC Web site located at http://www.sco.ca.gov/ard_lgec.html. Complete the application and other documents as requested and mail them to the SCO using the address provided on the form. The SCO will process the application and issue a User ID and password to each applicant.

In addition, you may want to subscribe to an email distribution list to automatically receive timely, comprehensive information regarding mandated cost claim receipts, payments, test claims, guidelines, electronic claims, and other news and updates. You also will receive related audit reports and mandate information disseminated by other state agencies.

You can find more information about LGeC and the email distribution lists at http://www.sco.ca.gov/ard_lgec.html. This Web site provides access to the LGeC system, an application for User ID's and passwords, an instructional guide, frequently ask questions (FAQ's) and additional help files. Questions may be directed to LRSDAR@sco.ca.gov, or you may call Local Reimbursements Section, Local Government e-Claims at (916) 324-5729.

3. Types of Claims

Claimant may file a reimbursement claim for actual mandated costs incurred in the prior fiscal year. An entitlement claim may be filed for the purpose of establishing a base year entitlement amount for mandated programs included in SMAS. A claimant who has established a base year entitlement for a program would receive an automatic annual payment, which is reflective of the current costs for the program.

All claims received by the SCO will be reviewed to verify actual costs. An adjustment of the claim will be made if the amount claimed is determined to be excessive, improper, or unreasonable.

A. Reimbursement Claim

A reimbursement claim is defined in GC Section 17522 as any claim filed with the SCO by a local agency for reimbursement of costs incurred for which an appropriation is made for the purpose of paying the claim.

Initial reimbursement claims are first-time claims for reimbursement of costs for one or more prior fiscal year(s) of a program that was previously unfunded. Claims are due 120 days from the date of issuance of the claiming instructions for the program by the SCO. The first statute that appropriates funds for the mandated program will specify the fiscal years for which costs are eligible for reimbursement.

Annual ongoing reimbursement claims must be filed by February 15th following the fiscal year in which costs were incurred for the program. Claims for fiscal year 2008-09 will be accepted without late penalty if postmarked or delivered on before February 16th, 2010. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed $10,000. However, initial reimbursement claims will be reduced by a late penalty of 10% with no limitation. Amended claims filed after the deadline will be reduced by 10% of the increased amount not to exceed $10,000 for the claim. Claims filed more than one year after the deadline will not be accepted for reimbursement.

In order for a claim to be considered properly filed, it must include the Indirect Cost Rate Proposal (ICRP) to support the indirect cost rate if the indirect cost rate exceeds ten percent. A more detailed discussion of the indirect cost methods available to local agencies may be found in Section 2, Filing a Claim, Page 11 of these instructions.

B. Entitlement Claim

An entitlement claim is defined in GC Section 17522 as any claim filed by a Local Agency with the SCO for the sole purpose of establishing or adjusting a base year entitlement for a mandated program that has been included in SMAS. An entitlement claim should not contain nonrecurring or initial start-up costs. There is no statutory deadline for the filing of entitlement claims. However, entitlement claims and supporting documents should be filed by February 15, following the third fiscal year used to develop the entitlement claim, to permit an orderly processing of claims. When the claims are approved and a base year entitlement amount is determined, the claimant will receive an apportionment reflective of the program's current year costs.

The automatic apportionment is determined by adjusting the claimant's base year entitlement for changes in the IPD of costs of goods and services to governmental agencies, as determined by the State Department of Finance. For programs approved by CSM for inclusion in SMAS on or after January 1, 1988, the payment for each year succeeding the three year in base period is adjusted according to any changes by both the IPD and average daily attendance (ADA).

SCO will perform this computation for each claimant who has filed claims for three consecutive years. If a claimant has incurred costs for three consecutive years but has not filed a claim in each of those years, the claimant may file an entitlement claim, form FAM-43, to establish a base year entitlement. The form FAM-43 is included in the claiming instructions for SMAS programs. An entitlement claim does not result in the claimant being reimbursed for the costs incurred, but rather entitles the claimant to receive automatic payments from SMAS. Annual apportionments for programs included in the system are paid on or before November 30 of each year.

4. Minimum Claim Amount

For initial claims and annual claims filed on or after September 30, 2002, if the total costs for a given year do not exceed $1,000, no reimbursement shall be allowed except as otherwise allowed by GC Section 17564. Combined claims may be filed only when the county is the fiscal agent for the special districts. The county shall determine if the submission of a combined claim is economically feasible and shall be responsible for disbursing the funds to each special district. A combined claim must show the individual claim costs for each eligible school district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a special district provides to the county and to the Controller, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim.

GC Section 17564(a) provides that no claim shall be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds one thousand dollars ($1,000), provided that a county may submit a combined claim on behalf of direct service districts or special districts within their county if the combined claim exceeds $1,000, even if the individual direct service district's or special district's claim does not each exceed $1,000. The county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each direct service district or special district. These combined claims may be filed only when the county is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a special district provides a written notice of its intent to file a separate claim to the county and to the SCO at least 180 days prior to the deadline for filing the claim.

5. Filing Deadline for Claims

Pursuant to GC Section 17561(d) initial reimbursement claims (first time claims) for reimbursement of costs of a previously unfunded mandated program must be filed within 120 days from the date SCO issues the claiming instructions for the program.

When paying a timely filed claim for initial reimbursement, the Controller shall withhold 20 percent of the amount of the claim until the claim is audited to verify the actual amount of the mandated costs.

All initial reimbursement claims for all fiscal years required to be filed on their initial filing date for a state-mandated local program shall be considered as one claim for the purpose of computing any late claim penalty.

Any claim for initial reimbursement filed after the filing deadline shall be reduced by 10 percent of the amount that would have been allowed had the claim been timely filed. The Controller may withhold payment of any late claim for initial reimbursement until the next deadline for funded claims unless sufficient funds are available to pay the claim after all timely filed claims have been paid.

In no case may a reimbursement claim be paid if submitted more than one year after the filing deadline specified in the Controller's claiming instructions on funded mandates.

Pursuant to GC Section 17560, annual reimbursement claims (recurring claims) for costs incurred during the previous fiscal year must be filed with SCO and postmarked on or before February 15th following the fiscal year in which costs were incurred. Claims for fiscal 2008-09 will be accepted without penalty if postmarked or delivered on before February 16, 2010.

If the annual reimbursement claim is filed after the deadline, but within one year of the deadline, the approved claim must be reduced by a 10% late penalty, not to exceed $10,000. Amended claims filed after the deadline will be reduced by 10% of the increased amount not to exceed $10,000 for the total claim. Claims filed more than one year after the deadline cannot be accepted for reimbursement.

Entitlement claims do not have a filing deadline. However, entitlement claims should be filed by February 15th to permit orderly processing of the claims.

6. Payment of Claims

In order for the SCO to authorize payment of a claim, the Certification of Claim, form FAM-27, must be properly filled out, signed, and dated by the entity's authorized officer. When using the LGeC system the logon id and password of the authorized officer is used for the signature and is applied by the LGeC system when the claim is submitted. Pursuant to GC 17561(d), reimbursement claims are paid by October 15 or sixty days after the date the appropriation for the claim is effective, whichever is later. In the event the amount appropriated by the Legislature is insufficient to pay the approved amount in full for a program, claimants will receive a prorated payment in proportion to the amount of approved claims timely filed and on hand at the time of proration.

A claimant is entitled to receive accrued interest at the pooled money investment account rate if the payment was made more than 60 days after the claim filing deadline or the actual date of claim receipt, whichever is later. For an initial claim, interest begins to accrue when the payment is made more than one year after the adoption of the program's statewide cost estimate. SCO may withhold up to twenty percent of the amount of an initial claim until the claim is audited to verify the actual amount of the mandated costs.

SCO reports the amounts of insufficient appropriations to the State Department of Finance, the Chairperson of the Joint Legislative Budget Committee, and the Chairperson of the respective committee in each House of the Legislature, who consider appropriations in order to assure appropriation of these funds in the Budget Act. If these funds cannot be appropriated on a timely basis in the Budget Act, this information is transmitted to the Commission which will include these amounts in its report to assure that an appropriation is sufficient to pay the claims that was included in the next local government claims bill or other appropriation bills. When the supplementary funds become available, the balance of the claims will be paid.

Unless specified in the statutes, regulations, or P's & G's, the determination of allowable and unallowable costs for mandates is based on the P's & G's adopted by the Commission. The

determination of allowable reimbursable mandated costs for unfunded mandates is made by the Commission. SCO determines allowable reimbursable costs, subject to amendment by the Commission, for mandates funded by special legislation. Allowable costs are those direct and indirect costs, less applicable credits, considered eligible for reimbursement. In order for costs to be allowable and thus eligible for reimbursement, the costs must meet the following general criteria:

1. The cost is necessary and reasonable for proper and efficient administration of the mandate and not a general expense required to carry out the overall responsibilities of government.
2. The cost is allocable to a particular cost objective identified in the P's & G's.
3. The cost is net of any applicable credits that offset or reduce expenses of items allocable to the mandate.

The SCO has identified certain costs that, should not be claimed as direct program costs unless specified as reimbursable under the program's P's & G's. These costs include, but are not limited to, subscriptions, depreciation, memberships, conferences, workshops, general education, and travel costs.

7. State Mandates Apportionment System (SMAS)

Chapter 1534, Statutes of 1985, established SMAS, a method of paying certain mandated programs as apportionments. This method is utilized whenever a program has been approved for inclusion in SMAS by the Commission.

When a mandated program has been included in SMAS, the SCO will determine a base year entitlement amount for each local agency that has submitted reimbursement claims, (or entitlement claims), for three consecutive fiscal years. A base year entitlement amount is determined by averaging the approved reimbursement claims, (or entitlement claims), for 1982-83, 1983-84, and 1984-85 years or any three consecutive fiscal years thereafter. The amounts are first adjusted by any change in the IPD, which is applied separately to each year's costs for the three years that comprise the base period. The base period means the three fiscal years immediately succeeding the Commission's approval.

Each local agency with an established base year entitlement for the program will receive automatic annual payments from the SCO reflective of the program's current year costs. The amount of apportionment is adjusted annually for any change in the IPD. If the mandated program was included in SMAS after January 1, 1988, the annual apportionment is adjusted for any change in both the IPD and workload.

For cities and counties, workload means a change in population within their boundaries; for special districts, a change in population of the county in which the largest percentage of the district's population is located.

In the event a local agency has incurred costs for three consecutive fiscal years but did not file a reimbursement claim in one or more of those fiscal years, the local agency may file an entitlement claim for each of those missed years to establish a base year entitlement. An entitlement claim means any claim filed by a local agency with the SCO for the sole purpose of establishing a base year entitlement. A base year entitlement shall not include any non-recurring or initial start-up costs.

Initial apportionments are made on an individual program basis. After the initial year, all apportionments are made by November 30th. The amount to be apportioned is the base year entitlement adjusted by annual changes in the IPD for the cost of goods and services to governmental agencies as determined by the State Department of Finance.

In the event the local agency determines that the amount of apportionment does not accurately reflect costs incurred to comply with a mandate, the process of adjusting an established base year entitlement upon which the apportionment is based is set forth in GC Section 17615.8 and requires the approval of the Commission.

The following programs are placed in SMAS:

Program Name	Chapter/Statute	Program Number
Conservatorship: Developmentally Disabled Adults	Ch. 1304/80	67
Coroners	Ch. 498/77	88
Mentally Retarded Defendants: Diversion	Ch. 1253/80	66
Senior Citizens Property Tax Postponement	Ch. 1242/77	18

Listed are state mandated local programs and counties that are entitled to receive automatic apportionments in those fiscal years in which the program is funded.

Counties of:	Ch. 498/77 Coroners	Ch. 1242/77 Senior Citizens Property Tax Postponement	Ch. 1253/80 Mentally Retarded Defendants: Diversion	Ch. 1304/80 Developmentally Disabled Adults: Conservatorship
Alameda		x	x	x
Butte		x	x	x
Calaveras		x	x	x
Contra Costa		x	x	x
El Dorado		x	x	x
Fresno		x	x	x
Humbolt		x	x	x
Kern		x	x	x
Lake		x	x	x
Los Angeles	x	x	x	x
Marin		x	x	x
Mendocino		x	x	x
Monterey		x	x	x
Napa	x	x	x	x
Nevada		x	x	x
Orange	x	x	x	x
Placer		x	x	x
Plumas		x	x	x
Riverside		x	x	x
Sacramento		x	x	x
San Bernardino	x	x	x	x
San Diego		x	x	x
San Francisco		x	x	x
San Joaquin	x	x		
San Luis Obispo	x	x	x	x
San Mateo		x	x	x
Santa Barbara		x	x	x

Santa Clara	x	x	x	x
Santa Cruz		x	x	x
Shasta		x	x	x
Solano		x	x	x
Sonoma	x	x	x	x
Stanislaus		x	x	x
Tulare	x	x	x	x
Tuolumne		x		
Ventura	x	x	x	x
Yolo		x	x	x
Yuba		x		

8. Direct Costs

A direct cost is a cost that can be identified specifically with a particular program or activity. Costs that are typically classified as direct costs are:

(1) Employee Wages, Salaries, and Fringe Benefits

For each of the mandated activities performed, the claimant must list the names of the employees who worked on the mandate, their job classification, hours worked on the mandate, and rate of pay. The claimant may, in-lieu of reporting actual compensation and fringe benefits, use a productive hourly rate:

(a) Productive Hourly Rate Options

A local agency may use one of the following methods to compute productive hourly rates:

- Actual annual productive hours for each employee
- The weighted-average annual productive hours for each job title, or
- 1,800* annual productive hours for all employees

If actual annual productive hours or weighted-average annual productive hours for each job title is chosen, the claimant must maintain documentation of how these hours were computed.

* 1,800 annual productive hours excludes the following employee time:
o Paid holidays
o Vacation earned
o Sick leave taken
o Informal time off
o Jury duty
o Military leave taken.

(b) Compute a Productive Hourly Rate

1. Compute a productive hourly rate for salaried employees to include actual fringe benefit costs. The methodology for converting a salary to a productive hourly rate is to compute the employee's annual salary and fringe benefits and divide by the annual productive hours.

Table 1: Productive Hourly Rate, Annual Salary + Benefits Method

Formula:	**Description:**
[(EAS + Benefits) ÷ APH] = PHR	EAS = Employee's Annual Salary
	APH = Annual Productive Hours
[($26,000 + $8,099)] ÷ 1,800 hrs = 18.94	PHR = Productive Hourly Rate

- As illustrated in Table 1, if you assume an employee's compensation was $26,000 and $8,099 for annual salary and fringe benefits, respectively, using the "Salary + Benefits Method," the productive hourly rate would be $18.94. To convert a biweekly salary to Annual Salary, multiply the biweekly salary by 26. To convert a monthly salary to Annual Salary, multiply the monthly salary by 12. Use the same methodology to convert other salary periods.

2. A claimant may also compute the productive hourly rate by using the "Percent of Salary Method."

Table 2: Productive Hourly Rate, Percent of Salary Method

Example:

Step 1: *Fringe Benefits as a Percent of Salary*		**Step 2:** *Productive Hourly Rate*
Retirement	15.00 %	**Formula:**
Social Security & Medicare	7.65	[(EAS x (1 + FBR)) ÷ APH] = PHR
Health & Dental Insurance	5.25	
Workers Compensation	3.25	[($26,000 x (1.3115)) ÷ 1,800] = $18.94
Total	**31.15 %**	

Description:	
EAS = Employee's Annual Salary	APH = Annual Productive Hours
FBR = Fringe Benefit Rate	PHR = Productive Hourly Rate

- As illustrated in Table 2, both methods produce the same productive hourly rate.

Reimbursement for personnel services includes, but is not limited to, compensation paid for salaries, wages and employee fringe benefits. Employee fringe benefits include employer's contributions for social security, pension plans, insurance, worker's compensation insurance and similar payments. These benefits are eligible for reimbursement as long as they are distributed equitably to all activities. Whether these costs are allowable is based on the following presumptions:

- The amount of compensation is reasonable for the service rendered.
- The compensation paid and benefits received are appropriately authorized by the governing board.
- Amounts charged for personnel services are based on payroll documents that are supported by time and attendance or equivalent records for individual employees.
- The methods used to distribute personnel services should produce an equitable distribution of direct and indirect allowable costs.

For each of the employees included in the claim, the claimant must use reasonable rates and hours in computing the wage cost. If a person of a higher-level job position performs an activity which normally would be performed by a lower-level position, reimbursement for time spent is allowable at the average salary range for the lower-level position. The salary rate of the person at the higher-level position may be claimed if it can be shown that it was more cost effective in comparison to the performance by a person at the lower-level position under normal circumstances and conditions. The number of hours charged to an activity should reflect the time expected to complete the activity under normal circumstances and conditions. The numbers of hours in excess of normal expected hours are not reimbursable.

(c) Calculating an Average Productive Hourly Rate

In those instances where the claiming instructions allow a unit as a basis of claiming costs, the direct labor component of the unit cost should be expressed as an average productive hourly rate and can be determined as follows:

Table 3: Calculating an Average Productive Hourly Rate

	Time Spent	Productive Hourly Rate	Total Cost by Employee
Employee A	1.25 hrs	$6.00	$7.50
Employee B	0.75 hrs	4.50	3.38
Employee C	3.50 hrs	10.00	35.00
Total	5.50 hrs		$45.88
Average Productive Hourly Rate is $45.88 ÷ 5.50 hrs. = $8.34			

(d) Employer's Fringe Benefits Contribution

A local agency has the option of claiming actual employer's fringe benefit contributions or may compute an average fringe benefit cost for the employee's job classification and claim it as a percentage of direct labor. The same time base should be used for both salary and fringe benefits when computing a percentage. For example, if health and dental insurance payments are made annually, use an annual salary. After the percentage of salary for each fringe benefit is computed, total them. For example:

Employer's Contribution	% to Salary
Retirement	15.00%
Social Security	7.65%
Health and Dental Insurance	5.25%
Worker's Compensation	0.75%
Total	28.65%

(e) Materials and Supplies

Only actual expenses can be claimed for materials and supplies, which were acquired and consumed specifically for the purpose of a mandated program. The claimant must list the materials and supplies that were used to perform the mandated activity, the

number of units consumed, the cost per unit, and the total dollar amount claimed. Materials and supplies purchased to perform a particular mandated activity are expected to be reasonable in quality, quantity and cost. Purchases in excess of reasonable quality, quantity, and cost are not reimbursable. Materials and supplies withdrawn from inventory and charged to the mandated activity must be based on a recognized method of pricing, consistently applied. Purchases shall be claimed at the actual price after deducting discounts, rebates and allowances received by local agencies.

(f) Calculating a Unit Cost for Materials and Supplies

In those instances where the claiming instructions suggest that a unit cost be developed for use as a basis of claiming costs mandated by the State, the materials and supplies component of the unit cost should be expressed as a unit cost of materials and supplies as shown in Table 1 or Table 2:

Table 1: Calculating a Unit Cost for Materials and Supplies

Supplies	Cost Per Unit	Amount of Supplies Used Per Activity	Unit Cost of Supplies Per Activity
Paper	0.02	4	$0.08
Files	0.10	1	0.10
Envelopes	0.03	2	0.06
Photocopies	0.10	4	0.40
			$0.64

Table 2: Calculating a Unit Cost for Materials and Supplies

Supplies	Supplies Used	Unit Cost of Supplies Per Activity
Paper ($10.00 for 500 sheet ream)	250 Sheets	$5.00
Files ($2.50 for box of 25)	10 Folders	1.00
Envelopes ($3.00 for box of 100)	50 Envelopes	1.50
Photocopies ($0.05 per copy)	40 Copies	2.00
		$9.50

If the number of reimbursable instances are 25, then the unit cost of supplies is $0.38 per reimbursable instance ($9.50 ÷ 25).

(g) Contract Services

The cost of contract services is allowable if the local agency lacks the staff resources or necessary expertise, or it is economically feasible to hire a contractor to perform the mandated activity. The claimant must give the name of the contractor; explain the reason for having to hire a contractor; describe the mandated activities performed; give the dates when the activities were performed, the number of hours spent performing the mandate, the hourly billing rate, and the total cost. The hourly billing rate shall not exceed the rate specified in the claiming instructions for the mandated program. The

contractor's invoice, or statement, which includes an itemized list of costs for activities performed, must accompany the claim.

(h) Equipment Rental Costs

Equipment purchases and leases (with an option to purchase) are not reimbursable as a direct cost unless specifically allowed by the claiming instructions for the particular mandate. Equipment rentals used solely for the mandate, are reimbursable to the extent such costs do not exceed the retail purchase price of the equipment plus a finance charge. The claimant must explain the purpose and use for the equipment, the time period for which the equipment was rented and the total cost of the rental. If the equipment is used for purposes other than reimbursable activities, only the prorata portion of the rental costs can be claimed.

(i) Capital Outlay

Capital outlays for land, buildings, equipment, furniture and fixtures may be claimed if the claiming instructions specify them as allowable. If they are allowable, the claiming instructions for the program will specify a basis for the reimbursement. If the fixed asset or equipment is also used for purposes other than reimbursable activities for a specific mandate, only the prorata portion of the purchase price used to implement the reimbursable activities can be claimed.

(j) Travel Expenses

Travel expenses are normally reimbursable in accordance with travel rules and regulations of the local jurisdiction. For some programs, however, the claiming instructions may specify certain limitations on expenses, or that expenses can only be reimbursed in accordance with the State Board of Control travel standards. When claiming travel expenses, the claimant must explain the purpose of the trip, identify the name and address of the persons incurring the expense, the date and time of departure and return for the trip, description of each expense claimed, the cost of transportation, number of private auto mileage traveled, and the cost of tolls and parking with receipts required for charges over $10.00.

(k) Documentation

It is the responsibility of the claimant to make available to the SCO, upon request, documentation in the form of general and subsidiary ledgers, purchase orders, invoices, contracts, canceled warrants, equipment usage records, land deeds, receipts, employee time sheets, agency travel guidelines, inventory records, and other relevant documents to support claimed costs. The type of documentation necessary for each claim may differ with the type of mandate.

9. Indirect Costs

GC Section 17564(b) provides that claims for indirect costs shall be filed in the manner prescribed by the SCO. Indirect costs (or overhead) are those costs incurred for a common or joint purpose, benefiting more than one program and are not directly assignable to a particular program without efforts disproportionate to the result achieved. Indirect costs may include both (1) the overhead costs for the unit performing the mandate and (2) the costs of central government services distributed through the central service cost allocation plan and not otherwise treated as a direct cost.

Previously, the costs of elected officials were considered expenses related to general government and, thus, were unallowable for reimbursement purposes. Recent interpretation has moved in the opposite direction, except for those items of cost, which are unallowable in the cost principles set forth in Office of Management and Budget Circular (OMB) Circular A-87 (Title 2 CFR Part 225). A

cost that is necessary for proper and efficient administration of a program and is identifiable to that program is eligible for consideration as allocable indirect costs. Allocable costs for time spent on programs, must be supported by time record.

Local agencies have the option of using 10% of direct labor as indirect costs or claiming indirect costs through a department's Indirect Cost Rate Proposal (ICRP) for the program prepared in accordance with the provisions of Office of Management and Budget OMB Circular A-87 (Title 2 CFR Part 225.) (Refer to the Appendix-Costs Computation: Indirect Costs). An ICRP must be prepared if the claim for indirect costs is in excess of 10% of direct salaries; the ICRP must be submitted with the claim.

A. Fixed 10% Rate Method

Indirect costs may be computed as 10% of direct labor costs, excluding fringe benefits. The use of the 10% rate may benefit small agencies where it is inefficient to prepare an ICRP.

Direct Costs Incurred By	On Behalf of	
Auditor	Welfare Administration	Health Department
Warrant Writing:		
A. Salary of employee working	$5,000	$1,000
B. Benefits of above	800	200
C. Cost of paper	350	100
D. First-line supervision (salaries)	3,000	500
E. Indirect cost 10% of A + D	800	150
Total amount charged to benefited departments for warrant writing services	$9,950	$1,950

Direct Costs Incurred By	On Behalf of	
Building & Grounds Department	Welfare Administration	Health Department
Maintenance of Buildings:		
A. Salary of employees performing maintenance	$1,000	$500
B. Benefits of above	200	100
C. Cleaning supplies	250	150
D. First-line supervision (salaries)	500	200
E. Indirect cost 10% of A + D	150	70
Total amount charged to benefited departments for building maintenance services	$2,100	$1,020

Any local agency using this method for claiming costs must submit a statement similar to the example above and with supporting data. The cost data required for desk audit purposes are described in the claiming instructions for that mandated program under Salaries and Employee

Benefits, Materials and Supplies, Contract Services, Travel Expenses, etc.

B. Indirect Cost Rate Proposal Method

If a local agency elects not to utilize the 10% fixed rate method but wants to claim indirect costs, it must prepare an ICRP for the program. The proposal must follow the provisions of the Office of Management and Budget (OMB) Circular A-87 (Title 2 CFR Part 225), *Cost Principles for State, Local, and Indian Tribal Governments*. The development of the indirect cost rate proposal requires that the indirect cost pool include only those costs which are incurred for a common or joint purpose that benefit more than one cost objective. The indirect cost pool may only include costs that can be shown to provide benefits to the program. In addition, total allocable indirect costs may only include costs, which cannot be directly charged to an identifiable cost center (i.e., program).

A method for preparing a departmental indirect cost rate proposal for programs is presented as Exhibit 1. Only this format is acceptable under the SCO reimbursement requirements. If more than one department is involved in the reimbursement program, each department must have their own indirect cost rate proposal for the program.

Exhibit 1

INDIRECT COST RATE PROPOSAL
PUBLIC DEFENDER'S OFFICE
INVESTIGATION PROGRAM
FISCAL YEAR 20___-20___

(A) Description of Costs	Distribution Base	Total Costs	(B) Excludable Unallowable Costs	(C) Allowable Indirect Costs	(D) Allowable Direct Costs	Identifiable Program Costs: Investigation PC 987.9	Identifiable Program Costs: All Others
Salaries & Benefits							
Salaries & Wages		$ 1,150,000	$ 50,000 (F)	$ 150,000	$ 950,000 (F)	$ 100,000	$ 850,000
Overtime		20,000	0	20,000	0	0	0
Benefits		230,000	10,000	30,000	190,000	20,000	170,000
Total		$ 1,400,000	$ 60,000	$ 200,000	$ 1,140,000	$ 120,000	$ 1,020,000
Services & Supplies							
Office Expense		$ 200,000	$ 10,000	$ 20,000	$ 170,000	$ 10,000	$ 160,000
Communications		100,000	2,000	10,000	88,000	1,000	87,000
Transportation		120,000	5,000	0	115,000	5,000	110,000
Special Dept Expense (Contracts)		250,000	0	0	250,000	0	250,000
Other, Pass Through Program		800,000	800,000	0	0	0	0
Total		$ 1,470,000	$ 817,000	$ 30,000	$ 623,000	$ 16,000	$ 607,000
Capital Expenditures		$ 100,000	$ 100,000				
Total Budgetary Expenditures		$ 2,970,000	$ 977,000	$ 230,000	$ 1,763,000	$ 136,000	$ 1,627,000
Cost Plan Costs	Distribution Base						
Building Use	(Each line item should be reviewed to see if it benefits the mandate to insure a fair and equitable distribution.)	$ 50,000	$ 2,000	$ 6,000	$ 42,000	$ 2,000	$ 40,000
Equipment Use		30,000	1,000	3,000	26,000	1,000	25,000
Data Processing		50,000	5,000	30,000	15,000	0	15,000
Auditor		20,000	0	20,000	0	0	0
Personnel		10,000	1,000	1,000	8,000	1,000	7,000
Roll Forward		10,000	0	10,000	0	0	0
Total		$ 170,000 (E)	$ 9,000	$ 70,000	$ 91,000	$ 4,000	$ 87,000
Total Allocable Indirect Costs				$ 300,000 (F)			
Distribution of Allocable Indirect Costs							
Based on Salaries & Wages			$ 15,000	$ (300,000)	$ 285,000	$ 30,000	$ 255,000
Totals		$ 3,140,000	$ 1,001,000	$ 0	$ 2,139,000	$ 170,000	$ 1,969,000

(1) Notes to Exhibit 1

(a) The department's ICRP plan for the distribution of costs to programs must follow the same format as shown on Exhibit 1. Specifically, there must be columns as follows: Description of Costs, Total Cost, Excludable and Unallowable Costs (may be combined or separated), Allowable Indirect Costs, and Allowable Direct Costs (which are further allocated to identifiable programs and other). No other format will be accepted.

(b) Excluded costs are all costs that are unallowable and unallocable according to specific guidelines (OMB 2 CFR Part 225 and state laws).

Examples:

Contributions and donations: Cost of amusement; social activities and related incidental costs such as meals, beverages, lodging, rentals, transportation and gratuities; and pass through revenues to another unit or organization.

(c) Allocable indirect costs are costs that are not identifiable to a specific program or cost pool and indirectly benefit all cost pools.

(d) Direct costs are costs that benefit a specific program or cost pool.

(e) Overhead costs are distributed to the department in the cost allocation plan, which was prepared in accordance with the OMB 2 CFR Part 225. Use the same year's cost allocation plan for developing the ICRP as the year for which the ICRP is being prepared. Do not include a roll forward adjustment when the program is in its initial year.

(f) Distribution base for the computation of the indirect cost rate is total salaries and wages.

Total Allocable Direct Costs (direct S&W)	**$**950,000
Excluded and Unallowable Costs (direct S&W)	50,000
Distribution Base	$1,000,000

Therefore, the Indirect Cost Rate for Penal Code 987.9 Program is:

$$\text{ICRP} = \frac{\text{Allowable Indirect Costs}}{\text{Total Salaries and Wages}} = \frac{\$300,000}{\$1,000,000} = 30.00\%$$

10. Time Study Guidelines

Background

For costs incurred on or after January 1, 2005, a reasonable reimbursement methodology can be used as a formula for reimbursing local agency and school district costs mandated by the state that meets certain conditions specified in GC Section 17518.5(a). These costs can only be substituted for continuous records of actual time spend for a specific fiscal year if the program's P's & G's allow for the use of time studies.

Two methods are acceptable for documenting employee time charged to mandated cost programs: Actual Time Reporting and Time Study, which are described below. Application of time study results is restricted. As explained in Time Study Results below, the results may be projected toward to a maximum of two years provided the claimant meets certain criteria.

Actual Time Reporting

P's & G's define reimbursable activities for each mandated cost program. When employees work on multiple activities, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation that meets the following standards:

- They must reflect an after-the-fact (contemporaneous) distribution of the actual activity of each employee;
- They must account for the total activity for which each employee is compensated;
- They must be prepared at least monthly and must coincide with one or more pay periods; and
- They must be signed by the employee.

Budget estimates or other distribution percentages determined before services are performed do not qualify as support for time distribution.

Time Study

In certain cases, a time study may be used to substitute for continuous records of actual time spent on multiple activities and/or programs. An effective time study requires that an activity be a task that is repetitive in nature. Activities that require a varying level of effort are not appropriate for time studies.

Time Study Plan

A time study plan is necessary before conducting the time study. The claimant must retain the time study plan for audit purposes. The plan needs to identify the following:

- Time period(s) to be studied – The plan must show that all time periods selected are representative of the fiscal year, and the results can be reasonably projected to approximate actual costs;

- Activities and/or programs to be studied – For each mandated program included, the time study must separately identify each reimbursable activity defined in the mandated program's parameters and guidelines, which are derived from the program's Statement of Decision. If a reimbursable activity in the parameters and guidelines identifies separate and distinct sub-activities, these sub-activities must also be treated as individual activities;

For example, sub-activities (a), (b), and (c) under Reimbursable Activity (B)(1) of the local agency's Domestic Violence Treatment Services: Authorization and Case Management program relate to information to be discussed during victim notification by the probation department and therefore are not separate and distinct activities. These sub-activities do not have to be separately studied.

- Process used to accomplish each reimbursable activity – Use flowcharts or similar analytical tools and/or written desk procedures to describe the process for each activity;

- Employee universe – The employee universe used in the time study must include all positions for which salaries and wages are to be allocated by means of the time study;

- Employee sample selection methodology – The plan must show that employees selected are representative of the employee universe, and the results can be reasonably projected to approximate actual costs. In addition, the employee sample size should be proportional to the variation in time spent to perform a task. The sample size should be larger for tasks with significant time variations;

- Time increments to be recorded – The time increments used should be sufficient to recognize the number of different activities performed and the dynamics of these responsibilities. Very large increments (such as one hour or more) might be used for employees performing only a few functions that change very slowly over time. Very small increments (a number of minutes) may be needed for employees performing more short-term tasks.

Random moment sampling is not an acceptable alternative to continuous time records for mandated cost claims. Random moment sampling techniques are most applicable in situations where employees perform many different types of activities on a variety of programs with small time increments throughout the fiscal year.

Time Study Documentation

Time studies must:

- Be supported by time records that are completed contemporaneously;
- Report activity on a daily basis;
- Be sufficiently detailed to reflect all mandated activities and/or programs performed during a specific time period; and
- Coincide with one or more pay periods.

Time records must be signed by the employee (electronic signatures are acceptable) and be supported by corroborating evidence, which validates that the work was actually performed. As with actual time reporting, budget estimates or other distribution percentages determined before services are performed do not qualify as valid time studies.

Time Study Results

Time study results must be summarized to show how the time study supports the costs claimed for each activity. Any variations from the procedures identified in the original time study plan must be documented and explained

Current-year costs must be used to prepare a time study. Claimants may project time study results to no more than two subsequent fiscal years. A claimant may not apply time study results retroactively.

- Annual Reimbursement Claims – Claimants may use time studies to support costs incurred on or after January 1, 2005. Claimants may not use time studies for the period July 1, 2004, through December 31, 2004, unless (1) the program's P's & G's specifically allows time studies, and (2) the time study is prepared based on mandated activity occurring between July 1, 2004, and December 31, 2004.

- Initial Claims –When filing an initial claim for new mandated programs, claimants may only use time study results for costs incurred on or after January 1, 2005. Claimants may not use time studies to support costs incurred before January 1, 2005, unless (1) the program's P's & G's specifically allows time studies, and (2) the claimant prepares separate time studies for each fiscal year preceding January 1, 2005, based on mandated activity occurring during those years.

When projecting time study results, the claimant must certify that there have been no significant changes between years in either (1) the requirements of each mandated program activity or (2) the processes and procedures used to accomplish the activity. For all years, the claimant must maintain corroborating evidence that validates the mandated activity was actually performed. Time study results used to support subsequent years' claims are subject to the recordkeeping

requirements for those claims.

11. Offset Against State Mandated Claims

When part or all the costs of a mandated program are specifically reimbursable from non-local agency sources (e.g., state, federal, foundation, etc.), only that portion of any increased costs payable from local agency funds is eligible for reimbursement under the provisions of Government Code Section 17561.

A. Example 1

This example shows how the offset against state mandated claim is determined for local agencies receiving block grant revenues not based on a formula allocation. Listed below are six situations, which may occur at a local agency level. For hypothetical program costs of $100,000: (1) through (4) show intended funding at 100% from non-local agency sources and (5) through (6) show cost sharing on a 50/50 basis with the local agency. Of the $100,000 program cost, $2,500 is the cost of state mandated activity. Offset against state mandated claims is the amount of actual non-local agency funding which exceeds the difference between program costs and state mandated costs. The offset against state mandated claims can not exceed the amount of state mandated costs. In (4), non-local revenues were fully realized to cover the entire cost of the program, including the state mandate activity; therefore, the offset against state mandated claims is $2,500. In (1), non-local revenues were less than expected. Non-local agency funding was not in excess of the difference between program costs and state mandated costs. As a result, the offset against state mandated claims is zero and $2,500 is claimable as mandated costs. In (5), the local agency is sharing 50% of the program cost. Since non-local revenues of $50,000 were fully realized, the offset against state mandated claims is $1,250.

	Program Costs	Actual Non-Local Agency Funding	State Mandated Costs	Offset Against State Mandated Claims	Claimable Mandated Costs
A.	Block Grants (funding not based on a formula allocation)				
1.	$100,000	$95,000	$2,500	$-0-	$2,500
2.	100,000	97,000	2,500	-0-	2,500
3.	100,000	98,000	2,500	500	2,000
4.	100,000	100,000	2,500	2,500	-0-
5.	100,000 *	50,000	2,500	1,250	1,250
6.	If in (5) the non-local matching share is less than the amount expected, for example $49,000, the offset against state mandated claims is $250. Therefore, the claimable mandated costs are $2,250.				

* Local agency share is $50,000 of the program costs.

B. Example 2

This example shows how the offset against state mandated claims are determined for local agencies receiving special project funds based on approved actual costs. Non-local revenues for special projects must be applied proportionately to approve costs. In (2), the entire program cost was approved. Since the non-local agency source covers 75% of the program cost, it also proportionately covered 75% of the $2,500 state mandated costs, or $1,875.

	Program Costs	Actual Non-Local Agency Funding	State Mandated Costs	Offset Against State Mandated Claims	Claimable Mandated Costs
B.	Special Projects (funding based on approved actual costs)				
1.	$100,000	$100,000	$2,500	$2,500	$-0-
2.	100,000 **	75,000	2,500	1,875	625

3. If in (2) the non-local matching share is less than the amount expected, because only $60,000 of the program costs were determined to be valid by the contracting agency, then a proportionate share of state mandated costs is likewise reduced to $1,500. The offset against state mandated claim is $1,125. Therefore, the claimable mandated costs are $375.

** Local agency share is $25,000 of the program costs.

With respect to local agencies, the offset against state mandated claims for applicable federal and state local assistance programs includes, but is not limited to, the following funding sources:

Federal and State Funding Sources

Governing Authority

Federal Programs	
CETA, PL 93-203	Federal-Health – Administration
Federal Aid for Construction	Federal-Public Assistance – Administration
Federal Aid for Disaster	
State Programs	
State Aid for Agriculture	State-Health – Administration
State Aid for Construction	State-Public Assistance - Administration
State Aid for Corrections	

12. Notice of Claim Adjustment

All claims submitted to the SCO are reviewed to determine if the claim was prepared in accordance with the claiming instructions. Claimants will receive a *Notice of Claim Adjustments* detailing adjustments made by the SCO.

13. Audit of Costs

Pursuant to GC Section 17558.5, Subdivision (b), the SCO may conduct a field review of any claim after it has been submitted, prior to the reimbursement of the claim to determine if costs are related to the mandate, are reasonable and not excessive, and the claim was prepared in accordance with SCO's claiming instructions and the P's & G's adopted by the Commission. If any adjustments are made to a claim, a Notice of Claim Adjustment specifying the claim activity adjusted, the amount adjusted, and the reason for the adjustment, will be mailed within thirty days after payment of the claim.

14. Source Documents

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. These costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure Section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

For costs incurred on or after January 1, 2005, an RRM can be used for reimbursing local agency that meets certain conditions specified in 17518.5(a).

15. Claim Forms and Instructions

A claimant may submit a computer generated report in substitution for Form-1 and Form-2 provided the format of the report and data fields contained within the report are identical to the claim forms included with these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file a reimbursement claim. The SCO will revise the manual and claim forms as necessary.

A. Form-2, Component/Activity Cost Detail

This form is used to segregate the detail costs by claim component. In some mandates, specific reimbursable activities have been identified for each component. The expenses reported on this form must be supported by the official financial records of the claimant and copies of supporting documentation, as specified in the claiming instructions, must be submitted with the claims.

B. Form-1, Claim Summary

This form is used to summarize direct costs by component and compute allowable indirect costs for the mandate. The direct costs summarized on this form are derived from Form-2 and are carried forward to form FAM-27.

C. Form FAM-27, Claim for Payment

This form contains a certification that must be signed by an authorized officer of the entity. All applicable information from Form-1 must be carried forward onto this form in order for the SCO to process the claim for payment. An original and one copy of the FAM-27 are required.

Claims should be rounded to the nearest dollar. Submit a signed original and one copy of form FAM-27, Claim for Payment. **To expedite the payment process, please sign the FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.**

Use the following mailing addresses:

If delivered by U.S. Postal Service:	If delivered by Other delivery services:
Office of the State Controller Attn: Local Reimbursements Section Division of Accounting and Reporting P.O. Box 942850 Sacramento, CA 94250	Office of the State Controller Attn: Local Reimbursements Section Division of Accounting and Reporting 3301 C Street, Suite 700 Sacramento, CA 95816

16. Retention of Claiming Instructions

For your convenience, the revised claiming instructions in this package have been arranged in alphabetical order by program name. These revisions should be inserted in the Local Mandated Cost Manual and the old forms they replace should be removed. The instructions should then be retained for future reference, and the forms should be duplicated to meet your filing requirements. Annually, updated forms and any other information or instructions claimants may need to file claims, as well as instructions and forms for all new programs released throughout the year will be placed on the SCO's web site at www.sco.ca.gov/ard_mancost.html.

If you have any questions concerning mandated cost reimbursements, please write to us at the address listed for filing claims, send e-mail to lrsdar@sco.ca.gov, or call the Local Reimbursements Section at (916) 324-5729.

17. Retention of Claim Records and Supporting Documentation

Pursuant to GC Section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by local agency pursuant to this chapter is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds were appropriated or no payment was made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit will be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities must be retained during the period subject to audit. If the Controller has initiated an audit during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings. Supporting documents shall be made available to SCO on request.

A. STATE OF CALIFORNIA TRAVEL EXPENSE GUIDELINES

Travel Program Effective January 31, 2002

The travel reimbursement program continues to be subject to the Internal Revenue Service (IRS) requirements for an accountable plan. There are no flat rate reimbursements. All items are to be claimed for the actual amount of expense, up to the maximum allowed. If the provisions below do not require submission of a receipt for a given item of expense, it is the employee's responsibility to retain receipts and other records of the expense and have them available for audit.

Lodging and meals that are provided by the State, including hotel expenses, conference fees, or transportation costs such as airline tickets; or otherwise provided shall not be claimed for reimbursement.

Employees may be reimbursed for actual expenses for breakfast, lunch, dinner, and incidentals for each 24 hours of travel, as follows:

Breakfast	up to	$ 6.00
Lunch	up to	10.00
Dinner	up to	18.00
Incidentals	up to	6.00

Incidental expenses include, but are not limited to, expenses for laundering and pressing of clothing and tips for services such as porters and baggage handlers. Incidentals do not include taxicab fares, lodging taxes, or the cost of telegrams or telephone calls.

Lodging

All lodging reimbursements require a receipt from a commercial lodging establishment such as a hotel, motel, bed and breakfast inn, or campground that caters to the general public. No lodging will be reimbursed without a valid receipt. Employees who stay with friends or relatives are not eligible for lodging reimbursement, but may claim their actual expenses for meals and incidentals.

Short-Term Travel

A. For continuous short-term travel of more than 24 hours but less than 31 days, the employee will be reimbursed for actual costs up to the maximum for each meal, incidental, and lodging expense for each completed 24 hours of travel, beginning with the traveler's time of departure and return as follows:

1. On the first day of travel at the beginning of a trip of more than 24 hours:

   Trip begins at or before 6 a.m. - Breakfast may be claimed

   Trip begins at or before 11 a.m. - Lunch may be claimed

   Trip begins at or before 5 p.m. - Dinner may be claimed

2. On the fractional day of travel at the end of a trip of more than 24 hours:

   Trip ends at or after 8 a.m. - Breakfast may be claimed

   Trip ends at or after 2 p.m. - Lunch may be claimed

   Trip ends at or after 7 p.m. - Dinner may be claimed

If the fractional day includes an overnight stay, receipted lodging may be claimed. No meal or lodging expenses may be claimed or reimbursed more than once on any given date or during any 24-hour period.

B. For continuous travel of less than 24 hours, the employee will be reimbursed for actual expenses, up to a maximum as follows:

Travel begins at or before 6 a.m. and ends at or after 9 a.m. - Breakfast may be claimed
Travel begins at or before 4 p.m. and ends at or after 7 p.m. - Dinner may be claimed

If the trip extends overnight, receipted lodging may be claimed. No lunch or incidentals may be claimed on a trip of less than 24 hours.

Short-Term Travel Maximum Lodging Reimbursement Rate

A. Statewide except as in (B) and (C) below, actual receipted lodging up to $84 plus tax.

B. When required to conduct state business and obtain lodging in the counties of Los Angeles and San Diego, reimbursement will be for actual receipted lodging, to a maximum of $110 plus tax.

C. When required to conduct state business and obtain lodging in the counties of Alameda, San Francisco, San Mateo, and Santa Clara, reimbursement will be for actual receipted lodging, to a maximum of $140 plus tax.

Long-Term Travel

Actual expenses for long-term meals and receipted lodging will be reimbursed when the employee incurs expenses in one location comparable to those arising from the use of establishments catering to long-term visitors.

A. Full Long-Term Travel

To qualify for full long-term travel reimbursement, the employee on a long-term field assignment must meet the following criteria:

a) The employee continues to maintain a permanent residence at the primary headquarters, and either,

b) The permanent residence is occupied by the employee's dependents, or

c) The permanent residence is maintained at a net expense to the employee exceeding $200 per month.

The employee who is living at the long-term location may claim either:

1. Reimbursement for actual individual expense, substantiated by receipts for lodging, water, sewer, gas, and electricity, up to a maximum of $1,130 per calendar month while on the long-term assignment, and actual expenses up to $10 for meals and incidentals, for each period of 12 to 24 hours and up to $5 for actual meals and incidentals for each period of less than 12 hours at the long-term location, or
2. Long-term subsistence rates of $24 for actual meals and incidentals, $24 for receipted lodging for travel of 12 hours up to 24 hours, and either $24 for actual meals or $24 for receipted lodging for travel less than 12 hours when the employee incurs expenses in one location comparable to those arising from the use of establishments catering to long-term visitors.

B. Partial Long-Term Travel

An employee on long-term field assignment who does not maintain a separate residence in the headquarters area may claim long-term subsistence rates of up to $12 for actual meals and incidentals and $12 for receipted lodging for travel of 12 hours up to 24 hours at the long-term location, and either $12 for actual meals or $12 for receipted lodging for travel less than 12 hours at the long-term location.

Receipts

Receipts or vouchers shall be submitted for every item of expense of $25 or more.

a) Receipts are required for every item of transportation and business expense incurred as a result of conducting state business except for actual expenses as follows:

   1. Railroad and bus fares of less than $25, when travel is wholly within the State of California.
   2. Street car, ferry fares, bridge and road tolls, local rapid transit system, taxi, shuttle, or hotel bus fares, and parking fees of $10 or less for each continuous period of parking or each separate transportation expense noted in this item.
   3. Telephone, telegraph, tax, or other business charges related to state business of $5 or less.
   4. In the absence of a receipt, reimbursement will be limited to the non-receipted amount above.

b) Reimbursement will be claimed only for the actual and necessary expenses noted above. Regardless of the above exceptions, the approving officer may require additional certification and/or explanation in order to determine that an expense was actually and reasonably incurred. In the absence of a satisfactory explanation, the expense shall not be allowed.

Mileage

When an employee is authorized by his/her appointing authority or designee to operate a privately owned vehicle on state business, effective January 1, 2009, the employee will be allowed to claim and be reimbursed 55 cents per mile.

B. GOVERNMENT CODE SECTIONS 17500-17617

17500. The Legislature finds and declares that the existing system for reimbursing local agencies and school districts for the costs of state mandated local programs has not provided for the effective determination of the state's responsibilities under Section 6 of Article XIII B of the California Constitution. The Legislature finds and declares that the failure of the existing process to adequately and consistently resolve the complex legal questions involved in the determination of state-mandated costs has led to an increasing reliance by local agencies and school districts on the judiciary and, therefore, in order to relieve unnecessary congestion of the judicial system, it is necessary to create a mechanism which is capable of rendering sound quasi-judicial decisions and providing an effective means of resolving disputes over the existence of state-mandated local programs. It is the intent of the Legislature in enacting this part to provide for the implementation of Section 6 of Article XIII B of the California Constitution. Further, the Legislature intends that the Commission on State Mandates, as a quasi-judicial body, will act in a deliberative manner in accordance with the requirements of Section 6 of Article XIII B of the California Constitution.

Government Code Sections 17510-17524

17510. Unless the context otherwise requires, the definitions contained in this chapter govern the construction of this part. The definition of a word applies to any variants thereof and the singular tense of a word includes the plural.

17511. "City" means any city whether general law or charter, except a city and county.

17512. "Commission" means the Commission on State Mandates.

17513. "Costs mandated by the federal government" means any increased costs incurred by a local agency or school district after January 1, 1973, in order to comply with the requirements of a federal statute or regulation. "Costs mandated by the federal government" includes costs resulting from enactment of a state law or regulation where failure to enact that law or regulation to meet specific federal program or service requirements imposed upon the state would result in substantial monetary penalties or loss of funds to public or private persons in the state whether the federal law was enacted before or after the enactment of the state law, regulation, or executive order. "Costs mandated by the federal government" does not include costs which are specifically reimbursed or funded by the federal or state government or programs or services which may be implemented at the option of the state, local agency, or school district.

17514. "Costs mandated by the state" means any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute enacted on or after January 1, 1975, or any executive order implementing any statute enacted on or after January 1, 1975, which mandates a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution.

17515. "County" means any chartered or general law county. "County" includes a city and county.

17516. "Executive order" means any order, plan, requirement, rule, or regulation issued by any of the following:

(a) The Governor.
(b) Any officer or official serving at the pleasure of the Governor.
(c) Any agency, department, board, or commission of state government.

"Executive order" does not include any order, plan, requirement, rule, or regulation issued by the State Water Resources Control Board or by any regional water quality control board pursuant to Division 7 (commencing with Section 13000) of the Water Code. It is the intent of the Legislature that the State Water Resources Control Board and regional water quality control boards will not adopt enforcement orders against publicly owned dischargers which mandate major waste water treatment facility construction costs

unless federal financial assistance and state financial assistance pursuant to the Clean Water Bond Act of 1970 and 1974, is simultaneously made available. "Major" means either a new treatment facility or an addition to an existing facility, the cost of which is in excess of 20 percent of the cost of replacing the facility.

17517.5. "Cost savings authorized by the state" means any decreased costs that a local agency or school district realizes as a result of any statute enacted or any executive order adopted that permits or requires the discontinuance of or a reduction in the level of service of an existing program that was mandated before January 1, 1975.

17518. "Local agency" means any city, county, special district, authority, or other political subdivision of the state.

17518.5. (a) "Reasonable reimbursement methodology" means a formula for reimbursing local agencies and school districts for costs mandated by the state, as defined in Section 17514.
(b) A reasonable reimbursement methodology shall be based on cost information from a representative sample of eligible claimants, information provided by associations of local agencies and school districts, or other projections of local costs.
(c) A reasonable reimbursement methodology shall consider the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner.
(d) Whenever possible, a reasonable reimbursement methodology shall be based on general allocation formulas, uniform cost allowances, and other approximations of local costs mandated by the state, rather than detailed documentation of actual local costs. In cases when local agencies and school districts are projected to incur costs to implement a mandate over a period of more than one fiscal year, the determination of a reasonable reimbursement methodology may consider local costs and state reimbursements over a period of greater than one fiscal year, but not exceeding 10 years.
(e) A reasonable reimbursement methodology may be developed by any of the following:
(1) The Department of Finance.
(2) The Controller.
(3) An affected state agency.
(4) A claimant.
(5) An interested party.

17519. "School district" means any school district, community college district, or county superintendent of schools.

17520. "Special district" means any agency of the state that performs governmental or proprietary functions within limited boundaries. "Special district" includes a county service area, a maintenance district or area, an improvement district or improvement zone, or any other zone or area. "Special district" does not include a city, a county, a school district, or a community college district.
County free libraries established pursuant to Chapter 6 (commencing with Section 19100 of Part 11 of the Education Code, areas receiving county fire protection services pursuant to Section 25643 of the Government Code, and county road districts established pursuant to Chapter 7 (commencing with Section 1550) of Division 2 of the Streets and Highways Code shall be considered "special districts" for all purposes of this part.

17521. "Test claim" means the first claim filed with the commission alleging that a particular statute or executive order imposes costs mandated by the state, and includes a claim filed pursuant to Section 17574.

17521.5. "Legislatively determined mandate" means the provisions of a statute or executive order that the Legislature, pursuant to Article 1.5, has declared by statute to be a mandate for which reimbursement is required by Section 6 of Article XIII B of the California Constitution.

17522. (a) "Initial reimbursement claim" means a claim filed with the Controller by a local agency or school district for costs to be reimbursed for the fiscal years specified in the first claiming instructions issued by the Controller pursuant to subdivision (b) of Section 17558.
(b) "Annual reimbursement claim" means a claim for actual costs incurred in a prior fiscal year filed with the Controller by a local agency or school district for which appropriations are made to the Controller for this purpose.
(c) "Entitlement claim" means a claim filed by a local agency or school district with the Controller for the purpose of establishing or adjusting a base year entitlement. All entitlement claims are subject to Section 17616.

17523. "Deflator" means the Implicit Price Deflator for the Costs of Goods and Services to Governmental Agencies, as determined by the Department of Finance.

17524. "Base year entitlement" means that amount determined to be the average for the approved reimbursement claims of each local agency or school district for the three preceding fiscal years adjusted by the change in the deflator. A base year entitlement shall not include any nonrecurring or initial startup costs incurred by a local agency or school district in any of those three fiscal years. For those mandates which become operative on January 1 of any year, the amount of the "approved reimbursement claim" for the first of the three years may be computed by annualizing the amount claimed for the six-month period of January through June in that first year, excluding nonrecurring or startup costs.

Government Code Sections 17525-17533

17525. (a) There is hereby created the Commission on State Mandates, which shall consist of seven members as follows:
(1) The Controller.
(2) The Treasurer.
(3) The Director of Finance.
(4) The Director of the Office of Planning and Research.
(5) A public member with experience in public finance, appointed by the Governor and approved by the Senate.
(6) Two members from the following three categories appointed by the Governor and approved by the Senate, provided that no more than one member shall come from the same category:
(A) A city council member.
(B) A member of a county or city and county board of supervisors.
(C) A governing board member of a school district as defined in Section 17519.
(b) Each member appointed pursuant to paragraph (5) or (6) of subdivision (a) shall be subject to both of the following:
(1) The member shall serve for a term of four years subject to renewal.
(2) The member shall receive per diem of one hundred dollars ($100) for each day actually spent in the discharge of official duties and shall be reimbursed for any actual and necessary expenses incurred in connection with the performance of duties as a member of the commission.

17526. (a) All meetings of the commission shall be open to the public, except that the commission may meet in executive session to consider the appointment or dismissal of officers or employees of the commission or to hear complaints or charges brought against a member, officer, or employee of the commission.
(b) The commission shall meet at least once every two months.
(c) The time and place of meetings may be set by resolution of the commission, by written petition of a majority of the members, or by written call of the chairperson. The chairperson may, for good cause, change the starting time or place, reschedule, or cancel any meeting.

17527. In carrying out its duties and responsibilities, the commission shall have the following powers:
(a) To examine any document, report, or data, including computer programs and data files, held by any local agency or school district.

(b) To meet at times and places as it may deem proper.
(c) As a body or, on the authorization of the commission, as a committee composed of one or more members, to hold hearings at any time and place it may deem proper.
(d) Upon a majority vote of the commission, to issue subpoenas to compel the attendance of witnesses and the production of books, records, papers, accounts, reports, and documents.
(e) To administer oaths.
(f) To contract with other agencies or individuals, public or private, as it deems necessary, to provide or prepare services, facilities, studies, and reports to the commission as will assist it in carrying out its duties and responsibilities.
(g) To adopt, promulgate, amend, and rescind rules and regulations, which shall not be subject to the review and approval of the Office of Administrative Law pursuant to the provisions of the Administrative Procedure Act provided for in Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2.
(h) To do any and all other actions necessary or convenient to enable it fully and adequately to perform its duties and to exercise the powers expressly granted to it.

17528. The members of the commission shall elect a chairperson and a vice chairperson of the commission.

17529. The commission may appoint as attorney to the commission an attorney at law of this state, who shall hold office at the pleasure of the commission. The attorney shall represent and appear for the commission in all actions and proceedings involving any question under this part or under any order or act of the commission.
The attorney shall advise the commission and each member of the commission, when so requested, in regard to all matters in connection with the powers and duties of the commission and the members thereof. The attorney shall generally perform all duties and services as attorney to the commission which the commission may require.

17530. The commission shall appoint an executive director, who shall be exempt from civil service and shall hold office at the pleasure of the commission. The executive director shall be responsible for the executive and administrative duties of the commission and shall organize, coordinate, supervise, and direct the operations and affairs of the commission and expedite all matters within the jurisdiction of the commission. The executive director shall keep a full and true record of all proceedings of the commission, issue all necessary process, writs, warrants, and notices, and perform other duties as the commission prescribes.

17531. The executive director may employ those officers, examiners, experts, statisticians, accountants, inspectors, clerks, and employees as the executive director deems necessary to carry out the provisions of this part or to perform the duties and exercise the powers conferred upon the commission by law.

17532. A majority of the commissioners shall constitute a quorum for the transaction of any business, for the performance of any duty, or for the exercise of any power of the commission. Any investigation, inquiry, or hearing which the commission has power to undertake or to hold may be undertaken or held by or before any commissioner or commissioners designated for the purpose by the commission. The evidence in any investigation, inquiry, or hearing may be taken by the commissioner or commissioners to whom the investigation, inquiry, or hearing has been assigned or, in his or her or their behalf, by an examiner designated for that purpose. Every finding, opinion, and order made by the commissioner or commissioners so designated, pursuant to the investigation, inquiry, or hearing, when approved or confirmed by the commission and ordered filed in its office, shall be deemed to be the finding, opinion, and order of the commission.

17533. Notwithstanding Section 11425.10, Chapter 4.5 (commencing with Section 11400) of Part 1 of Division 3 does not apply to a hearing by the commission under this part. 17550-17571 17550. Reimbursement of local agencies and school districts for costs mandated by the state shall be provided pursuant to this chapter.

17551. (a) The commission, pursuant to the provisions of this chapter, shall hear and decide upon a claim by a local agency or school district that the local agency or school district is entitled to be reimbursed by the state for costs mandated by the state as required by Section 6 of Article XIII B of the California Constitution.
(b) Except as provided in Sections 17573 and 17574, commission review of claims may be had pursuant to subdivision (a) only if the test claim is filed within the time limits specified in this section.
(c) Local agency and school district test claims shall be filed not later than 12 months following the effective date of a statute or executive order, or within 12 months of incurring increased costs as a result of a statute or executive order, whichever is later.
(d) The commission, pursuant to the provisions of this chapter, shall hear and decide upon a claim by a local agency or school district filed on or after January 1, 1985, that the Controller has incorrectly reduced payments to the local agency or school district pursuant to paragraph (2) of subdivision (d) of Section 17561.

17552. This chapter shall provide the sole and exclusive procedure by which a local agency or school district may claim reimbursement for costs mandated by the state as required by Section 6 of Article XIII B of the California Constitution.

17553. (a) The commission shall adopt procedures for receiving claims filed pursuant to this article and Section 17574 and for providing a hearing on those claims. The procedures shall do all of the following:
(1) Provide for presentation of evidence by the claimant, the Department of Finance, and any other affected department or agency, and any other interested person.
(2) Ensure that a statewide cost estimate is adopted within 12 months after receipt of a test claim, when a determination is made by the commission that a mandate exists. This deadline may be extended for up to six months upon the request of either the claimant or the commission.
(3) Permit the hearing of a claim to be postponed at the request of the claimant, without prejudice, until the next scheduled hearing.
(b) All test claims shall be filed on a form prescribed by the commission and shall contain at least the following elements and documents:
(1) A written narrative that identifies the specific sections of statutes or executive orders and the effective date and register number of regulations alleged to contain a mandate and shall include all of the following:
(A) A detailed description of the new activities and costs that arise from the mandate.
(B) A detailed description of existing activities and costs that are modified by the mandate.
(C) The actual increased costs incurred by the claimant during the fiscal year for which the claim was filed to implement the alleged mandate.
(D) The actual or estimated annual costs that will be incurred by the claimant to implement the alleged mandate during the fiscal year immediately following the fiscal year for which the claim was filed.
(E) A statewide cost estimate of increased costs that all local agencies or school districts will incur to implement the alleged mandate during the fiscal year immediately following the fiscal year for which the claim was filed.
(F) Identification of all of the following:
(i) Dedicated state funds appropriated for this program.
(ii) Dedicated federal funds appropriated for this program.
(iii) Other nonlocal agency funds dedicated for this program.
(iv) The local agency's general purpose funds for this program.
(v) Fee authority to offset the costs of this program.
(G) Identification of prior mandate determinations made by the Commission on State Mandates or a predecessor agency that may be related to the alleged mandate.
(H) Identification of a legislatively determined mandate pursuant to Section 17573 that is on the same statute or executive order.
(2) The written narrative shall be supported with declarations under penalty of perjury, based on the declarant's personal knowledge, information, or belief, and signed by persons who are authorized and competent to do so, as follows:
(A) Declarations of actual or estimated increased costs that will be incurred by the claimant to implement the alleged mandate.

(B) Declarations identifying all local, state, or federal funds, or fee authority that may be used to offset the increased costs that will be incurred by the claimant to implement the alleged mandate, including direct and indirect costs.
(C) Declarations describing new activities performed to implement specified provisions of the new statute or executive order alleged to impose a reimbursable state-mandated program. Specific references shall be made to chapters, articles, sections, or page numbers alleged to impose a reimbursable state-mandated program.
(D) If applicable, declarations describing the period of reimbursement and payments received for full reimbursement of costs for a legislatively determined mandate pursuant to Section 17573, and the authority to file a test claim pursuant to paragraph (1) of subdivision (c) of Section 17574.
(3) (A) The written narrative shall be supported with copies of all of the following:
(i) The test claim statute that includes the bill number or executive order, alleged to impose or impact a mandate.
(ii) Relevant portions of state constitutional provisions, federal statutes, and executive orders that may impact the alleged mandate.
(iii) Administrative decisions and court decisions cited in the narrative.
(B) State mandate determinations made by the Commission on State Mandates or a predecessor agency and published court decisions on state mandate determinations made by the Commission on State Mandates are exempt from this requirement.
(4) A test claim shall be signed at the end of the document, under penalty of perjury by the claimant or its authorized representative, with the declaration that the test claim is true and complete to the best of the declarant's personal knowledge, information, or belief. The date of signing, the declarant's title, address, telephone number, facsimile machine telephone number, and electronic mail address shall be included.
(c) If a completed test claim is not received by the commission within 30 calendar days from the date that an incomplete test claim was returned by the commission, the original test claim filing date may be disallowed, and a new test claim may be accepted on the same statute or executive order.
(d) In addition, the commission shall determine whether an incorrect reduction claim is complete within 10 days after the date that the incorrect reduction claim is filed. If the commission determines that an incorrect reduction claim is not complete, the commission shall notify the local agency and school district that filed the claim stating the reasons that the claim is not complete. The local agency or school district shall have 30 days to complete the claim. The commission shall serve a copy of the complete incorrect reduction claim on the Controller. The Controller shall have no more than 90 days after the date the claim is delivered or mailed to file any rebuttal to an incorrect reduction claim. The failure of the Controller to file a rebuttal to an incorrect reduction claim shall not serve to delay the consideration of the claim by the commission.

17554. With the agreement of all parties to the claim, the commission may waive the application of any procedural requirement imposed by this chapter or pursuant to Section 17553. The authority granted by this section includes the consolidation of claims and the shortening of time periods.

17555. (a) Not later than 30 days after hearing and deciding upon a test claim pursuant to subdivision (a) of Section 17551, and determining the amount to be subvened to local agencies and school districts for reimbursement pursuant to subdivision (a) of Section 17557, the commission shall notify the appropriate Senate and Assembly policy and fiscal committees, the Legislative Analyst, the Department of Finance, and the Controller of that decision. (b) For purposes of this section, the "appropriate policy committee" means the policy committee that has jurisdiction over the subject matter of the statute, regulation, or executive order, and in which bills relating to that subject matter would have been heard.

17556. The commission shall not find costs mandated by the state, as defined in Section 17514, in any claim submitted by a local agency or school district, if, after a hearing, the commission finds any one of the following:
(a) The claim is submitted by a local agency or school district that requested legislative authority for that local agency or school district to implement the program specified in the statute, and that statute imposes costs upon that local agency or school district requesting the legislative authority. A resolution from the governing body or a letter from a delegated representative of the governing body of a local agency or

school district that requests authorization for that local agency or school district to implement a given program shall constitute a request within the meaning of this subdivision.
(b) The statute or executive order affirmed for the state a mandate that had been declared existing law or regulation by action of the courts.
(c) The statute or executive order imposes a requirement that is mandated by a federal law or regulation and results in costs mandated by the federal government, unless the statute or executive order mandates costs that exceed the mandate in that federal law or regulation. This subdivision applies regardless of whether the federal law or regulation was enacted or adopted prior to or after the date on which the state statute or executive order was enacted or issued.
(d) The local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the mandated program or increased level of service.
(e) The statute, executive order, or an appropriation in a Budget Act or other bill provides for offsetting savings to local agencies or school districts that result in no net costs to the local agencies or school districts, or includes additional revenue that was specifically intended to fund the costs of the state mandate in an amount sufficient to fund the cost of the state mandate.
(f) The statute or executive order imposes duties that are necessary to implement, reasonably within the scope of, or expressly included in, a ballot measure approved by the voters in a statewide or local election. This subdivision applies regardless of whether the statute or executive order was enacted or adopted before or after the date on which the ballot measure was approved by the voters.
(g) The statute created a new crime or infraction, eliminated a crime or infraction, or changed the penalty for a crime or infraction, but only for that portion of the statute relating directly to the enforcement of the crime or infraction.

17557. (a) If the commission determines there are costs mandated by the state pursuant to Section 17551, it shall determine the amount to be subvened to local agencies and school districts for reimbursement. In so doing it shall adopt parameters and guidelines for reimbursement of any claims relating to the statute or executive order. The successful test claimants shall submit proposed parameters and guidelines within 30 days of adoption of a statement of decision on a test claim. At the request of a successful test claimant, the commission may provide for one or more extensions of this 30-day period at any time prior to its adoption of the parameters and guidelines. If proposed parameters and guidelines are not submitted within the 30-day period and the commission has not granted an extension, then the commission shall notify the test claimant that the amount of reimbursement the test claimant is entitled to for the first 12 months of incurred costs will be reduced by 20 percent, unless the test claimant can demonstrate to the commission why an extension of the 30-day period is justified.
(b) In adopting parameters and guidelines, the commission may adopt a reasonable reimbursement methodology.
(c) The parameters and guidelines adopted by the commission shall specify the fiscal years for which local agencies and school districts shall be reimbursed for costs incurred. However, the commission may not specify in the parameters and guidelines any fiscal year for which payment could be provided in the annual Budget Act.
(d) A local agency, school district, or the state may file a written request with the commission to amend, modify, or supplement the parameters or guidelines. The commission may, after public notice and hearing, amend, modify, or supplement the parameters and guidelines. A parameters and guidelines amendment submitted within 90 days of the claiming deadline for initial claims, as specified in the claiming instructions pursuant to Section 17561, shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. A parameters and guidelines amendment filed more than 90 days after the claiming deadline for initial claims, as specified in the claiming instructions pursuant to Section 17561, and on or before the claiming deadline following a fiscal year, shall establish reimbursement eligibility for that fiscal year.
(e) A test claim shall be submitted on or before June 30 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. The claimant may thereafter amend the test claim at any time, but before the test claim is set for a hearing, without affecting the original filing date as long as the amendment substantially relates to the original test claim.
(f) In adopting parameters and guidelines, the commission shall consult with the Department of Finance, the affected state agency, the Controller, the fiscal and policy committees of the Assembly and Senate, the

Legislative Analyst, and the claimants to consider a reasonable reimbursement methodology that balances accuracy with simplicity.

17557.1. (a) Notwithstanding any other provision of this part, within 30 days of the commission's adoption of a statement of decision on a test claim, the test claimant and the Department of Finance may notify the executive director of the commission in writing of their intent to follow the process described in this section to develop a reasonable reimbursement methodology and statewide estimate of costs for the initial claiming period and budget year for reimbursement of costs mandated by the state in accordance with the statement of decision. The letter of intent shall include the date on which the test claimant and the Department of Finance will submit a plan to ensure that costs from a representative sample of eligible local agency or school district claimants are considered in the development of a reasonable reimbursement methodology.
(b) This plan shall also include all of the following information:
(1) The date on which the test claimant and Department of Finance will provide to the executive director an informational update regarding their progress in developing the reasonable reimbursement methodology.
(2) The date on which the test claimant and Department of Finance will submit to the executive director the draft reasonable reimbursement methodology and proposed statewide estimate of costs for the initial claiming period and budget year. This date shall be no later than 180 days after the date the letter of intent is sent by the test claimant and Department of Finance to the executive director.
(c) At the request of the test claimant and Department of Finance, the executive director may provide for up to four extensions of this 180-day period.
(d) The test claimant or Department of Finance may notify the executive director at any time that the claimant or Department of Finance no longer intends to develop a reasonable reimbursement methodology pursuant to this section. In this case, paragraph (2) of subdivision (a) of Section 17553 and Section 17557 shall apply to the test claim. Upon receipt of this notification, the executive director shall notify the test claimant of the duty to submit proposed parameters and guidelines within 30 days under subdivision (a) of Section 17557.

17557.2. (a) A reasonable reimbursement methodology developed pursuant to Section 17557.1 or a joint request for early termination of a reasonable reimbursement methodology shall have broad support from a wide range of local agencies or school districts. The test claimant and Department of Finance may demonstrate broad support from a wide range of local agencies or school districts in different ways, including, but not limited to, obtaining endorsement by one or more statewide associations of local agencies or school districts and securing letters of approval from local agencies or school districts.
(b) No later than 60 days before a commission hearing, the test claimant and Department of Finance shall submit to the commission a joint proposal that shall include all of the following:
(1) The draft reasonable reimbursement methodology.
(2) The proposed statewide estimate of costs for the initial claiming period and budget year.
(3) A description of the steps the test claimant and the Department of Finance undertook to determine the level of support by local agencies or school districts for the draft reasonable reimbursement methodology.
(4) An agreement that the reasonable reimbursement methodology developed and approved under this section shall be in effect for a period of five years unless a different term is approved by the commission, or upon submission to the commission of a letter indicating the Department of Finance and test claimant's joint interest in early termination of the reasonable reimbursement methodology.
(5) An agreement that, at the conclusion of the period established in paragraph (4), the Department of Finance and the test claimant will consider jointly whether amendments to the methodology are necessary.
(c) The commission shall approve the draft reasonable reimbursement methodology if review of the information submitted pursuant to Section 17557.1 and subdivision (b) of this section demonstrates that the draft reasonable reimbursement methodology and statewide estimate of costs for the initial claiming period and budget year have been developed in accordance with Section 17557.1 and meet the requirements of subdivision (a). The commission thereafter shall adopt the proposed statewide estimate of costs for the initial claiming period and budget year. Statewide cost estimates adopted under this section shall be included in the report to the Legislature required under Section 17600 and shall be reported by the commission to the appropriate Senate and Assembly policy and fiscal committees, the Legislative Analyst, and the Department of Finance not later than 30 days after adoption.

(d) Unless amendments are proposed pursuant to this subdivision, the reasonable reimbursement methodology approved by the commission pursuant to this section shall expire after either five years, any other term approved by the commission, or upon submission to the commission of a letter indicating the Department of Finance's and test claimant's joint interest in early termination of the reasonable reimbursement methodology.
(e) The commission shall approve a joint request for early termination of a reasonable reimbursement methodology if the request meets the requirements of subdivision (a). If the commission approves a joint request for early termination, the commission shall notify the test claimant of the duty to submit proposed parameters and guidelines to the commission pursuant to subdivision (a) of Section 17557.
(f) At least one year before the expiration of a reasonable reimbursement methodology, the commission shall notify the Department of Finance and the test claimant that they may do one of the following:
(1) Jointly propose amendments to the reasonable reimbursement methodology by submitting the information described in paragraphs (1), (3), and (4) of subdivision (b), and providing an estimate of the mandate's annual cost for the subsequent budget year.
(2) Jointly propose that the reasonable reimbursement methodology remain in effect.
(3) Allow the reasonable reimbursement methodology to expire and notify the commission that the test claimant will submit proposed parameters and guidelines to the commission pursuant to subdivision (a) of Section 17557 to replace the reasonable reimbursement methodology.
(g) The commission shall either approve the continuation of the reasonable reimbursement methodology or approve the jointly proposed amendments to the reasonable reimbursement methodology if the information submitted in accordance with paragraph (1) of subdivision (d) demonstrates that the proposed amendments were developed in accordance with Section 17557.1 and meet the requirements of subdivision (a) of this section.

17558. (a) The commission shall submit the adopted parameters and guidelines or a reasonable reimbursement methodology approved pursuant to Section 17557.2 to the Controller. As used in this chapter, a "reasonable reimbursement methodology" approved pursuant to Section 17557.2 includes all amendments to the reasonable reimbursement methodology. When the Legislature declares a legislatively determined mandate in accordance with Section 17573 in which claiming instructions are necessary, the Department of Finance shall notify the Controller.
(b) Not later than 60 days after receiving the adopted parameters and guidelines, a reasonable reimbursement methodology from the commission, or notification from the Department of Finance, the Controller shall issue claiming instructions for each mandate that requires state reimbursement, to assist local agencies and school districts in claiming costs to be reimbursed. In preparing claiming instructions, the Controller shall request assistance from the Department of Finance and may request the assistance of other state agencies. The claiming instructions shall be derived from the test claim decision and the adopted parameters and guidelines, reasonable reimbursement methodology, or statute declaring a legislatively determined mandate.
(c) The Controller shall, within 60 days after receiving amended parameters and guidelines, an amended reasonable reimbursement methodology from the commission or other information necessitating a revision of the claiming instructions, prepare and issue revised claiming instructions for mandates that require state reimbursement that have been established by commission action pursuant to Section 17557, Section 17557.2, or after any decision or order of the commission pursuant to Section 17559, or after any action by the Legislature pursuant to Section 17573. In preparing revised claiming instructions, the Controller may request the assistance of other state agencies.

17558.5. (a) A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced.
(b) The Controller may conduct a field review of any claim after the claim has been submitted, prior to the reimbursement of the claim.

(c) The Controller shall notify the claimant in writing within 30 days after issuance of a remittance advice of any adjustment to a claim for reimbursement that results from an audit or review. The notification shall specify the claim components adjusted, the amounts adjusted, interest charges on claims adjusted to reduce the overall reimbursement to the local agency or school district, and the reason for the adjustment. Remittance advices and other notices of payment action shall not constitute notice of adjustment from an audit or review.
(d) The interest rate charged by the Controller on reduced claims shall be set at the Pooled Money Investment Account rate and shall be imposed on the dollar amount of the overpaid claim from the time the claim was paid until overpayment is satisfied.
(e) Nothing in this section shall be construed to limit the adjustment of payments when inaccuracies are determined to be the result of the intent to defraud, or 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.

17558.6. It is the intent of the Legislature that the Commission on State Mandates review its process by which local agencies may appeal the reduction of reimbursement claims on the basis that the reduction is incorrect in order to provide for a more expeditious and less costly process.

17558.7. (a) If the Controller reduces a claim approved by the commission, the claimant may file with the commission an incorrect reduction claim pursuant to regulations adopted by the commission.
(b) A claimant eligible to file an incorrect reduction claim may file a consolidated incorrect reduction claim on behalf of other claimants whose claims for reimbursement under the same mandate are alleged to have been incorrectly reduced if all of the following apply:
(1) The method, act, or practice that the claimant alleges led to the reduction has led to similar reductions of other parties' claims, and all of the claims involve common questions of law or fact.
(2) The common questions of law or fact among the claims predominate over any matter affecting only an individual claim.
(3) The consolidation of similar claims by individual claimants would result in consistent decision making by the commission.
(4) The claimant filing the consolidated claim would fairly and adequately protect the interests of the other claimants.
(c) A claimant that seeks to file a consolidated incorrect reduction claim shall, at the time it files an incorrect reduction claim, on a form provided by the commission, notify the commission of its intent to file a consolidated incorrect reduction claim.
(d) Within 10 days after receipt of an incorrect reduction claim and notice of intent to consolidate, the commission shall request that the Controller provide the commission and the claimant with a list of claimants for whom the Controller has reduced similar claims under the same mandate. Upon receipt of this list from the Controller, the claimant may notify the claimants on the list and other interested parties of its intent to file a consolidated incorrect reduction claim.
(e) Within 30 days of receipt of the notice of intent to consolidate from the original claimant, on a form provided by the commission, any other eligible claimant shall file with the commission its notice of intent to join the consolidated incorrect reduction claim, which shall include a copy of the remittance advice or other notice from the Controller of the claim reduction, and one copy of the reimbursement claims for which an incorrect reduction is alleged.
(f) The commission shall notify each claimant that files an intent to join the consolidated incorrect reduction claim that it may opt out of the consolidated claim and not be bound by any determination made on that consolidated claim. A claimant may opt out of a consolidated claim no later than 15 days after the state agency files comments on the consolidated claim. A claimant that opts out of the consolidated claim, in order to preserve its right to challenge a reduction made by the Controller on that same mandate, shall file an individual incorrect reduction claim pursuant to commission requirements, no later than one year after opting out or within the statute of limitations under the commission's regulations.
(g) The commission shall adopt regulations establishing procedures for receiving a consolidated incorrect reduction claim pursuant to this section and for providing a hearing on a consolidated claim.

17558.8. (a) The commission may, on its own initiative, consolidate incorrect reduction claims filed with the commission by different claimants under the same mandate if all of the following apply:

(1) The same method, act, or practice is alleged to have led to the reduction in each claim, and all of the claims involve common questions of law or fact.
(2) The common questions of law or fact among the claims predominate over any matter affecting only an individual claim.
(3) The consolidation of similar claims by individual claimants would result in consistent decision making by the commission.
(b) The commission shall adopt regulations establishing procedures for consolidation of incorrect reduction claims pursuant to this section and for providing a hearing on a consolidated claim.

17559. (a) The commission may order a reconsideration of all or part of a test claim or incorrect reduction claim on petition of any party. The power to order a reconsideration or amend a test claim decision shall expire 30 days after the statement of decision is delivered or mailed to the claimant. If additional time is needed to evaluate a petition for reconsideration filed prior to the expiration of the 30-day period, the commission may grant a stay of that expiration for no more than 30 days, solely for the purpose of considering the petition. If no action is taken on a petition within the time allowed for ordering reconsideration, the petition shall be deemed denied.
(b) A claimant or the state may commence a proceeding in accordance with the provisions of Section 1094.5 of the Code of Civil Procedure to set aside a decision of the commission on the ground that the commission's decision is not supported by substantial evidence. The court may order the commission to hold another hearing regarding the claim and may direct the commission on what basis the claim is to receive a rehearing.

17560. Reimbursement for state-mandated costs may be claimed as follows:
(a) A local agency or school district may, by February 15 following the fiscal year in which costs are incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.
(b) In the event revised claiming instructions are issued by the Controller pursuant to subdivision (c) of Section 17558 between November 15 and February 15, a local agency or school district filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim.

17561. (a) The state shall reimburse each local agency and school district for all "costs mandated by the state," as defined in Section 17514 and for legislatively determined mandates in accordance with Section 17573.
(b) (1) For the initial fiscal year during which these costs are incurred, reimbursement funds shall be provided as follows:
(A) Any statute mandating these costs shall provide an appropriation therefor.
(B) Any executive order mandating these costs shall be accompanied by a bill appropriating the funds therefor, or alternatively, an appropriation for these costs shall be included in the Budget Bill for the next succeeding fiscal year. The executive order shall cite that item of appropriation in the Budget Bill or that appropriation in any other bill that is intended to serve as the source from which the Controller may pay the claims of local agencies and school districts.
(2) In subsequent fiscal years appropriations for these costs shall be included in the annual Governor's Budget and in the accompanying Budget Bill. In addition, appropriations to reimburse local agencies and school districts for continuing costs resulting from chaptered bills or executive orders for which claims have been awarded pursuant to subdivision (a) of Section 17551 shall be included in the annual Governor's Budget and in the accompanying Budget Bill.
(c) The amount appropriated to reimburse local agencies and school districts for costs mandated by the state shall be appropriated to the Controller for disbursement.
(d) The Controller shall pay any eligible claim pursuant to this section by October 15 or 60 days after the date the appropriation for the claim is effective, whichever is later. The Controller shall disburse reimbursement funds to local agencies or school districts if the costs of these mandates are not payable to state agencies, or to state agencies that would otherwise collect the costs of these mandates from local agencies or school districts in the form of fees, premiums, or payments. When disbursing reimbursement funds to local agencies or school districts, the Controller shall disburse them as follows:

(1) For initial reimbursement claims, the Controller shall issue claiming instructions to the relevant local agencies and school districts pursuant to Section 17558. Issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the commission, the reasonable reimbursement methodology approved by the commission pursuant to Section 17557.2, or statutory declaration of a legislatively determined mandate and reimbursement methodology pursuant to Section 17573.
(A) When claiming instructions are issued by the Controller pursuant to Section 17558 for each mandate determined pursuant to Section 17551 or 17573 that requires state reimbursement, each local agency or school district to which the mandate is applicable shall submit claims for initial fiscal year costs to the Controller within 120 days of the issuance date for the claiming instructions.
(B) When the commission is requested to review the claiming instructions pursuant to Section 17571, each local agency or school district to which the mandate is applicable shall submit a claim for reimbursement within 120 days after the commission reviews the claiming instructions for reimbursement issued by the Controller.
(C) If the local agency or school district does not submit a claim for reimbursement within the 120-day period, or submits a claim pursuant to revised claiming instructions, it may submit its claim for reimbursement as specified in Section 17560. The Controller shall pay these claims from the funds appropriated therefor, except the Controller may take either of the following actions:
(i) Audit the records of any local agency or school district to verify the actual amount of the mandated costs, the application of a reasonable reimbursement methodology, or application of a legislatively enacted reimbursement methodology under Section 17573.
(ii) Reduce any claim that the Controller determines is excessive or unreasonable.
(2) In subsequent fiscal years each local agency or school district shall submit its claims as specified in Section 17560. The Controller shall pay these claims from funds appropriated therefor except as follows:
(A) The Controller may audit any of the following:
(i) Records of any local agency or school district to verify the actual amount of the mandated costs.
(ii) The application of a reasonable reimbursement methodology.
(iii) The application of a legislatively enacted reimbursement methodology under Section 17573.
(B) The Controller may reduce any claim that the Controller determines is excessive or unreasonable.
(C) The Controller shall adjust the payment to correct for any underpayments or overpayments that occurred in previous fiscal years.
(3) When paying a timely filed claim for initial reimbursement, the Controller shall withhold 20 percent of the amount of the claim until the claim is audited to verify the actual amount of the mandated costs. All initial reimbursement claims for all fiscal years required to be filed on their initial filing date for a state-mandated local program shall be considered as one claim for the purpose of computing any late claim penalty. Any claim for initial reimbursement filed after the filing deadline shall be reduced by 10 percent of the amount that would have been allowed had the claim been timely filed. The Controller may withhold payment of any late claim for initial reimbursement until the next deadline for funded claims unless sufficient funds are available to pay the claim after all timely filed claims have been paid. In no case may a reimbursement claim be paid if submitted more than one year after the filing deadline specified in the Controller's claiming instructions on funded mandates.
(e) (1) Except as specified in paragraph (2), for the purposes of determining the state's payment obligation under paragraph (1) of subdivision (b) of Section 6 of Article XIII B of the Constitution, a mandate that is "determined in a preceding fiscal year to be payable by the state" means any mandate for which the commission adopted a statewide cost estimate pursuant to this part during a previous fiscal year or that were identified as mandates by a predecessor agency to the commission, or that the Legislature declared by statute to be a legislatively determined mandate, unless the mandate has been repealed or otherwise eliminated.
(2) If the commission adopts a statewide cost estimate for a mandate during the months of April, May, or June, the state's payment obligation under subdivision (b) of Section 6 of Article XIII B shall commence one year after the time specified in paragraph (1).

17561.5. The payment of an initial reimbursement claim by the Controller shall include accrued interest at the Pooled Money Investment Account rate, if the payment is being made more than 365 days after adoption of the statewide cost estimate for an initial claim. Interest shall begin to accrue as of the 366th

day after adoption of the statewide cost estimate for the initial claim. Payment of a subsequent claim that was reported to the Legislature pursuant to paragraph (2) of subdivision (b) of Section 17562 shall include accrued interest at the Pooled Money Investment Account rate for any unpaid amount remaining on August 15 following the filing deadline. Interest shall begin to accrue on August 16 following the filing deadline.

17561.6. A budget act item or appropriation pursuant to this part for reimbursement of claims shall include an amount necessary to reimburse any interest due pursuant to Section 17561.5.

17562. (a) The Legislature hereby finds and declares that the increasing revenue constraints on state and local government and the increasing costs of financing state-mandated local programs make evaluation of state-mandated local programs imperative. Accordingly, it is the intent of the Legislature to increase information regarding state mandates and establish a method for regularly reviewing the costs and benefits of state-mandated local programs.
(b) (1) The Controller shall submit a report to the Joint Legislative Budget Committee and fiscal committees by October 31 of each fiscal year beginning with the 2007-08 fiscal year. This report shall summarize, by state mandate, the total amount of claims paid per fiscal year and the amount, if any, of mandate deficiencies or surpluses. This report shall be made available in an electronic spreadsheet format. The report shall compare the estimated annual cost of each mandate in the preceding fiscal year to the amount determined to be payable by the state for that fiscal year.
(2) The Controller shall submit a report to the Joint Legislative Budget Committee, the applicable fiscal committees, and the Director of Finance by April 30 of each fiscal year. This report shall summarize, by state mandate, the total amount of unpaid claims by fiscal year that were submitted before April 1 of that fiscal year. The report shall also summarize any mandate deficiencies or surpluses. It shall be made available in an electronic spreadsheet, and shall be used for the purpose of determining the state's payment obligation under paragraph (1) of subdivision (b) of Section 6 of Article XIII B of the California Constitution.
(c) After the commission submits its second semiannual report to the Legislature pursuant to Section 17600, the Legislative Analyst shall submit a report to the Joint Legislative Budget Committee and legislative fiscal committees on the mandates included in the commission's reports. The report shall make recommendations as to whether the mandate should be repealed, funded, suspended, or modified.
(d) In its annual analysis of the Budget Bill and based on information provided pursuant to subdivision (b), the Legislative Analyst shall report total annual state costs for mandated programs and, as appropriate, provide an analysis of specific mandates and make recommendations on whether the mandate should be repealed, funded, suspended, or modified.
(e) (1) A statewide association of local agencies or school districts or a Member of the Legislature may submit a proposal to the Legislature recommending the elimination or modification of a state-mandated local program. To make such a proposal, the association or member shall submit a letter to the Chairs of the Assembly Committee on Education or the Assembly Committee on Local Government, as the case may be, and the Senate Committee on Education or the Senate Committee on Local Government, as the case may be, specifying the mandate and the concerns and recommendations regarding the mandate. The association or member shall include in the proposal all information relevant to the conclusions. If the chairs of the committees desire additional analysis of the submitted proposal, the chairs may refer the proposal to the Legislative Analyst for review and comment. The chairs of the committees may refer up to a total of 10 of these proposals to the Legislative Analyst for review in any year. Referrals shall be submitted to the Legislative Analyst by December 1 of each year.
(2) The Legislative Analyst shall review and report to the Legislature with regard to each proposal that is referred to the office pursuant to paragraph (1). The Legislative Analyst shall recommend that the Legislature adopt, reject, or modify the proposal. The report and recommendations shall be submitted annually to the Legislature by March 1 of the year subsequent to the year in which referrals are submitted to the Legislative Analyst.
(3) The Department of Finance shall review all statutes enacted each year that contain provisions making inoperative Section 17561 or Section 17565 that have resulted in costs or revenue losses mandated by the state that were not identified when the statute was enacted. The review shall identify the costs or revenue losses involved in complying with the statutes. The Department of Finance shall also review all statutes

enacted each year that may result in cost savings authorized by the state. The Department of Finance shall submit an annual report of the review required by this subdivision, together with the recommendations as it may deem appropriate, by December 1 of each year.
(f) It is the intent of the Legislature that the Assembly Committee on Local Government and the Senate Committee on Local Government hold a joint hearing each year regarding the following:
(1) The reports and recommendations submitted pursuant to subdivision (e).
(2) The reports submitted pursuant to Sections 17570, 17600, and 17601.
(3) Legislation to continue, eliminate, or modify any provision of law reviewed pursuant to this subdivision. The legislation may be by subject area or by year or years of enactment.

17563. Any funds received by a local agency or school district pursuant to the provisions of this chapter may be used for any public purpose.

17564. (a) No claim shall be made pursuant to Sections 17551, 17561, or 17573, nor shall any payment be made on claims submitted pursuant to Sections 17551 or 17561, or pursuant to a legislative determination under Section 17573, unless these claims exceed one thousand dollars ($1,000). However, a county superintendent of schools or county may submit a combined claim on behalf of school districts, direct service districts, or special districts within their county if the combined claim exceeds one thousand dollars ($1,000) even if the individual school district's, direct service district's, or special district's claims do not each exceed one thousand dollars ($1,000). The county superintendent of schools or the county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each school, direct service, or special district. These combined claims may be filed only when the county superintendent of schools or the county is the fiscal agent for the districts. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a school district, direct service district, or special district provides to the county superintendent of schools or county and to the Controller, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim.
(b) Claims for direct and indirect costs filed pursuant to Section 17561 shall be filed in the manner prescribed in the parameters and guidelines or reasonable reimbursement methodology and claiming instructions.
(c) Claims for direct and indirect costs filed pursuant to a legislatively determined mandate pursuant to Section 17573 shall be filed and paid in the manner prescribed in the Budget Act or other bill, or claiming instructions, if applicable.

17565. If a local agency or a school district, at its option, has been incurring costs which are subsequently mandated by the state, the state shall reimburse the local agency or school district for those costs incurred after the operative date of the mandate.

17567. In the event that the amount appropriated for reimbursement purposes pursuant to Section 17561 is not sufficient to pay all of the claims approved by the Controller, the Controller shall prorate claims in proportion to the dollar amount of approved claims timely filed and on hand at the time of proration. The Controller shall adjust prorated claims if supplementary funds are appropriated for this purpose.
In the event that the Controller finds it necessary to prorate claims as provided by this section, the Controller shall immediately report this action to the Department of Finance, the Chairperson of the Joint Legislative Budget Committee, and the Chairperson of the respective committee in each house of the Legislature which considers appropriations in order to assure appropriation of these funds in the Budget Act.

17568. If a local agency or school district submits an otherwise valid reimbursement claim to the Controller after the deadline specified in Section 17560, the Controller shall reduce the reimbursement claim in an amount equal to 10 percent of the amount that would have been allowed had the reimbursement claim been timely filed, provided that the amount of this reduction shall not exceed ten thousand dollars ($10,000). In no case shall a reimbursement claim be paid that is submitted more than one year after the deadline specified in Section 17560.

17571. The commission, upon request of a local agency or school district, shall review the claiming instructions issued by the Controller or any other authorized state agency for reimbursement of mandated costs. If the commission determines that the claiming instructions do not conform to the parameters and guidelines, the commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the commission.

17575-17581.5 17575. When a bill is introduced in the Legislature, and each time a bill is amended, on and after January 1, 1985, the Legislative Counsel shall determine whether the bill mandates a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution. The Legislative Counsel shall make this determination known in the digest of the bill and shall describe in the digest the basis for this determination. The determination by the Legislative Counsel shall not be binding on the commission in making its determination pursuant to Section 17555.

17576. Whenever the Legislative Counsel determines that a bill will mandate a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution, the Department of Finance shall prepare an estimate of the amount of reimbursement which will be required. This estimate shall be prepared for the respective committees of each house of the Legislature which consider taxation measures and appropriation measures and shall be prepared prior to any hearing on the bill by any such committee.

17577. The estimate required by Section 17576 shall be the amount estimated to be required during the first fiscal year of a bill's operation in order to reimburse local agencies and school districts for costs mandated by the state by the bill.

17578. In the event that a bill is amended on the floor of either house, whether by adoption of the report of a conference committee or otherwise, in such a manner as to mandate a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution, the Legislative Counsel shall immediately inform, respectively, the Speaker of the Assembly and the President of the Senate of that fact. Notification from the Legislative Counsel shall be published in the journal of the respective houses of the Legislature.

17579. Any bill introduced or amended for which the Legislative Counsel has determined the bill will mandate a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution shall contain a section specifying that reimbursement shall be made pursuant to this chapter or that the mandate is being disclaimed and the reason therefor.

17581. (a) No local agency shall be required to implement or give effect to any statute or executive order, or portion thereof, during any fiscal year and for the period immediately following that fiscal year for which the Budget Act has not been enacted for the subsequent fiscal year if all of the following apply:
(1) The statute or executive order, or portion thereof, has been determined by the Legislature, the commission, or any court to mandate a new program or higher level of service requiring reimbursement of local agencies pursuant to Section 6 of Article XIII B of the California Constitution.
(2) The statute or executive order, or portion thereof, or the commission's test claim number, has been specifically identified by the Legislature in the Budget Act for the fiscal year as being one for which reimbursement is not provided for that fiscal year. For purposes of this paragraph, a mandate shall be considered to have been specifically identified by the Legislature only if it has been included within the schedule of reimbursable mandates shown in the Budget Act and it is specifically identified in the language of a provision of the item providing the appropriation for mandate reimbursements.
(b) Within 30 days after enactment of the Budget Act, the Department of Finance shall notify local agencies of any statute or executive order, or portion thereof, for which operation of the mandate is suspended because reimbursement is not provided for that fiscal year pursuant to this section and Section 6 of Article XIII B of the California Constitution.
(c) Notwithstanding any other provision of law, if a local agency elects to implement or give effect to a statute or executive order described in subdivision (a), the local agency may assess fees to persons or

entities which benefit from the statute or executive order. Any fee assessed pursuant to this subdivision shall not exceed the costs reasonably borne by the local agency.
(d) This section shall not apply to any state-mandated local program for the trial courts, as specified in Section 77203.
(e) This section shall not apply to any state-mandated local program for which the reimbursement funding counts toward the minimum General Fund requirements of Section 8 of Article XVI of the Constitution.

17581.5. (a) A school district shall not be required to implement or give effect to the statutes, or a portion of the statutes, identified in subdivision (c) during any fiscal year and for the period immediately following that fiscal year for which the Budget Act has not been enacted for the subsequent fiscal year if all of the following apply:
(1) The statute or a portion of the statute, has been determined by the Legislature, the commission, or any court to mandate a new program or higher level of service requiring reimbursement of school districts pursuant to Section 6 of Article XIII B of the California Constitution.
(2) The statute, or a portion of the statute, or the test claim number utilized by the commission, specifically has been identified by the Legislature in the Budget Act for the fiscal year as being one for which reimbursement is not provided for that fiscal year. For purposes of this paragraph, a mandate shall be considered specifically to have been identified by the Legislature only if it has been included within the schedule of reimbursable mandates shown in the Budget Act and it specifically is identified in the language of a provision of the item providing the appropriation for mandate reimbursements.
(b) Within 30 days after enactment of the Budget Act, the Department of Finance shall notify school districts of any statute or executive order, or portion thereof, for which reimbursement is not provided for the fiscal year pursuant to this section.
(c) This section applies only to the following mandates:
(1) The School Bus Safety I (CSM-4433) and II (97-TC-22) mandates (Chapter 642 of the Statutes of 1992; Chapter 831 of the Statutes of 1994; and Chapter 739 of the Statutes of 1997).
(2) The School Crimes Reporting II mandate (97-TC-03; and Chapter 759 of the Statutes of 1992 and Chapter 410 of the Statutes of 1995).
(3) Investment reports (96-358-02; and Chapter 783 of the Statutes of 1995 and Chapters 156 and 749 of the Statutes of 1996).
(4) County treasury oversight committees (96-365-03; and Chapter 784 of the Statutes of 1995 and Chapter 156 of the Statutes of 1996).
(5) Grand jury proceedings mandate (98-TC-27; and Chapter 1170 of the Statutes of 1996, Chapter 443 of the Statutes of 1997, and Chapter 230 of the Statutes of 1998).
(6) Sexual Harassment Training in the Law Enforcement Workplace (97-TC-07; and Chapter 126 of the Statutes of 1993).

Government Code Sections 17600-17602

17600. At least twice each calendar year the commission shall report to the Legislature on the number of mandates it has found pursuant to Article 1 (commencing with Section 17550) and the estimated statewide costs of these mandates. This report shall identify the statewide costs estimated for each mandate and the reasons for recommending reimbursement.

17601. The commission shall report to the Legislature on January 15, 1986, and each January 15 thereafter, on the number of claims it denied during the preceding calendar year and the basis on which the particular claims were denied.

17602. On or before January 15, 2007, and on or before each January 15 thereafter, the commission shall report to the Legislature the number of individual and consolidated incorrect reduction claims decided during the preceding calendar year and whether and why the reduction was upheld or overturned.

Government Code Sections 17612-17613

17612. (a) Upon receipt of the report submitted by the commission pursuant to Section 17600, funding shall be provided in the subsequent Budget Act for costs incurred in prior years. No funding shall be provided for years in which a mandate is suspended.
(b) The Legislature may amend, modify, or supplement the parameters and guidelines, reasonable reimbursement methodology, and adopted statewide estimate of costs for the initial claiming period and budget year for mandates contained in the annual Budget Act. If the Legislature amends, modifies, or supplements the parameters and guidelines, reasonable reimbursement methodology, and adopted statewide estimate of costs for the initial claiming period and budget year, it shall make a declaration in separate legislation specifying the basis for the amendment, modification, or supplement.
(c) If the Legislature deletes from the annual Budget Act funding for a mandate, the local agency or school district may file in the Superior Court of the County of Sacramento an action in declaratory relief to declare the mandate unenforceable and enjoin its enforcement for that fiscal year.

17613. (a) The Director of Finance may, upon receipt of any report submitted pursuant to Section 17567, authorize the augmentation of the amount available for expenditure to reimburse costs mandated by the state, as defined in Section 17514, as follows:
(1) For augmentation of (A) any schedule in any item to reimburse costs mandated by the state in any budget act, or (B) the amount appropriated in a local government claims bill for reimbursement of the claims of local agencies, as defined by Section 17518, from the unencumbered balance of any other item to reimburse costs mandated by the state in that budget act or another budget act or in an appropriation for reimbursement of the claims of local agencies in another local government claims bill.
(2) For augmentation of (A) any schedule in any budget act item, or (B) any amount appropriated in a local government claims bill, when either of these augmentations is for reimbursement of mandated claims of school districts, as defined in Section 17519, when the source of this augmentation is (A) the unencumbered balance of any other scheduled amount in that budget act or another budget act, or (B) an appropriation in another local government claims bill, when either of these appropriations is for reimbursement of mandate claims of school districts. This paragraph applies only to appropriations that are made for the purpose of meeting the minimum funding guarantee for educational programs pursuant to Section 8 of Article XVI of the California Constitution.
(b) No authorization for an augmentation pursuant to this section may be made sooner than 30 days after the notification in writing of the necessity therefor to the chairperson of the committee in each house which considers appropriations and the chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time as the chairperson of the joint committee, or his or her designee, may in each instance determine.

Government Code Sections 17615-17617

17615. The Legislature finds and declares that the existing system for reimbursing local agencies and school districts for actual costs mandated by the state on an annual claim basis is time consuming, cumbersome, and expensive at both the local and state levels. The Controller must process voluminous claims with all claims subject to a desk audit and selected claims also subject to a field audit. Local agencies are required to maintain extensive documentation of all claims in anticipation of such an audit. The volume of these records is substantial and will continue to grow with no relief in sight as new programs are mandated. The cost to local agencies and school districts for filing claims, and for maintaining documentation and responding to the Controller's audits is substantial. The current administrative cost to both state and local governments represents a significant expenditure of public funds with no apparent benefit to the taxpayers.
It is the intent of the Legislature to streamline the reimbursement process for costs mandated by the state by creating a system of state mandate apportionments to fund the costs of certain programs mandated by the state.

17615.1. The commission shall establish a procedure for reviewing, upon request, mandated cost programs for which appropriations have been made by the Legislature for the 1982-83, 1983-84, and

1984-85 fiscal years, or any three consecutive fiscal years thereafter. At the request of the Department of Finance, the Controller, or any local agency or school district receiving reimbursement for the mandated program, the commission shall review the mandated cost program to determine whether the program should be included in the State Mandates Apportionment System. If the commission determines that the State Mandates Apportionment System would accurately reflect the costs of the state-mandated program, the commission shall direct the Controller to include the program in the State Mandates Apportionment System.

17615.2. (a) Notwithstanding Section 17561, after November 30, 1985, for those programs included in the State Mandates Apportionment System, after approval by the commission, there shall be disbursed by the Controller to each local agency and school district which has submitted a reimbursement claim for costs mandated by the state in the 1982-83, 1983-84, and the 1984-85 fiscal years, or any three consecutive fiscal years thereafter, an amount computed by averaging the approved reimbursement claims for this three-year period. The amount shall first be adjusted according to any changes in the deflator. The deflator shall be applied separately to each year's costs for the three years which comprise the base period. Funds for these purposes shall be available to the extent they are provided for in the Budget Act of 1985 and the Budget Act for any subsequent fiscal year thereafter.
For purposes of this article, "base period" means the three fiscal years immediately succeeding the commission's approval.
(b) When the Controller has made payment on claims prior to commission approval of the program for inclusion in the State Mandates Apportionment System, the payment shall be adjusted in the next apportionment to the amount which would have been subvened to the local agency or school district for that fiscal year had the State Mandates Apportionment System been in effect at the time of the initial payment.

17615.3. Notwithstanding Section 17561, by November 30, 1986, and by November 30 of each year thereafter, for those programs included in the State Mandates Apportionment System, the Controller shall recalculate each allocation for each local agency and school district for the 1985-86 fiscal year, by using the actual change in the deflator for that year. That recalculated allocation shall then be adjusted by the estimated change in the deflator for the 1986-87 fiscal year, and each fiscal year thereafter, to establish the allocation amount for the 1986-87 fiscal year, and each fiscal year thereafter. Additionally, for programs approved by the commission for inclusion in the State Mandates Apportionment System on or after January 1, 1988, the allocation for each year succeeding the three-year base period shall be adjusted according to any changes in both the deflator and workload. The Controller shall then subvene that amount after adjusting it by any amount of overpayment or underpayment in the 1985-86 fiscal year, and each fiscal year thereafter, due to a discrepancy between the actual change and the estimated change in the deflator or workload. Funds for these purposes shall be available to the extent they are provided for in the Budget Act of 1986 and the Budget Act for any subsequent fiscal year thereafter.
For purposes of this article, "workload" means, for school districts and county offices of education, changes in the average daily attendance; for community colleges, changes in the number of full-time equivalent students; for cities and counties, changes in the population within their boundaries; and for special districts, changes in the population of the county in which the largest percentage of the district's population is located.

17615.4. (a) When a new mandate imposes costs that are funded either by legislation or in local government claims bills, local agencies and school districts may file reimbursement claims as required by Section 17561, for a minimum of three years after the initial funding of the new mandate.
(b) After actual cost claims are submitted for three fiscal years against such a new mandate, the commission shall determine, upon request of the Controller or a local entity or school district receiving reimbursement for the program, whether the amount of the base year entitlement adjusted by changes in the deflator and workload accurately reflects the costs incurred by the local agency or school district. If the commission determines that the base year entitlement, as adjusted, does accurately reflect the costs of the program, the commission shall direct the Controller to include the program in the State Mandates Apportionment System.

(c) The Controller shall make recommendations to the commission and the commission shall consider the Controller's recommendations for each new mandate submitted for inclusion in the State Mandates Apportionment System. All claims included in the State Mandates Apportionment System pursuant to this section are also subject to the audit provisions of Section 17616.

17615.5. (a) If any local agency or school district has an established base year entitlement which does not include costs for a particular mandate, that local agency or school district may submit reimbursement claims for a minimum of three consecutive years, adjusted pursuant to Section 17615.3 by changes in the deflator and workload, or entitlement claims covering a minimum of three consecutive years, after which time its base year entitlement may be adjusted by an amount necessary to fund the costs of that mandate.
(b) If any local agency or school district has no base year entitlement, but wishes to begin claiming costs of one or more of the mandates included in the State Mandates Apportionment System, that local agency or school district may submit reimbursement claims for a minimum of three consecutive years, or entitlement claims covering the preceding three consecutive years, which shall be adjusted pursuant to Sections 17615.2 and 17615.3 by changes in the deflator and workload, after which time a base year entitlement may be established in an amount necessary to fund the costs of the mandate or mandates.

17615.6. If a local agency or school district realizes a decrease in the amount of costs incurred because a mandate is discontinued, or made permissive, the Controller shall determine the amount of the entitlement attributable to that mandate by determining the base year amount for that mandate for the local agency or school district plus the annual adjustments. This amount shall be subtracted from the annual subvention which would otherwise have been allocated to the local agency or school district.

17615.7. If a mandated program included in the State Mandates Apportionment System is modified or amended by the Legislature or by executive order, and the modification or amendment significantly affects the costs of the program, as determined by the commission, the program shall be removed from the State Mandate Apportionment System, and the payments reduced accordingly. Local entities or school districts may submit actual costs claims for a period of three years, after which the program may be considered for inclusion in the State Mandates Apportionment System, pursuant to the provisions of Section 17615.4.

17615.8. (a) The commission shall establish a procedure for reviewing, upon request, any apportionment or base year entitlement of a local agency or school district.
(b) Local agencies and school districts which request such a review shall maintain and provide those records and documentation as the commission or its designee determines are necessary for the commission or its designee to make the required determinations. With the exception of records required to verify base year entitlements, the records may not be used to adjust current or prior apportionments, but may be used to adjust future apportionments.
(c) If the commission determines that an apportionment or base year entitlement for funding costs mandated by the state does not accurately reflect the costs incurred by the local agency or school district for all mandates upon which that apportionment is based, the commission shall direct the Controller to adjust the apportionment accordingly. For the purposes of this section, an apportionment or a base year entitlement does not accurately reflect the costs incurred by a local agency or school district if it falls short of reimbursing, or overreimburses, that local agency's or school district's actual costs by 20 percent or by one thousand dollars ($1,000), whichever is less.
(d) If the commission determines that an apportionment or base year entitlement for funding costs mandated by the state accurately reflects the costs incurred by the local agency or school district for all mandates upon which that apportionment is based, the commission may, in its discretion, direct the Controller to withhold, and, if so directed, the Controller shall withhold the costs of the commission's review from the next apportionment to the local agency or school district, if the commission review was requested by the local agency or school district.

17615.9. The commission shall periodically review programs funded under the State Mandate Apportionments System to evaluate the effectiveness or continued statewide need for each such mandate.

17616. The Controller shall have the authority to do either or both of the following:

(a) Audit the fiscal years comprising the base year entitlement no later than three years after the year in which the base year entitlement is established. The results of such audits shall be used to adjust the base year entitlements and any subsequent apportionments based on that entitlement, in addition to adjusting actual cost payments made for the base years audited.
(b) Verify that any local agency or school district receiving funds pursuant to this article is providing the reimbursed activities.

17617. The total amount due to each city, county, city and county, and special district, for which the state has determined that reimbursement is required under paragraph (2) of subdivision (b) of Section 6 of Article XIII B of the California Constitution, shall be appropriated for payment to these entities over a period of not more than 15 years, commencing with the Budget Act for the 2006-07 fiscal year and concluding with the Budget Act for the 2020-21 fiscal year.

OFFICE OF THE STATE CONTROLLER

STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2006-11

ANIMAL ADOPTION

April 3, 2006

Revised October 26, 2009

In accordance with Government Code (GC) Section 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state mandated cost programs. The following are claiming instructions and forms that eligible claimants will use for filing claims for the Animal Adoption (AA) program. These claiming instructions are issued subsequent to adoption of the program's Parameters and Guidelines (P's & G's) by the Commission on State Mandates (Commission).

On January 25, 2001, the Commission determined that Chapter 752, Statutes of 1998, established costs mandated by the State according to the provisions listed in the P's & G's which are included as an integral part of the claiming instructions.

Eligible Claimants

Any city or county, that incurs increased costs, as a direct result of this mandate is eligible to claim reimbursement of these costs.

A.Filing Deadlines for Reimbursement Claims

A reimbursement claim is defined in GC Section 17522 as any claim filed with the SCO by a local agency for reimbursement of costs incurred for which an appropriation is made for the purpose of paying the claim.

An actual claim may be filed by February 15 following the fiscal year in which costs were incurred. Claims for fiscal year 2008-09 will be accepted without penalty if postmarked or delivered on or before **February 16, 2010**. **A claim filed more than one year after the deadline cannot be accepted for reimbursement.**

This program was suspended by the Legislature for the 2009-2010 fiscal year pursuant to Budget Item 8885-295-0001, Schedule (3)(c). **Consequently, no claims may be filed with the SCO for fiscal year 2009-2010.**

B. Late Penalty

1. Initial Claims

Late initial claims are assessed a late penalty of 10% of the total amount of the initial claims without limitation.

2. Annual Reimbursement Claims

Late annual reimbursement claims are assessed a late penalty of 10% of the claim amount; $10,000 maximum penalty**.**

Minimum Claim Cost

GC Section 17564(a) provides that no claim may be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds one thousand dollars (**$1,000**), provided that a county may submit a combined claim on behalf of direct service districts or special districts within their county if the combined claim exceeds **$1,000**, even if the individual direct service district's or special district's claim does not each exceed **$1,000**. The county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each direct service district or special district. These combined claims may be filed only when the county is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a direct service district or special district provides a written notice of its intent to file a separate claim to the county and to the SCO, at least one hundred and eighty days prior to the deadline for filing the claim.

Reimbursement of Claims

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, notices of order of suspension or revocation, sworn reports, arrest reports, notices to appear, employee time records, or time logs, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, and declarations. Declarations must include a certification or declaration stating: "I certify, (or declare), under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of the Code of Civil Procedure Section 2015.5.

Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, these documents cannot be substituted for source documents.

Audit of Costs

All claims submitted to the SCO are reviewed to determine if costs are related to the mandate, are reasonable and not excessive, and the claim was prepared in accordance with the SCO's claiming instructions and the P's & G's adopted by the Commission. If any adjustments are made to a claim, a Notice of Claim Adjustment specifying the claim activity adjusted, the amount adjusted, and the reason for the adjustment, will be mailed within thirty days after payment of the claim.

On-site audits will be conducted by the SCO as deemed necessary. Pursuant to GC Section 17558.5, Subdivision (a), a reimbursement claim for actual costs filed by a claimant is subject to audit by the SCO no later than three years after the date the actual reimbursement claim was filed or last amended, whichever is later. However, if no funds were appropriated or no payment was made to a claimant for the program for the fiscal year for which the claim was filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit will be completed no later than two years after the date that the audit is commenced.

All documents used to support the reimbursable activities must be retained during the period subject to audit. If an audit has been initiated by the SCO during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings. Supporting documents must be made available to the SCO on request.

Retention of Claiming Instructions

All documentation to support actual costs claimed must be retained for a period of three years after the end of the calendar year in which the reimbursement claim was filed or last amended regardless of the year of costs incurred. When no funds were appropriated for initial claims at the time the claim was filed, supporting documents must be retained for three years from the date of initial payment of the claim. Therefore, all documentation to support actual costs claimed must be retained for the same period, and must be made available to the SCO on request.

Questions, or requests for hard copies of these instructions, should be faxed to LRSDAR at (916) 323-6527 or e-mailed to **LRSDAR@sco.ca.gov** or you may call the Local Reimbursements Section at (916) 324-5729. Future mandated costs claiming instructions and forms can be found on the Internet at **www.sco.ca.gov/ard_mancost.html.**

Address for Filing Claims

Claims should be rounded to the nearest dollar. Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms**. To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.**

Use the following mailing addresses:

If delivered by
U.S. Postal Service:

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

If delivered by
other delivery services:

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 700
Sacramento, CA 95816

Amended: January 26, 2006
Adopted: February 28, 2002
j:mandates/2004/pga/04pga01 and 02/draftpga

PARAMETERS AND GUIDELINES AMENDMENT

Civil Code Sections 1834 and 1846;
Food and Agriculture Code Sections 31108, 31752, 31752.5, 31753, 32001, and 32003
As Added or Amended by Statutes of 1998, Chapter 752

AND

Amended Pursuant to Statutes 2004, Chapter 313 (AB 2224) and
Request of the State Controller's Office

Animal Adoption

I. Summary of the Mandate

The test claim legislation was enacted in an attempt to end the euthanasia of adoptable and treatable animals. Generally, the test claim legislation increased the holding period for stray and abandoned dogs, cats, and other specified animals; required the verification of the temperament of feral cats; required the posting of lost and found lists; required the maintenance of records for impounded animals; and required that impounded animals receive "necessary and prompt veterinary care."

The Commission partially approved this test claim, pursuant to article XIII B, section 6 of the California Constitution and Government Code section 17514, for the *increased costs* in performing the following activities only:

1. Providing care and maintenance during the increased holding period for impounded dogs and cats that are ultimately euthanized. The increased holding period shall be measured by calculating the difference between three days from the day of capture and four business days from the day after impoundment, as specified below in 3 (a) and 3 (b), or six business days from the day after impoundment (Food & Agr. Code, §§ 31108, 31752);

2. Providing care and maintenance for four business days from the day after impoundment, as specified below in 3 (a) and 3 (b), or six business days from the day after impoundment, for impounded rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, or tortoises legally allowed as personal property that are ultimately euthanized (Food & Agr. Code, § 31753);

3. For dogs, cats, and other specified animals held for four business days after the day of impoundment, either:

   (a) Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or

(b) For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed (Food & Agr., Code §§ 31108, 31752, and 31753);

4. Verifying whether a cat is feral or tame by using a standardized protocol (Food & Agr. Code, § 31752.5);
5. Posting lost and found lists (Food & Agr. Code, § 32001);
6. Maintaining records on animals that are not medically treated by a veterinarian, but are either taken up, euthanized after the holding period, or impounded (Food & Agr. Code, § 32003); and
7. Providing "necessary and prompt veterinary care" for abandoned animals, other than injured cats and dogs given emergency treatment, that are ultimately euthanized (Civ.Code, §§ 1834 and 1846).

II. Eligible Claimants

Any city, county, city and county, dependent special district, and joint powers authority comprised of a city, county, and/or city and county that incurs increased costs as a result of this reimbursable state mandated program is eligible to claim reimbursement of those costs.

III. Period of Reimbursement

The period of reimbursement for the activities in this parameters and guidelines amendment begins on July 1, 2005.

Pursuant to Government Code section 17560, reimbursement for state-mandated costs may be claimed as follows:

1. A local agency may file an estimated reimbursement claim by January 15 of the fiscal year in which costs are to be incurred, and, by January 15 following that fiscal year shall file an annual reimbursement claim that details the costs actually incurred for that fiscal year; or it may comply with the provisions of subdivision (b).
2. A local agency may, by January 15 following the fiscal year in which costs are incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.
3. In the event revised claiming instructions are issued by the Controller pursuant to subdivision (c) of section 17558 between October 15 and January 15, a local agency filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim.

Reimbursable actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Government Code section 17561, subdivision (d)(1) , all claims for reimbursement of initial years' costs shall be submitted within

120 days of the issuance of the State Controller's claiming instructions. If the total costs for a given fiscal year do not exceed $1,000, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

There shall be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

IV. Reimbursable Activities

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, the following activities are reimbursable:

A. One Time Activities

1. Develop policies and procedures to implement the reimbursable activities listed in Section IV (B) of these parameters and guidelines.
2. Train staff on the reimbursable activities listed in Section IV (B) of these parameters and guidelines. (One-time per employee.)
3. Develop or procure computer software for the maintenance of records on animals specified in Section IV (B) (8) of these parameters and guidelines to the extent these costs are not claimed as an indirect cost under Section V (B) (8) of these parameters and guidelines. If the computer software is utilized in some way that is not directly related to the maintenance of records specified in Section IV (B) (8), only the

pro rata portion of the activity that is used for compliance with Section IV (B) (8) is reimbursable.

B. Ongoing Activities

1. Acquisition of Additional Space and/or Construction of New Facilities

Beginning January 1, 1999 - Acquiring additional space by purchase or lease and/or construction of new facilities to provide appropriate or adequate shelter necessary to comply with the mandated activities during the increased holding period for impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that die during the increased holding period or are ultimately euthanized.

Eligible claimants are only entitled to reimbursement for the proportionate share of actual costs required to plan, design, acquire, and/or build facilities in a given fiscal year based on the pro rata representation of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that are held during the *increased* holding period specified in Sections IV (B) (3) and (4) of these Parameters and Guidelines and die during the increased holding period or are ultimately euthanized, to the total population of animals housed in the facility (including those animals that are excluded from reimbursement, as specified in Sections IV (B) (3) and (4) of these Parameters and Guidelines) during the entire holding period required by Food and Agriculture Code sections 31108, 31752 and 31753.

Formula for Proportionate Share of Actual Costs:

Where:

(A) = Shelter square footage, 1998

(B) = Total animal average daily census (ADC), 1998

(C) = Square footage per ADC, 1998 (=A/B)

(D) = Total dog/cat ADC, 1998

(E) = Shelter square footage, claim year

(F) = Total dog/cat ADC, claim year

(G) = Eligible dog/cat ADC, claim year

(H) = Eligible other animal ADC, claim year

(I) = Eligible dog/cat square footage, claim year

For shelters that meet the conditions of to Food and Agricultural Code section 31108(a)(1) or (2) for dogs, and section 31752(a)(1) or (2) for cats: [1]

(I) = 2/5 x C x F

For shelters that do not meet the conditions of Food and Agricultural Code section 31108(a)(1) or (2) for dogs, and section 31752(a)(1) or (2) for cats:

(I) – 4/7 x C x F

(J) = Reduction in eligible square footage due to decline in total dog/cat population (cannot exceed 0)

For shelters that meet the conditions of Food and Agricultural Code section 31108(a)(1) or (2) for dogs, and section 31752(a)(1) or (2) for cats:[2]

(J) = [(F/5 – D/3 x C x D] / (D/3)

For shelters that do not meet the conditions of Food and Agricultural Code section 31108(a)(10 or (2) for dogs, and section 31752(a)(1) or (2) for cats:

(J) = [(F/7 – D/3) x C x D] / (D/3)

(K) = Net eligible dog/cat square footage (cannot be less than 0)

(K = I+J)

(L) = Percentage of eligible dog/cat ADC, claim year (L = G/F)

(M) = Allowable dog/cat square footage (M = K x L)

(N) = Allowable square footage for other animals specified by Food and Agricultural Code section 31573 (N = C x H)

(P) = Eligible percentage of acquisition/construction costs (cannot exceed 100%) [P = (M+N) / ((E-A)]

Statutes 2004, chapter 313 specifies that costs incurred to address preexisting shelter overcrowding or animal population growth are not reimbursable. The mandate reimburses for costs required due to the

[1] In order to select this option claimants must either make the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or (b) Have fewer than three full-time employees or are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed.

[2] In order to select this option claimants must either make the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or (b) Have fewer than three full-time employees or are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed.

increased holding period required by Statutes 1998, chapter 752. In calculating net eligible dog/cat square footage, the formula recognizes that a decline in the number of animals sheltered may offset the effect of the increased holding period. For example, if the dog/cat average daily census does not change between the 1998 base year and the claim year, there is no additional square footage required.

The mandate reimburses only for costs attributable to eligible animals. Prior to Statutes 1998, chapter 752, shelters were required to hold dogs and cats for three days, whereas there was no required holding period for other animals. Therefore, the mandate reimbursable percentage formula separately calculates allowable square footage for dogs and cats, and allowable square footage for other animals specified by Food and Agricultural Code section 31753.

Acquisition/construction costs that are less than or equal to the cost of contract services for eligible animals are reimbursable.

Claimants may recalculate the eligible percentage of acquisition/construction costs each year, based on current animal population statistics. However, claimants may only claim allowable costs that have not been claimed in previous fiscal years.

Supporting Documentation Submitted with the Initial and Subsequent Reimbursement Claims

Acquiring additional space and/or construction of new facilities is reimbursable only to the extent that an eligible claimant submits, with the initial and/or subsequent reimbursement claim, documentation reflecting the following:

A determination by the governing board that acquiring additional space and/or constructing new facilities is necessary for the increased holding period required by Statutes of 1998, Chapter 752 because the existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats and other specified animals that are ultimately euthanized. The determination by the governing board shall include all of the following findings:

- The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in 1998. For purposes of claiming reimbursement under section IV.B.1, average Daily Census is defined as the average number of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 housed on any given day, in a 365-day period;
- The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in a given year under the

holding periods required by Food and Agriculture Code sections 31108, 31752, and 31753, as added or amended by Statutes of 1998, Chapter 752;

- Existing facilities are not appropriately configured and/or equipped to comply with the increased holding period required by Statutes of 1998, Chapter 752;
- Remodeling existing facilities is not feasible or is more expensive than acquiring additional space and/or constructing new facilities to comply with the increased holding period required by Statutes 1998, chapter 752; and
- Contracting with existing private or public shelters in the area to house the increase of impounded stray or abandoned dogs, cats, or other animals specified in Statutes 1998, chapter 752 is not feasible or is more expensive than acquiring additional space and/or constructing new facilities to comply with the increased holder period required by Statutes 1998, chapter 752. This finding should include the cost to contract with existing shelters..

Documentation requirements may be satisfied in whole or in part by staff agenda items, staff reports, minutes of governing board meetings, transcripts of governing board meetings, certification by the governing board describing the findings and determination, and/or a resolution adopted by the governing board pursuant to Food and Agriculture Code section 31755, as added by Statutes of 1999, Chapter 81 (Assembly Bill 1482).

2. Remodeling/Renovating Existing Facilities

Beginning January 1, 1999 - Remodeling/renovating existing facilities to provide appropriate or adequate shelter necessary to comply with the mandated activities during the increased holding period for impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that die during the increased holding period or are ultimately euthanized.

Eligible claimants are only entitled to reimbursement for the proportionate share of actual costs required to plan, design, remodel and/or renovate existing facilities in a given fiscal year based on the pro rata representation of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that are held during the *increased* holding period specified in Sections IV (B) (3) and (4) of these Parameters and Guidelines and die during the increased holding period or are ultimately euthanized, to the total population of animals housed in the facility (including those animals that are excluded from reimbursement, as specified in Sections IV (B) (3) and (4) of these Parameters and Guidelines) during the entire

holding period required by Food and Agriculture Code sections 31108, 31752 and 31753.

Since the remodeling/renovation will not increase square footage to address existing overcrowding or future growth issues, the mandate reimbursable percentage formula for remodeling/renovation would exclude the eligible percentage of square footage factor.

Formula for proportionate share of actual remodeling/renovation costs:

(A) = Shelter square footage

(B) = Total animal average daily census (ADC), claim year

(C) = Square footage per ADC, claim year (C = A/B)

(G) = Eligible dog/cat ADC, claim year

(H) = Eligible other animal ADC, claim year

(M) = Eligible dog/cat square footage, claim year

For shelters that meet the requirements of Food and Agricultural Code section 31108 (a)(1) or (2) for dogs, and section 31752 (a)(1) or (2) for cats, M = 2/5 x C x G.

For shelters that do not meet the requirements of Food and Agricultural Code section 31108(a)(1) or (2) for dogs, and section 31752(a)(1) or (2) for cats, M = 4/7 x C x G.

(N) = Allowable square footage for other animals specified by Food and Agricultural Code section 31753, claim year (N = C x H)

(P) = Eligible percentage of remodeling/renovation costs
[P = (M + N) / A]

Claimants may recalculate the eligible percentage of remodeling/renovation costs each year, based on current animal population statistics. However, claimants may only claim allowable costs that have not been claimed in previous fiscal years.

Supporting Documentation Submitted with the Initial and Subsequent Reimbursement Claims

Remodeling/renovating existing facilities is reimbursable only to the extent that an eligible claimant submits, with the initial and/or subsequent reimbursement claim, documentation reflecting the following:

A determination by the governing board or a delegated representative that remodeling/renovating existing facilities is necessary because the existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats and other specified animals that are ultimately euthanized for the increased holding period required by Statutes of 1998, Chapter 752. The

determination by the governing board or delegated representative shall include all of the following findings:

- The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in 1998. For purposes of claiming reimbursement under section IV.B.2, average Daily Census is defined as the average number of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 housed on any given day, in a 365-day period;
- The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 in a given year under the holding periods required by Food and Agriculture Code sections 31108, 31752, and 31753, as added or amended by Statutes of 1998, Chapter 752;
- Existing facilities are not appropriately configured and/or equipped to comply with the increased holding period required by Statutes of 1998, Chapter 752;
- Contracting with existing private or public shelters in the area to house the increase of impounded stray or abandoned dogs, cats, or other animals specified in Statutes of 1998, Chapter 752 is not feasible or is more expensive than remodeling/renovating existing facilities to comply with the increased holding period required by Statutes 1998, chapter 752.

Documentation requirements may be satisfied in whole or in part by staff agenda items, staff reports, minutes of governing board meetings, transcripts of governing board meetings, certification by the governing board or declaration from the delegated representative describing the findings and determination, and/or a resolution adopted by the governing board pursuant to Food and Agriculture Code section 31755, as added by Statutes of 1999, Chapter 81 (Assembly Bill 1482).

3. Care and Maintenance for Impounded Stray or Abandoned Dogs and Cats that Die During the Increased Holding Period or are Ultimately Euthanized (Food & Agr. Code, §§ 31108, 31752)

Beginning July 1, 1999 - Providing care and maintenance during the increased holding period for impounded stray or abandoned dogs and cats that die during the increased holding period or are ultimately euthanized. The increased holding period shall be measured by calculating the difference between three days from the day of capture, and four or six business days from the day after impoundment.

Exclusions

Eligible claimants are *not* entitled to reimbursement for the care and maintenance of the following population of dogs and cats:

- Stray or abandoned dogs and cats that are irremediably suffering from a serious illness or severe injury (Food & Agr. Code, § 17006);
- Newborn stray or abandoned dogs and cats that need maternal care and have been impounded without their mothers (Food & Agr. Code, § 17006);
- Stray or abandoned dogs and cats too severely injured to move or where a veterinarian is not available and it would be more humane to dispose of the animal (Pen. Code, §§ 597.1, subd. (e), 597f, subd. (d));
- Owner relinquished dogs and cats; and
- Stray or abandoned dogs and cats that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

Methods for Claiming Costs

Eligible claimants may elect one of following two methods to claim costs for the care and maintenance of impounded stray or abandoned dogs and cats that die during the increased holding period or are ultimately euthanized:

- Actual Cost Method – Under the actual cost method, actual reimbursable care and maintenance costs per animal per day are computed for an annual claim period.
    a) Determine the total annual cost of care and maintenance for all dogs and cats impounded at a facility. Total cost of care and maintenance includes labor, materials, supplies, indirect costs, and contract services.
    b) Determine the average daily census of all dogs and cats impounded at a facility. For purposes of claiming reimbursement under IV.B.3, average daily census is defined as the average number of all dogs and cats at a facility housed on any given day, in a 365-day period..
    c) Multiply the average daily census of dogs and cats by 365 = yearly census of dogs and cats.
    d) Divide the total annual cost of care by the yearly census of dogs and cats = cost per animal per day.
    e) Multiply the cost per animal per day, by the number of impounded stray or abandoned dogs and cats that die

during the increased holding period or are ultimately euthanized, by each reimbursable day (the difference between three days from the day of capture, and four or six business days from the day after impoundment).

- Time Study Method – Under the time study method, a random sample of impounded stray or abandoned dogs and cats are observed to determine the amount of time to provide care and maintenance during a reimbursable day.

  The time study shall be developed using one representative month each quarter and be supported with actual source documentation. Time studies shall be conducted on a more frequent basis if there are significant variations of time expended from month to month. The time study shall identify hours devoted to each specific category. If the time study supports a fixed-cost approach such as an animal day (i.e., dog-day, cat-day, etc.), the eligible claimant shall document the analysis supporting the method used.

  Time records used to support the time study shall:

  a) Reflect an after-the-fact distribution of each employee's actual activity;

  b) Account for the total activity for which each employee is compensated;

  c) Account for the total labor hours of the month;

  d) Be signed and dated by the employee not later than the end of the pay period that follows the pay period covered by the report; and

  e) Document, by signature or initials and date, supervisor approval.

3. Care and Maintenance for Impounded Stray or Abandoned Animals Specified in Food and Agriculture Code Section 31753 that Die During the Increased Holding Period or are Ultimately Euthanized (Food & Agr. Code, § 31753)

   Beginning January 1, 1999 - Providing care and maintenance for four or six business days from the day after impoundment for impounded stray or abandoned rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, and tortoises legally allowed as personal property that die during the increased holding period or are ultimately euthanized.

   <u>Exclusions</u>

   Eligible claimants are *not* entitled to reimbursement for the care and maintenance of the following population of animals:

- Stray or abandoned animals that are irremediably suffering from a serious illness or severe injury (Food & Agr. Code, § 17006);
- Newborn animals that need maternal care and have been impounded without their mothers (Food & Agr. Code, § 17006);
- Stray or abandoned animals too severely injured to move or where a veterinarian is not available and it would be more humane to dispose of the animal (Pen. Code, §§ 597.1, subd. (e), 597f, subd. (d));
- Owner relinquished animals; and
- Stray or abandoned animals that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

Methods for Claiming Costs

Eligible claimants may elect one of following two methods to claim costs for the care and maintenance of impounded stray or abandoned animals specified in Food and Agriculture Code section 31753 that die during the increased holding period or are ultimately euthanized:

- Actual Cost Method –Under the actual cost method, actual reimbursable care and maintenance costs per animal per day are computed for an annual claim period.
    a) Determine the total annual cost of care and maintenance for all animals specified in Food and Agriculture Code section 31753 that are impounded at a facility. Total cost of care and maintenance includes labor, materials, supplies, indirect costs, and contract services.
    b) Determine the average daily census of the animals specified in Food and Agriculture Code section 31753.
    c) Multiply the average daily census of the animals specified in Food and Agriculture Code section 31753 by 365 = yearly census of animals specified in Food and Agriculture Code section 31753.
    d) Divide the total annual cost of care by the yearly census of animals specified in Food and Agriculture Code section 31753 = cost per animal per day.
    e) Multiply the cost per animal per day, by the number of impounded stray or abandoned animals specified in Food and Agriculture Code section 31753 that die during the increased holding period or are ultimately euthanized, by

each reimbursable day (four or six business days from the day after impoundment).

- Time Study Method – Under the time study method, a random sample of impounded stray or abandoned animals are observed to determine the amount of time to provide care and maintenance during a reimbursable day.

  The time study shall be developed using one representative month each quarter and be supported with actual source documentation. Time studies shall be conducted on a more frequent basis if there are significant variations of time expended from month to month. The time study shall identify hours devoted to each specific category. If the time study supports a fixed-cost approach such as an animal day, the eligible claimant shall document the analysis supporting the method used.

  Time records used to support the time study shall:

  a) Reflect an after-the-fact distribution of each employee's actual activity;

  b) Account for the total activity for which each employee is compensated;

  c) Account for the total labor hours of the month;

  d) Be signed and dated by the employee not later than the end of the pay period that follows the pay period covered by the report; and

  e) Document, by signature or initials and date, supervisor approval.

4. Agencies Using the Holding Period of Four Business Days After the Day of Impoundment (Food & Agr. Code, §§ 31108, 31752, 31753)

   Beginning January 1, 1999 - For impounded animals specified in Food and Agriculture Code section 31753, either:

   - Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or

   - For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed.

Beginning July 1, 1999 - For impounded dogs and cats, either:

- Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or
- For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed.

5. Feral Cats (Food & Agr. Code, § 31752.5)

   Beginning January 1, 1999 - Verifying whether a cat is feral or tame by using a standardized protocol within the first three days of the required holding period if an apparently feral cat has not been reclaimed by its owner or caretaker.

6. Lost and Found Lists (Food & Agr. Code, § 32001)

   Beginning January 1, 1999 - Providing owners of lost animals and those who find lost animals with all of the following:

   - Ability to list the animals they have lost or found on "lost and found" lists maintained by the local agency;
   - Referrals to animals listed that may be the animals the owner or finders have lost or found;
   - The telephone numbers and addresses of other pounds and shelters in the same vicinity;
   - Advice as to means of publishing and disseminating information regarding lost animals; and
   - The telephone numbers and addresses of volunteer groups that may be of assistance in locating lost animals.

7. Maintaining *Non-Medical* Records (Food & Agr. Code, § 32003)

   Beginning January 1, 1999 - Maintaining non-medical records on animals that are either taken up, euthanized after the holding period, or impounded. Such records shall include the following:

   - The date the animal was taken up, euthanized, or impounded;
   - The circumstances under which the animal is taken up, euthanized, or impounded;
   - The names of the personnel who took up, euthanized, or impounded the animal; and

- The final disposition of the animal, including the name of the person who euthanized the animal or the name and address of the adopting party.

The cost of software license renewal contracts, to the extent these costs are not claimed as an indirect cost under these parameters and guidelines, is eligible for reimbursement under Section V (A) (2) of these parameters and guidelines. If the computer software is utilized in some way that is not directly related to the maintenance of records specified in this section, only the pro rata portion of the software license renewal contract that is used for compliance with this section is reimbursable.

8. "Necessary and Prompt Veterinary Care" (Civ. Code, §§ 1834 and 1846)

Beginning January 1, 1999 - Providing "necessary and prompt veterinary care" for stray and abandoned animals, other than injured cats and dogs given emergency treatment, that die during the holding period or are ultimately euthanized, during the holding periods specified in Statutes of 1998, Chapter 752.

"Necessary and prompt veterinary care" means all reasonably necessary medical procedures performed by a veterinarian or someone under the supervision of a veterinarian to make stray or abandoned animals "adoptable." The following veterinary procedures, if conducted, are eligible for reimbursement:

- An initial physical examination of the animal to determine the animal's baseline health status and classification as "adoptable," "treatable," or "non-rehabilitatable."
- A wellness vaccine administered to "treatable" or "adoptable" animals.
- Veterinary care to stabilize and/or relieve the suffering of a "treatable" animal.
- Veterinary care intended to remedy any applicable disease, injury, or congenital or hereditary condition that adversely affects the health of a "treatable" animal or that is likely to adversely affect the animal's health in the future, until the animal becomes "adoptable."

<u>Population Exclusions</u>

Eligible claimants are *not* entitled to reimbursement for providing "necessary and prompt veterinary care" to the following population of animals:

- Animals that are irremediably suffering from a serious illness or severe injury (Food & Agr. Code, § 17006);

- Newborn animals that need maternal care and have been impounded without their mothers (Food & Agr. Code, § 17006);
- Animals too severely injured to move or where a veterinarian is not available and it would be more humane to dispose of the animal. (Pen. Code, §§ 597.1, subd. (e), 597f, subd. (d));
- Owner relinquished animals; and
- Stray or abandoned animals that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

Veterinary Care Exclusions

Eligible claimants are *not* entitled to reimbursement for providing the following veterinary procedures:

- Emergency treatment given to injured cats and dogs (Pen. Code, § 597f, subd. (b));
- Administration of rabies vaccination to dogs (Health & Saf. Code, § 121690);
- Implantation of microchip identification;
- Spay or neuter surgery and treatment;
- Euthanasia.

10. Beginning January 1, 1999 - Procuring medical, kennel, and computer equipment necessary to comply with the reimbursable activities listed in Section IV (B) of these parameters and guidelines, to the extent these costs are not claimed as an indirect cost under Section V (B) of these parameters and guidelines. If the medical, kennel, and computer equipment is utilized in some way not directly related to the mandated program or the population of animals listed in Section IV (B), only the pro rata portion of the activity that is used for the purposes of the mandated program is reimbursable.

V. Claim Preparation and Submission

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV, Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the services that were performed during the period covered by the reimbursement claim. If the contract services are also used for purposes other than the reimbursable activities, only the pro-rata portion of the services used to implement the reimbursable activities can be claimed. Submit contract consultant and attorney invoices with the claim and a description of the contract scope of services.

4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates

attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

B. Indirect Cost Rates

Indirect costs are costs that are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the Office of Management and Budget (OMB) Circular A-87. Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB Circular A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or

2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections,

and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

VI. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter[3] is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings that the claimant experiences as a direct result of this mandate must be deducted from the costs claimed. Additionally, reimbursement for this mandate received from any source shall be identified and deducted from this claim. These sources shall include, but not be limited to, rewards received under the authority of Civil Code section 1845; licensing fees and fines received and applied pursuant to Food and Agriculture Code section 30652, Government Code section 28502, and Penal Code section 597f; other state funds, and federal funds. The fees and fines received pursuant to Food and Agriculture Code section 30652 shall be deducted from the claim according to the priority specified in the statute and stated below:

- First, to pay fees for the issuance of dog license tags pursuant to Food and Agriculture Code section 30652, subdivision (a);
- Second, in accordance with Food and Agriculture Code section 30652, subdivision (b), any excess revenue held after the payment of dog license tags shall be applied to the fees, salaries, costs, expenses, or any or all of them for the enforcement of Division 14 of the Food and Agriculture Code, including Food and Agriculture Code section 31108, and all ordinances that are made pursuant to Division 14. Costs incurred under Food and Agriculture Code section 31108 are specified in Section IV (B) (1), (2), (3), and (5), and Section IV (A) of

[3] This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

these parameters and guidelines. Any or all excess revenue must be applied to the costs incurred under Food and Agriculture Code section 31108 before any revenue can be applied to subdivisions (c) and (d) of Food and Agriculture Code section 30652.

VIII. STATE CONTROLLER'S REVISED CLAIMING INSTRUCTIONS

Pursuant to Government Code section 17558, subdivision (c), the Controller shall issue revised claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the revised parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The revised claiming instructions shall be derived from the test claim decision and the revised parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(2), issuance of the revised claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon the revised parameters and guidelines adopted by the Commission.

IX. REMEDIES BEFORE THE COMMISSION

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, subdivision (d), and California Code of Regulations, title 2, section 1183.2.

X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES

The Statement of Decision is legally binding on all parties and provides the legal and factual basis for the parameters and guidelines. The support for the legal and factual findings is found in the administrative record for the test claim. The administrative record, including the Statement of Decision, is on file with the Commission.

CLAIM FOR PAYMENT
Pursuant to Government Code Section 17561
ANIMAL ADOPTION

For State Controller Use Only

(19) Program Number 00213
(20) Date Filed
(21) LRS Input

PROGRAM 213

(01) Claimant Identification Number

(02) Claimant Name

County of Location

Street Address of P.O. Box Suite

City State Zip Code

		Type of Claim	(22) FORM-1, (04)(A)(1)(g)	
	(03)	(09) Reimbursement ☐	(23) FORM-1, (04)(A)(2)(g)	
	(04)	(10) Combined ☐	(24) FORM-1, (04)(A)(3)(g)	
	(05)	(11) Amended ☐	(25) FORM-1, (04)(B)(1)(g)	
Fiscal Year of Cost	(06)	(12)	(26) FORM-1, (04)(B)(2)(g)	
Total Claimed Amount	(07)	(13)	(27) FORM-1, (04)(B)(3)(g)	
Less: **10% Late Penalty** (refer to attached Instructions)		(14)	(28) FORM-1, (04)(B)(4)(g)	
Less: **Prior Claim Payment Received**		(15)	(29) FORM-1, (04)(B)(5)(g)	
Net Claimed Amount		(16)	(30) FORM-1, (04)(B)(6)(g)	
Due from State	(08)	(17)	(31) FORM-1, (04)(B)(7)(g)	
Due to State		(18)	(32) FORM-1, (04)(B)(8)(g)	
			(33) FORM-1, (04)(B)(9)(g)	
			(34) FORM-1, (04)(B)(10)(g)	
			(35) FORM-1, (06)	
			(36) FORM-1, (07)	

Reimbursement Claim Data

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the local agency to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Article 4, Chapter 1 of Division 4 of Title 1 Government Code.

I further certify that there was no application other than from the claimant, nor any grants or payments received for reimbursement of costs claimed herein and claimed costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the parameters and guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amount for this reimbursement is hereby claimed from the State for payment of actual costs set forth on the attached statements.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer

Date Signed _____

Telephone Number _____

E-Mail Address _____

Type or Print Name and Title of Authorized Signatory

(38) Name of Agency Contact Person for Claim

Telephone Number _____

E-mail Address _____

Name of Consulting Firm / Claim Preparer

Telephone Number _____

E-mail Address _____

PROGRAM 213	ANIMAL ADOPTION Certification Claim Form Instructions for Form FAM-27	FORM FAM-27

(01) Enter the payee number assigned by the State Controller's Office.

(02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.

(03) to (08) Leave blank.

(09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.

(10) If filing a combined reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.

(11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.

(12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.

(13) Enter the amount of the reimbursement claim as shown in the attached Form-1 line (11). The total claimed amount must exceed $1,000.

(14) Reimbursement claims must be filed by **February 15** of the following fiscal year in which costs were incurred or the claims must be reduced by a late penalty. Enter zero if the claim was timely filed. Otherwise, enter the penalty amount as a result of the calculation formula as follows:

- Late Initial Claims: FAM-27 line(13) multiplied by 10%, without limitation; or
- Late Annual Reimbursement Claims: FAM-27, line (13) multiplied by 10%, late penalty not to exceed $10,000.

(15) Enter the amount of payment, if any, received for the claim. If no payment was received, enter zero.

(16) Enter the net claimed amount by subtracting the sum of lines (14) and (15) from line (13).

(17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.

(18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.

(19) to (21) Leave blank.

(22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., Form-1, (04)(A)(1)(g), means the information is located on form Form-1, line (04)(A)(1), column (g). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 35.19% should be shown as 35. **Completion of this data block will expedite the payment process**.

(37) Read the statement of Certification of Claim. The claim must be dated, signed by the agency's authorized officer, and must type or print name, title, telephone number and email address. **Claims cannot be paid unless accompanied by an original signed certification**. **(To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**

(38) Enter the name, telephone number, and e-mail address of the agency contact person for the claim. If claim is prepared by external consultant, type or print the name of the consulting firm, telephone number, and e-mail address.

SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS TO:

Address, if delivered by U.S. Postal Service:

OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

Address, if delivered by other delivery service:

OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 700
Sacramento, CA 95816

Program 213	MANDATED COSTS ANIMAL ADOPTION CLAIM SUMMARY	FORM 1

(01) Claimant

(02) Fiscal Year 20___/20___

(03) Department

Direct Costs	Object Accounts						
(04) Reimbursable Activities	(a) Salaries	(b) Benefits	(c) Materials and Supplies	(d) Contract Services	(e) Fixed Assets	(f) Travel and Training	(g) Total
A. One-Time Activities							
1. Policies and Procedures							
2. Training							
3. Computer Software							
B. Ongoing Activities							
1 Acquiring Space/Facilities							
2. Renovating Facilities							
3. Care of Dogs & Cats							
4. Care of Other Animals							
5. Holding Period							
6. Feral Cats							
7. Lost and Found Lists							
8. Non-Medical Records							
9. Veterinary Care							
10. Procuring Equipment							
(05) Total Direct Costs							

Indirect Costs		
(06) Indirect Cost Rate	[From ICRP]	%
(07) Total Indirect Costs	[Refer to claiming instructions]	
(08) Total Direct and Indirect Costs	[Line (05)(g) + line (07)]	
Cost Reduction		
(09) Less: Offsetting Savings		
(10) Less: Other Reimbursements/Offsetting Revenue		
(11) Total Claimed Amount	[Line (08) - {line (09) + line (10)}]	

Program 213	ANIMAL ADOPTION CLAIM SUMMARY Instructions	FORM 1

(01) Enter the name of the claimant.

(02) Enter the fiscal year of costs.

(03) Department. If more than one department has incurred costs for this mandate, give the name of each department. A separate Form 1 must be completed for each department.

(04) Reimbursable Activities. For each reimbursable activity, enter the total from Form-2, line (05) columns (d) through (i) to Form-1, block (05), columns (a) through (f) in the appropriate row. Tota each row.

(05) Total Direct Costs. Total columns (a) through (g).

(06) Indirect Cost Rate. Indirect costs may be computed as 10% of direct labor costs, excluding fringe benefits, without preparing an ICRP. If an indirect cost rate of greater than 10% is used, include the Indirect Cost Rate Proposal (ICRP) with the claim.

(07) Local agencies have the option of using the flat rate of 10% of direct labor costs or using a department's indirect cost rate proposal (ICRP) in accordance with the Office of Management and Budget OMB Circular A-87 (Title 2 CFR Part 225). If the flat rate is used for indirect costs, multiply Total Salaries, line (05)(a), by 10%. If an ICRP is submitted, multiply applicable costs used in the distribution base for the computation of the indirect cost rate, by the Indirect Cost Rate, line (06). If more than one department is reporting costs, each must have its own ICRP for the program.

(08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(g), and Total Indirec Costs, line (07).

(09) Less: Offsetting Savings. If applicable, enter the total savings realized by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.

(10) Less: Other Reimbursements/Offsetting Revenue. Reimbursement received from any source must be identified and deducted from this claim. Sources may include, but are not limited to offsetting revenues from Form 3, lines (04) and (05), rewards received under authority of Civil Code Section 1845, licensing fees and fines received and applied pursuant to Food and Agriculture Code Section 30652, Government Code Section 28502, and Penal Code Section 597f, and other state funds, and federal funds. Fees and fines received pursuant to Food & Agriculture Code Section 30652 must be deducted according to the priority specified on page 15 of the P's and G's.

(11) Total Claimed Amount. From Total Direct and Indirect Costs, line (08), subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10). Enter the remainder on this line and carry the amount forward to form FAM-27, line (13) for the Reimbursement Claim.

Program 213	MANDATED COSTS ANIMAL ADOPTION ACTIVITY COST DETAIL	FORM 2

(01) Claimant

(02) Fiscal Year

(03) Reimbursable Activities: Check only **one** box per form to identify the activity being claimed.

One-Time
- ☐ Policies and Procedures
- ☐ Training
- ☐ Computer Software

Ongoing
- ☐ Acquiring Space/Facilities
- ☐ Renovating Facilities
- ☐ Care of Dogs & Cats
- ☐ Care of Other Animals
- ☐ Holding Period
- ☐ Feral Cats
- ☐ Lost and Found Lists
- ☐ Non-Medical Records
- ☐ Veterinary Care
- ☐ Procuring Equipment

(04) **Description of Expenses**			**Object Accounts**					
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel and Training
(05) Total ☐ Subtotal ☐ Page:____of____								

Revised 10/09

Program 213	ANIMAL ADOPTION ACTIVITY COST DETAIL INSTRUCTIONS	FORM 2

(01) Claimant. Enter the name of the claimant. If more than one department has incurred costs for this mandate, give the name of each department. A separate Form-2 must be completed for each department.

(02) Fiscal Year. Enter the fiscal year for which costs were incurred.

(03) Reimbursable Activities. Check the box which indicates the cost activity being claimed. Check only one box per form. A separate Form -2 must be prepared for each applicable activity.

(04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the activity box checked in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, travel and training expenses. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claim was filed, the time for the Controller to initiate an audit will be from the date of initial payment of the claim. Such documents must be made available to the SCO on request.

Object/ Sub object Accounts	Columns									Submit supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Salaries	Employee Name/Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked						
Benefits	Activities Performed	Benefit Rate			Benefits = Benefit Rate x Salaries					
Materials and Supplies	Description of Supplies Used	Unit Cost	Quantity Used			Cost = Unit Cost x Quantity Used				
Contract Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service				Cost = Hourly Rate x Hours Worked			Copy of Contract
Fixed Assets	Description of Equipment Purchased	Unit Cost	Usage					Cost = Unit Cost x Usage		
Travel and Training Travel	Purpose of Trip Name and Title Departure and Return Date	Per Diem Rate Mileage Rate Travel Cost	Days Miles Travel Mode						Total Travel Cost = Rate x Days or Miles	
Training	Employee Name/Title Name of Class		Dates Attended						Registration Fee	

(05) Total line (04), columns (d) through (i) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the activity costs, number each page. Enter totals from line (05), columns (d) through (i) to Form-1, block (04), columns (a) through (f) in the appropriate row.

Program 213	MANDATED COSTS ANIMAL ADOPTION SUMMARY OF SERVICES PROVIDED UNDER CONTRACT	FORM 3

(01) Claimant	(02) Fiscal Year 20___/20___

(03) Is your agency providing animal shelter services under contract with another entity?	Yes ☐ No ☐

(04) If yes, list each entity, the amount received, and any mandate-related offsetting revenue below:

Name of Entity	(a) Amount Received	(b) Offsetting Revenue
Total (Include column (b) total on Form 1, line 10)		

(05) The amount reported as offsetting revenue should also be reported by the contracting entity as reimbursable mandated costs. List other mandated-related offsetting revenue not identified above.

Type of Revenue	Offsetting Revenue
Total (Include column (b) total on Form 1, line 10)	

(06) Is another entity providing animal shelter services under contract for your agency?	Yes ☐ No ☐

If yes, identify the entity and list the amount paid to the other entity.

Name of Entity	Amount Paid
Total	

Program 213	ANIMAL ADOPTION Instructions for SUMMARY OF SERVICES PROVIDED UNDER CONTRACT	FORM 3

(01) Enter the name of the claimant.

(02) Enter the fiscal year of costs.

(03) Indicate whether or not your agency is providing contracted animal shelter services for another agency.

(04) (a) If the answer to line (03) is "Yes" – List the names of the contracting agencies for whom you are providing services. Record the full amount of the contract in column (a), Amount Received.

(b) Record in column (b) the amount of the contract, if any, that is used to fund mandate-related activities. The total amount shown for line (04)(b) should be reported on Form 1, line (10), as offsetting revenue.

Note: Any amount shown as mandate-related offsetting revenue in column (b) can be claimed by the identified agencies on a mandated cost claim.

(05) List any other mandate-related offsetting revenue not already identified on line (04) above.

(06) Indicate whether or not your agency is contracting with another agency for animal control services.

(07) If the answer to line (06) is "Yes", list the name of the agency and the contract amount.

TOWN OF APPLE VALLEY

Audit Report

ANIMAL ADOPTION PROGRAM

Chapter 752, Statutes of 1998;
and Chapter 313, Statutes of 2004

July 1, 2007, through June 30, 2009

BETTY T. YEE
California State Controller

August 2016

BETTY T. YEE
California State Controller

August 15, 2016

The Honorable Barbara "Barb" Stanton, Mayor
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

Dear Ms. Stanton:

The State Controller's Office audited the costs claimed by the Town of Apple Valley for the legislatively mandated Animal Adoption Program (Chapter 752, Statutes of 1998 and Chapter 313, Statutes of 2004) for the period of July 1, 2007, through June 30, 2009.

The town claimed $2,256,209 for the mandated program. Our audit found that $215,608 is allowable and $2,040,601 is unallowable. The costs are unallowable because the town overstated allowable costs, claimed unallowable costs and unsupported costs, claimed misclassified costs and ineligible animals, and misstated animal census data. The State made no payments to the town. The State will pay allowable costs claimed, totaling $215,608, contingent upon available appropriations.

This final audit report contains an adjustment to costs claimed by the town. If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (Commission). Pursuant to Section 1185, subdivision (c), of the Commission's regulations (*California Code of Regulations*, Title 3), an IRC challenging this adjustment must be filed with the Commission no later than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended. You may obtain IRC information on the Commission's website at www.csm.ca.gov/forms/IRCForm.pdf.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/as

cc: Marc Puckett, Assistant Town Manager of Finance and Administration
Town of Apple Valley
Kofi Antobam, Assistant Director of Finance
Town of Apple Valley
Gina Schwin-Whiteside, Animal Services Director
Town of Apple Valley
Mary Halterman, Principal Program Budget Analyst
Local Government Unit, California Department of Finance
Danielle Brandon, Staff Finance Budget Analyst
Local Government Unit, California Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

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Attachment—Town's Response to Draft Audit Report

Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the Town of Apple Valley for the legislatively mandated Animal Adoption Program (Chapter 752, Statutes of 1998; and Chapter 313, Statutes of 2004) for the period of July 1, 2007, through June 30, 2009.

The town claimed $2,256,209 for the mandated program. Our audit found that $215,608 is allowable and $2,040,601 is unallowable. The costs are unallowable because the town overstated allowable costs, claimed unallowable costs and unsupported costs, claimed misclassified costs and ineligible animals, and misstated animal census data. The State made no payments to the town. The State will pay allowable costs claimed, totaling $215,608, contingent upon available appropriations.

Background

Food and Agriculture Code sections 31108, 31752-31753, 32001, and 32003 (added and amended by Chapter 752, Statutes of 1998) attempted to end the euthanasia of adoptable and treatable animals. The statutes expressly identify the State policy that no adoptable animal should be euthanized if it can be adopted into a suitable home and that no treatable animal should be euthanized. The legislation increases the holding period for stray and abandoned dogs, cats, and other specified animals. It also requires public or private shelters to:

- Verify the temperament of feral cats;
- Post lost-and-found lists;
- Maintain records for impounded animals; and
- Ensure that impounded animals receive necessary and prompt veterinary care.

On January 25, 1981, the Commission on State Mandates (Commission) determined that Chapter 752, Statutes of 1998, imposed a state mandate reimbursable under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The Commission adopted the parameters and guidelines on February 28, 2002, corrected them on March 20, 2002, and last amended them on January 26, 2006. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

The California State Legislature suspended the Animal Adoption Program in the Budget Acts for fiscal year (FY) 2010-11 through FY 2015-16.

Objectives, Scope, and Methodology

We conducted this performance audit to determine whether costs claimed represent increased costs resulting from the Animal Adoption Program for the period of July 1, 2007, through June 30, 2009.

The legal authority to conduct this audit is provided by Government Code sections 12410, 17558.5, and 17561. We did not audit the town's financial statements. We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the town's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures. Our audit scope did not assess the efficiency or effectiveness of program operations. We did not audit the town's financial statements.

The objectives of our audit were to determine whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

To achieve our audit objectives, we performed the following procedures:

- Reviewed annual claims filed with the SCO to identify any mathematical errors and performed analytical procedures to determine any unusual or unexpected variances from year-to-year.
- Completed an internal control questionnaire and performed a walk-through of the claim preparation process to determine what information was used, who obtained it, and how it was obtained.
- Interviewed town staff to determine employee classifications involved in performing the reimbursable activities during the audit period.
- Assessed whether computer-processed data provided by the claimant to support claimed costs was complete and accurate and could be relied upon.
- Verified the validity of the claimant's raw animal data and corrected any data error entries.
- Traced costs claimed to supporting documentation that showed when the costs were incurred, the validity of such costs, and their relationship to mandated activities.
- Traced productive hourly rate calculations for town employees to supporting documentation in the town's payroll system.
- Determined whether indirect costs claimed were for common or joint purposes and whether indirect cost rates were properly supported and applied.

- Inquired whether the claimant realized any offsetting savings or reimbursements from the statutes which created the mandated program.
- Recalculated allowable costs claimed using audited data.

Conclusion

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

For the audit period, the town of Apple Valley claimed $2,256,209 for costs of the Animal Adoption Program. Our audit found that $215,608 is allowable and $2,040,601 is unallowable.

The State made no payments to the town. Our audit found that $215,608 is allowable. The State will pay allowable costs, totaling $215,608, contingent upon available appropriations.

Views of Responsible Officials

We issued a draft audit report on June 8, 2016. Marc Puckett, Finance Director, responded by letter dated June 17, 2016 (Attachment), indicating "no comment" to Findings 4 and 6, disagreeing with Findings 1, 2, 3, 5, and 7, and not responding to Finding 8. This final audit report includes the town's response.

Restricted Use

This report is solely for the information and use of the Town of Apple Valley, 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.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

August 15, 2016

Schedule 1—
Summary of Program Costs
July 1, 2007, through June 30, 2009

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference [1]
July 1, 2007, through June 30, 2008				
Direct costs:				
Acquiring space/facilities	$ 745,135	$ -	$ (745,135)	Finding 1
Care and maintenance of dogs, cats, and other animals [2]	76,034	19,487	(56,547)	Finding 2
Increased holding period	57,566	45,483	(12,083)	Finding 3
Maintaining non-medical records	-	31,065	31,065	Finding 5
Procuring equipment	-	5,252	5,252	Finding 6
Total direct costs	878,735	101,287	(777,448)	
Indirect costs	-	6,627	6,627	Finding 7
Total program costs [3]	$ 878,735	107,914	$ (770,821)	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		$ 107,914		
July 1, 2008, through June 30, 2009				
Direct costs:				
Acquiring space/facilities	$ 1,233,364	$ -	$ (1,233,364)	Finding 1
Care and maintenance of dogs, cats, and other animals [2]	77,199	14,097	(63,102)	Finding 2
Increased holding period	66,911	46,496	(20,415)	Finding 3
Lost and found lists	-	995	995	Finding 4
Maintaining non-medical records	-	31,912	31,912	Finding 5
Procuring Equipment	-	8,113	8,113	Finding 6
Total direct costs	1,377,474	101,613	(1,275,861)	
Indirect costs	-	6,081	6,081	Finding 7
Total program costs	$ 1,377,474	107,694	$ (1,269,780)	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		$ 107,694		
Summary: July 1, 2007, through June 30, 2009				
Direct costs:				
Acquiring space/facilities	$ 1,978,499	$ -	$ (1,978,499)	Finding 1
Care and maintenance of dogs, cats, and other animals [2]	153,233	33,584	(119,649)	Finding 2
Increased holding period	124,477	91,979	(32,498)	Finding 3
Lost and found lists	-	995	995	Finding 4
Maintaining non-medical records	-	62,977	62,977	Finding 5
Procuring equipment	-	13,365	13,365	Finding 6
Total direct costs	2,256,209	202,900	(2,053,309)	
Indirect costs	-	12,708	12,708	Finding 7
Total direct and indirect costs	$ 2,256,209	215,608	$ (2,040,601)	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		$ 215,608		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference [1]
Summary by Object Account: July 1, 2007, through June 30, 2009				
Direct Costs:				
Salaries and benefits	$ -	$ 180,394	$ 180,394	
Materials and supplies	2,256,209	16,977	(2,239,232)	
Contract services	-	5,529	5,529	
Total direct costs	2,256,209	202,900	(2,053,309)	
Indirect costs	-	12,708	12,708	
Total direct and indirect costs	$ 2,256,209	215,608	$ (2,040,601)	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		$ 215,608		

[1] See the Findings and Recommendations section.

[2] See Schedule 2 – Summary of Care and Maintenance Costs.

[3] The town's original claim for FY 2007-08 totaled $278,649 and was timely filed. The town submitted an amended claim on February 16, 2010, totaling $878,735. As the amended claim was filed after the filing deadline specified in the SCO's claiming instructions, it was subject to the late penalty as specified within Government Code section 17568, equal to 10% of allowable costs, not to exceed $10,000. However, the allowable audited costs for the town's FY 2007-08 claim total $107,914, which is less than the amount originally claimed. Therefore, a late penalty is no longer applicable to the town's claim.

Schedule 2—
Summary of Care and Maintenance Costs
July 1, 2007, through June 30, 2009

Category	Total Costs Claimed (Services & Supplies)	Allowable per Audit: Salaries	Benefits	Materials & Supplies	Contract Services	Total Costs Allowable	Audit Adjustment
July 1, 2007, through June 30, 2008							
Total care and maintenance costs	$ 610,549	$ 142,572	$ 58,628	$ 17,884	$ 11,510		
Total animal census	÷ 47,666	÷ 57,701	÷ 57,701	÷ 57,701	÷ 57,701		
Cost per day	$ 12.81	2.47	1.02	0.31	0.20		
Care and Maintenance of Dogs and Cats:							
Cost per day	$ 12.81	$ 2.47	$ 1.02	$ 0.31	$ 0.20		
Number of eligible dogs and cats	x 2,844	x 1,622	x 1,622	x 1,622	x 1,622		
Reimbursable days	x 2	x 3	x 3	x 3	x 3		
Total care and maintenance costs for dogs and cats [1]	$ 72,857	$ 12,019	$ 4,963	$ 1,508	$ 973	$ 19,463	$ (53,394)
Care and Maintenance of Other "Eligible" Animals:							
Cost per day	$ 12.81	$ 2.47	$ 1.02	$ 0.31	$ 0.20		
Number of eligible other animals	x 62	x 1	x 1	x 1	x 1		
Reimbursable days	x 4	x 6	x 6	x 6	x 6		
Total care and maintenance costs for other animals	$ 3,177	$ 15	$ 6	$ 2	$ 1	$ 24	$ (3,153)
Total care and maintenance costs	$ 76,034	$ 12,034	$ 4,969	$ 1,510	$ 974	$ 19,487	$ (56,547)
July 1, 2008, through June 30, 2009							
Total care and maintenance costs	$ 694,234	$ 108,583	$ 46,518	$ 28,925	$ 11,617		
Total animal census	÷ 58,669	÷ 57,233	÷ 57,233	÷ 57,233	÷ 57,233		
Cost per day	$ 11.83	$ 1.90	$ 0.81	$ 0.51	$ 0.20		
Care and Maintenance of Dogs and Cats:							
Cost per day	$ 11.83	$ 1.90	$ 0.81	$ 0.51	$ 0.20		
Number of eligible dogs and cats	x 3,098	x 1,366	x 1,366	x 1,366	x 1,366		
Reimbursable days	x 2	x 3	x 3	x 3	x 3		
Total care and maintenance costs for dogs and cats [1]	$ 73,318	$ 7,786	$ 3,319	$ 2,090	$ 820	$ 14,015	$ (59,303)
Care and Maintenance of Other "Eligible" Animals:							
Cost per day	$ 11.83	$ 1.90	$ 0.81	$ 0.51	$ 0.20		
Number of eligible other animals	x 82	x 4	x 4	x 4	x 4		
Reimbursable days	x 4	x 6	x 6	x 6	x 6		
Total care and maintenance costs for other animals [1]	$ 3,881	$ 46	$ 19	$ 12	$ 5	$ 82	$ (3,799)
Total care and maintenance costs	$ 77,199	$ 7,832	$ 3,338	$ 2,102	$ 825	$ 14,097	$ (63,102)
Summary: July 1, 2007, through June 30, 2009							
Care and maintenance:							
Dogs and cats	$ 146,175	$ 19,805	$ 8,282	$ 3,598	$ 1,793	$ 33,478	$ (112,697)
Other "Eligible" animals	7,058	61	25	14	6	106	$ (6,952)
Total care and maintenance costs	$ 153,233	$ 19,866	$ 8,307	$ 3,612	$ 1,799	$ 33,584	$ (119,649)

[1] Differences in Total Costs Claimed column are due to rounding.

Findings and Recommendations

FINDING 1—Unallowable Acquisition of Additional Space and/or Construction of New Facilities costs

The town claimed services and supplies costs totaling $1,978,499 during the audit period under the Acquisition of Additional Space and/or Construction of New Facilities cost component. We found that the entire amount is unallowable because the town did not support, through a Board Agenda or other similar supporting documentation, that the construction was a direct result of the increased holding period requirements of this mandated program.

In its fiscal year (FY) 2008-09 claim, the town provided supporting documentation for the expenditures that it incurred in the form of a Transaction Detail Report for RDA Project Area #2 – Capital Projects. The town's detail report listed expenditures for both the land acquisition and the related expenses for the construction of the new animal shelter. The report was dated July 1, 2006, through October 25, 2010. The audit period is July 1, 2007, through June 30, 2009. Therefore, many of the expenses listed in the report are outside of the audit period.

In its claims, the town states that prior to March 2005, the town contracted with the City of Hesperia for animal shelter services. In FY 2005-06, the town established its own animal care facility. The facility was intended to be temporary; therefore, temporary capital improvements were made to an existing building to allow for the housing of animals in the town's own jurisdiction. We obtained online a "special meeting workshop" document dated February 16, 2007, wherein the Deputy Town Manager discusses "public facilities priorities." In this workshop, town officials mention that the town experienced population growth and that the existing animal shelter was only a temporary solution. We also obtained online a Town Council Meeting Agenda dated July 10, 2007, approving the award of professional service agreements for the design of the new animal shelter facility. The agenda authorized staff to "commence the process of issuing redevelopment tax allocation bonds for the Public Works and Animal Shelter facilities...." We also obtained online flyers/media releases stating that "Apple Valley's sound budget and conservative financial management have positioned the town for growth, even in the current economy. Infrastructure planning is a top priority at a time when we can get the most for our money."

Based on this information, we determined that the town's animal shelter was constructed in FY 2007-08 through FY 2008-09 because of population growth, the temporary nature of the existing shelter, and the cost-effectiveness of taking on the project at that time. However, the town did not provide documentation that complies with the requirements contained in the parameters and guidelines, stating that "constructing new facilities is necessary for the increased holding period required by Statutes of 1998, Chapter 752 and that existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats, and other specified animals that are ultimately euthanized." In other words, that the construction of new facilities was necessitated as a result of the legislative requirements of the Hayden Bill, which extended the required holding period of stray dogs, cats, and other animals.

Additionally, reimbursement for this component is limited to the proportionate share of actual costs required to plan, design, acquire, and/or build facilities in a given fiscal year based on the pro-rata representation of impounded stray or abandoned dogs, cats, and other animals that are held during the increased holding period and either die during the increased holding period or are euthanized after the increased holding period to the total population of animals housed in the facility during the entire holding period. In its claims, the town pro-rated the costs at 51.8% for FY 2007-08 and 12.9% for FY 2008-09; however, it did not provide calculations to show how it arrived at these percentages.

The parameters and guidelines (section IV.B.1–Acquisition of Additional Space and/or Construction of New Facilities) identify the following reimbursable activities:

> Beginning January 1, 1999, for acquiring additional space by purchase or lease and/or construction of new facilities to provide appropriate or adequate shelter necessary to comply with the mandated activities during the increased holding period for impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, chapter 752 that die during the increased holding period or are ultimately euthanized.
>
> Eligible claimants are entitled to reimbursement for the proportionate share of actual costs required to plan, design, acquire, and/or build facilities in a given fiscal year based on the pro rata representation of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that are held during the increased holding period specified in Sections IV (B) (3) and (4) of these parameters and guidelines and die during the increased holding period or are ultimately euthanized, to the total population of animals housed in the facility. The population of animals housed in the facilities includes those animals that are excluded from reimbursement, as specified in Sections IV (B)(3) and (4) of these parameters and guidelines during the entire holding period required by Food and Agriculture Code sections 31108, 31752, and 31753.
>
> Supporting Documentation Submitted with the Initial and Subsequent Reimbursement Claims
>
> Acquiring additional space and/or construction of new facilities is reimbursable only to the extent that an eligible claimant submits, with the initial and/or subsequent reimbursement claim, documentation reflecting the following:
>
> A determination by the governing board that acquiring additional space and/or constructing new facilities is necessary for the increased holding period required by Statutes of 1998, Chapter 752 because the existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats, and other specified animals that are ultimately euthanized. The determination by the governing board shall include all of the following findings:
>
> - The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in 1998. For purposes of claiming reimbursement under section IV.B.1, average Daily Census is defined as the average number of impounded stay or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 housed on any given day, in a 365-day period;

- The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in a given year under the holding periods required by Food and Agriculture Code sections 31108, 31752, and 31753, as added or amended by Statutes of 1998, Chapter 752;
- Existing facilities are not appropriately configured and/or equipped to comply with the increased holding period required by Statutes of 1998, Chapter 752;
- Remodeling existing facilities is not feasible or is more expensive than acquiring additional space and/or constructing new facilities to comply with the increased holding period required by Statutes 1998, chapter 752; and
- Contracting with existing private or public shelters in the area to house the increase of impounded stray or abandoned dogs, cats, or other animas specified in Statutes 1998, chapter 752 is not feasible or is more expensive than acquiring additional space and/or contracting new facilities to comply with the increased holding period required by Statutes 1998, chapter 752. This finding should include the cost to contract with existing shelters.

Documentation requirements may be satisfied in whole or in part by staff agenda items, staff reports, minutes of governing board meetings, transcripts of governing board meetings, certification by the governing board describing the finding and determination and/or a resolution adopted by the governing board pursuant to Food and Agriculture Code section 31755, as added by Statutes of 1999, Chapter 81 (Assembly Bill 1482).

The parameters and guidelines (section IV – Reimbursable Activities) state that:

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documentation to show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2015-16 Budget Acts. If the program becomes active, we recommend that the town ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

Town's Response

Issue 1: Town did not support, through a Board Agenda or other similar supporting document, that the construction was a direct result of the increased holding period requirements of this mandate program.

Because the SCO is requesting specific wording to "prove" the facility construction was necessary due to increased space needed due to changes in State Law (Hayden Bill) we believe page two, Section E of the attached "Request For Qualifications/Request for Proposals (RFQ/RFP)" to Provide Architectural Design Services for New Municipal Services Animal Shelter Facility addresses this concern:

"The Project: The project will include design of a purpose built Animal Shelter Facility including office space. The proposed Animal Control Shelter will be designed to increase the hold time for potentially adoptable animals and improve customer service."

This RFQ/RFP was released on April 2, 2007, resulting from the authorization by the Town Council following the special meeting in February 2007 and a meeting in March 2007.

Further: At the July 10, 2007 Town Council Meeting when the Town Council approved the Architectural Design Contract for the Animal Shelter Facility, the minutes do not reflect the entire conversation of the Town Council. If you listen to the discussion that led to the approval of the Notice to Proceed with Design of the Shelter, there was clearly discussion regarding the lack of space and need to expand the facility.

At 1:32:37 of the recording of the July 10, 2007 Town Council Meeting, Councilman Jasper makes the comment regarding the need of building a new animal shelter is because it is "Mandated by the State to take care of our animals."

http://www.applevalley.org/government/view-meetlngs-online
http://applevalley.granicus.com/MediaPlayer.php?view_id=19&clip_id=471

It should also be noted that in our formula (which for some reason the SCO did not see in our claims) only requested a percentage of costs that were determined to be related only to the population increase due to the changes in the Hayden Bill, and not other growth factors.

We believe that we have shown that one of the main reasons that necessitated the construction of the new shelter was the changes to State law that increased animal populations by lengthening holding periods and request that funds requested for this component be restored.

Issue 2: Many of the costs claimed occurred outside of the audit period.

The SCO Draft Audit documents do not list the specific costs that they believe did not occur within the eligible audit period. We would appreciate additional clarification on which specific items may require additional explanation and support and will be happy to provide more detailed information.

Issue 3: Calculations to support the percentages claimed per fiscal year not provided.

Calculations used to determine the percentage of facility costs claimed were included in both the FY 2007-08 and the FY 2008-09 actual and amended claims.

The formula appears on Page 7 of the FY 2007-08 amended claim and on Page 6 of the FY 2008-09 amended claim.

The formula appears directly in the FORM AA-2, Acquiring Space/Facilities page in the actual original claims.

In the amended claims, they are the first pages to appear after all the FORMs AA-2.

> We have attached them again for your convenience and are not sure why these pages were not visible in the claims reviewed by the SCO. We are assuming that the auditor did not request these pages from us because they had already determined the costs were not eligible due to Issue 1, discussed and addressed above.
>
> We are happy to review and discuss how these percentages were calculated.
>
> In summary, we believe we have addressed the concerns raised by the SCO auditor above, and request that amounts claimed for facility costs be restored.

SCO's Comment

The finding and recommendation remain unchanged.

The town addressed its comments to Finding 1 under three subheadings as follows:

> Issue 1: Town did not support, through a Board Agenda or other similar supporting document, that the construction was a direct result of the increased holding period requirements of this mandate program
>
> Issue 2: Many of the costs claimed occurred outside of the audit period
>
> Issue 3: Calculations to support the percentages claimed per fiscal year not provided

We will address the town's responses to the issues in the same order they were presented.

Issue 1

In its response, the town provides a document titled "Request for Qualifications/Request for Proposals (RFQ/RFP) to Provide Architectural Design Services for New Municipal Services Animal Shelter Facility" dated April 2, 2007. The town states that the following language appearing on page two, Section E of this document provides the necessary wording to support that the construction of the new facility was a direct result of the increased holding period requirements of this mandated program:

> The Project: The project will include design of a purpose built Animal Shelter Facility including office space. The proposed Animal Control Shelter will be designed to increase the hold time for potentially adoptable animals and improve customer service.

The town also states:

> Further: At the July 10, 2007 Town Council Meeting when the Town Council approved the Architectural Design Contract for the Animal Shelter Facility, the minutes do not reflect the entire conversation of the Town Council. If you listen to the discussion that led to the approval of the Notice to Proceed with Design of the Shelter, there was clearly discussion regarding the lack of space and need to expand the facility.

> At 1:32:37 of the recording of the July 10, 2007 Town Council Meeting, Councilman Jasper makes the comment regarding the need of building a new animal shelter is because it is Mandated by the State to take care of our animals.

The town believes that it has satisfied the supporting documentation requirements for this component and that the costs claimed be restored. We disagree. The supporting documentation requirements contained in the parameters and guidelines for claiming construction costs are very specific. The documentation must reflect the following:

> Constructing new facilities is necessary for the increased holding period required by Statutes of 1998, Chapter 752 and that existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats, and other specified animals that are ultimately euthanized.

A statement is also required noting that existing facilities are not configured or equipped to comply with the increased holding period requirements. The language contained in the RFQ/RFP and July 10, 2007 Town Council Meeting Agenda, as cited in the town's response, does not satisfy the supporting documentation requirements as contained in the parameters and guidelines.

Issue 2

In its response, the town stated the following:

> The SCO Draft Audit documents do not list the specific costs that they believe did not occur within the eligible audit period. We would appreciate additional clarification on which specific items may require additional explanation and support and will be happy to provide more detailed information.

As stated earlier, in its FY 2008-09 claim, the town provided a Transaction Detail Report for RDA Project Area #2- Capital Projects as support for the costs it incurred to construct the new shelter. The report is dated for the period of July 1, 2006, through October 25, 2010, and the expenditures listed total $11,008,301. The town claimed costs for the audit period based on $11,008,301 (before pro-rated percentages were applied). The audit period is July 1, 2007, through June 30, 2009. Therefore, there are expenses listed on this transaction detail report that are outside of the audit period. Even if the town had submitted appropriate supporting documentation that constructing the new facilities was necessary as a result of the increased holding period requirements of this mandated program, many of the costs claimed would be unallowable, as they were incurred outside of the audit period.

Issue 3

In its response, the town stated the following:

> Calculations used to determine the percentage of facility costs claimed were included in both the FY 2007-08 and the FY 2008-09 actual and amended claims. The formula appears on page 7 of the FY 2007-08 amended claim and on page 6 of the FY 2008-09 amended claim. The formula appears directly in the FORM AA-2, Acquiring Space/Facilities page in the actual original claims. In the amended claims, they are the first pages to appear after all the FORMs AA-2…

The SCO conducted the audit based on the town's amended claims that it filed for both FY 2007-08 and FY 2008-09. On FORM AA-2 of its amended claims, the town pro-rated the costs according to "percentage allowable per State formula" (51.8% for FY 2007-08, and 12.9% for FY 2008-09). As stated earlier, the town did not provide with its claims the calculations to show how it arrived at these percentages. In its response, the town provided a worksheet for both fiscal years titled "State Formula," showing how it arrived at these percentages. Regardless, as stated, the costs claimed are unallowable due to lack of supporting documentation that constructing the new facilities was necessary as a result of the increased holding period requirements of this mandated program. Therefore, the computations showing how the town arrived at the pro-rata percentages claimed is not a consideration at this point.

FINDING 2— Overstated Care and Maintenance costs

The town claimed direct costs totaling $153,233 ($146,175 for dogs and cats and $7,058 for other animals) during the audit period for the Care and Maintenance cost component. We found that $33,584 is allowable and $119,649 is unallowable. The costs are unallowable because the town claimed unallowable services and supplies costs; misclassified costs; did not correctly calculate the annual census and the eligible number of dogs, cats and other animals; and did not correctly apply the care and maintenance formula.

The following table summarizes the claimed, allowable, and audit adjustment amounts for care and maintenance costs for the audit period. Refer to Schedule 2 (Summary of Care and Maintenance Costs) for further details.

	Amount Claimed			Amount Allowable			
Fiscal Year	Dogs/Cats	Other Animals	Total Claimed	Dogs/Cats	Other Animals	Total Allowable	Audit Adjustment
2007-08	$ 72,857	$ 3,177	$ 76,034	$ 19,463	$ 24	$ 19,487	$ (56,547)
2008-09	73,318	3,881	77,199	14,015	82	14,097	(63,102)
Total	$ 146,175	7,058	$ 153,233	$ 33,478	$ 106	$ 33,584	$ (119,649)

The parameters and guidelines (section IV.B.3–Care and Maintenance for Impounded Stray or Abandoned Dogs and Cats that Die During the Increased Holding Period or Are Ultimately Euthanized) identify the following reimbursable activities:

> Beginning July 1, 1999 – Providing care and maintenance during the increased holding period for impounded stray or abandoned dogs and cats that die during the increased holding period or are ultimately euthanized. The increased holding period shall be measured by calculating the difference between three days from the day of capture and four or six business days from the day after impoundment.

The parameters and guidelines (section IV.B.4 – Care and Maintenance for Impounded Stray or Abandoned Animals specified in Food and Agriculture Code section 31753 that Die During the Increased Holding Period or Are Ultimately Euthanized) also state:

> Beginning January 1, 1999 – For providing care and maintenance for. . . stray or abandoned rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, and tortoises legally allowed as personal property that die during the increased holding period or are ultimately euthanized.
>
> Eligible claimants are *not* entitled to reimbursement for the care and maintenance of the following population of dogs and cats and other animals:
>
> - Stray or abandoned dogs, cats, and other animals that are irremediably suffering from a serious illness or severe injury,
> - Newborn stray or abandoned dogs, cats, and other animals that need maternal care and have been impounded without their mothers,
> - Stray or abandoned dogs, cats and other animals too severely injured to move or when a veterinarian is not available and it would be more humane to dispose of the animal,
> - Owner-relinquished dogs, cats, and other animals, and
> - Stray or abandoned dogs, cats, and other animals that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

The parameters and guidelines state that claimants may elect to use either the Actual Cost Method or the Time Study Method to claim costs for the care and maintenance of impounded stray or abandoned dogs, cats, and other animals that die during the increased holding period or are ultimately euthanized. The county elected to use the actual cost method to claim these costs.

The parameters and guidelines specify the following steps for claiming costs using the Actual Cost Method:

> Actual Cost Method – Under the actual cost method, actual reimbursable care and maintenance costs per animal per day are computed for an annual claim period, as follows:
>
> a) Determine the total annual cost of care and maintenance for all dogs, cats and other animals impounded at a facility. Total cost of care and maintenance includes labor, materials, supplies, indirect costs, and contract services.
>
> b) Determine the average daily census of all dogs, cats and other animals. For purposes of claiming reimbursement under IV.B.3, average daily census is defined as the average number of all dogs and cats at a facility housed on any given day, in 365-day period and the average number of all other animals at a facility housed on any given day, in a 365-day period.
>
> c) Multiply the average daily census of dogs, cats and other animals by 365 = the yearly census of dogs and cats and the yearly census of other animals.

d) Divide the total annual cost of care by the yearly census of dogs and cats to calculate the cost per dog and cat per day and by the yearly census of other animals to calculate the cost per other animal per day.

e) Multiply the cost per animal per day by the number of impounded stay or abandoned dogs, cats and other animals that die during the increased holding period or are ultimately euthanized by each reimbursable day.

Reimbursable days for cats and dogs is the difference between three days from the day of capture, and four or six business days from the day after impoundment. The reimbursable days for other animals are four or six days from the day after impoundment.

Care and Maintenance Formula

The town elected to use the Actual Cost Method to claim costs. The parameters and guidelines provide for a formula-driven methodology to determine allowable mandated costs for the care and maintenance of dogs and cats, and other animals. The use of this method requires a claimant to calculate the total amount of eligible costs incurred to provide care and maintenance for the animals housed in its shelter(s). This total is divided by the annual census of animals housed in the shelter(s) to determine a cost per animal per day.

The next element of the formula is adding the number of stray and abandoned animals that died of natural causes during the holding period plus those animals that were euthanized after the required holding period. This total number of animals is then multiplied by the cost per animal per day. The resulting amount represents allowable costs for providing care and maintenance. Our calculations took into consideration that the required holding period does not include Saturday as a business day. This is consistent with an Appellate Court decision in *Purifoy v. Howell* dated March 26, 2010.

The mandate reimburses claimants for costs associated with animals that were not relinquished, redeemed, adopted, or released to a nonprofit agency—and for animals for which the local agency was unable to assess fees to recover such costs. Costs incurred by the town for care and maintenance consisted of salaries and benefits, materials and supplies, contract services, and related indirect costs (related indirect costs are addressed separately in Finding 7).

Claimed

The town used an incorrect methodology to claim costs for care and maintenance during the audit period. The town calculated care and maintenance costs by taking total expenditures incurred within Department 2130 (Animal Shelter), subtracting costs for the Spay/Neuter Program (account 8988), adding in a 40% overhead factor for the Municipal Services Director, and dividing the overall total of this calculation by the annual census of animals to determine the cost per animal per day. The cost per animal per day was then multiplied by the number of dogs and cats, and other animals euthanized during the year. The number of dogs and cats euthanized during the year was multiplied by

a factor of two to correspond to the number of extra days in the holding period, and the number of other animals had been multiplied by a factor of four.

This methodology is incorrect for a number of reasons. First, using the total of costs incurred within the animal shelter less costs for the spay and neuter program assumes that *all* of the remaining costs were 100% related to the care and maintenance of animals. This is an incorrect assumption, as certain non-reimbursable activities take place within the animal shelter, such as animal licensing and adoption. In addition, certain activities take place that are not related to care and maintenance, such as employee education and training, meetings and conferences, office-related expenditures, and costs for veterinary medical services. Allowable costs for these activities are claimable under a different cost component. There is no language in the parameters and guidelines permitting claimants the option to claim costs for multiple cost components using the Actual Cost Method option prescribed for care and maintenance activities. In addition, the factors unique to claiming costs for care and maintenance are not found within the other cost components.

Allowable

We worked with town representatives to determine which employee classifications performed care and maintenance activities and to what extent. We also obtained actual cost data for materials and supplies and contract services costs that were directly related to care and maintenance activities. The town provided its animal census database for the audit period; we used the database to determine the annual census of animals, as well as the numbers of eligible animals. We calculated indirect costs related to care and maintenance activities separately within Finding 7.

Schedule 2 (Summary of Care and Maintenance Costs) summarizes the adjustments that we made to claimed costs for animal care and maintenance. These adjustments consisted of changes to total annual costs incurred by the town for animal care and maintenance (salaries, benefits, materials and supplies, and contract services) and animal census data used to determine the cost per animal per day. The schedule also shows the changes to the number of eligible animals and the number of reimbursable days that we used to determine reimbursable costs for each year of the audit period.

Salaries and Benefits

The town did not claim salaries and benefits for the audit period. Rather, it claimed costs for salaries and benefits, materials and supplies, contract services, and indirect costs under the category of services and supplies, resulting in misclassified costs.

During the course of the audit, we requested that the town provide the actual salary amounts paid to those employee classifications directly involved with the care and maintenance function. Due to record-retention and software issues, the town provided salary information for FY 2007-08 only. In the absence of supporting documentation for FY 2008-09 salary amounts, we proposed and the town agreed to use FY 2007-08 salary

amounts as a base and applied the 2008-09 CPI index of 1.01%. Refer to Finding 8 for further information on the analysis of salaries and benefits.

We also requested the duty statements for such classifications to assist in determining the percentage of the daily workload that was devoted to caring for and maintaining animals. Animal shelter management provided a list of personnel who participate in the care and maintenance functions. Management also provided information relating to the level of involvement of each classification according to the employee's job duty description and staffing requirements during the audit period.

The following table details the percent of animal care and maintenance per employee classification for the town's animal shelter as determined by shelter management.

FY 2007-08 and FY 2008-09	
Employee Classification:	
Animal Shelter Attendant/Assistant	60%
Animal Control/Customer Service Technician	5%
Animal Control Officer	5%
Animal Control Supervisor	5%
Registered Veterinary Technician	20%
Animal Shelter Supervisor	5%
	100%

Animal Shelter Attendant/Assistant

Based on discussions with shelter management, the Animal Shelter Attendant/Assistant classification performed the bulk of the care and maintenance activities during the audit period. The town determined that this classification performed 60% of the care and maintenance activities. The remaining duties included reviewing applications for adoptions, counseling citizens, assisting with screening calls, overseeing volunteer and work release, and other duties as assigned.

Animal Control/Customer Service Technician

Based on discussions with shelter management, the Animal Control/Customer Service Technician classification performed a minimal amount of care and maintenance activities during the audit period, as the classification is mostly administrative in nature. The town determined that this classification performed 5% of the care and maintenance activities. The remaining duties included staffing the front counter, clerical tasks, issuing dog licenses, screening calls, and dispatching.

Animal Control Officer

Based on discussions with shelter management, the Animal Control Officer classification performed a minimal amount of care and maintenance activities during the audit period, as the classification is mostly in the field, retrieving stray dogs and cats and working with citizens. The town determined that this classification performed 5% of the care and maintenance activities, including morning cleaning and feeding of dogs. The remaining duties included running citizen calls, paperwork follow-up, door-to-door canvassing, and administrative hearings.

Animal Control Supervisor

Based on discussions with shelter management, the Animal Control Supervisor classification performed minimal amounts of care and maintenance activities during the audit period. Similar to the Animal Control Officer, this classification is mostly in the field with some administrative duties. The town determined that this classification performed 5% of the care and maintenance activities, including morning cleaning and feeding of dogs. The remaining duties included running calls, paperwork follow-up, door-to-door canvassing, administrative hearings, and employee evaluations.

Registered Veterinary Technician

Based on discussions with shelter management, we determined that the Registered Veterinary Technician classification performed some amount of care and maintenance activities during the audit period. The town determined that this classification performed 20% of the care and maintenance activities, including routine animal care. The remaining duties included paraprofessional veterinary medical care and other duties as assigned.

Animal Shelter Supervisor

Based on discussions with shelter management, we determined that the Animal Shelter Supervisor classification performed a minimal amount of care and maintenance activities during the audit period, as this classification is mostly supervisory and administrative. The town determined that this classification performed 5% of the care and maintenance activities. The remaining duties included assisting management, conducting facility inspections, creating reports, and overseeing personnel.

Calculation

Based on our inquiries, we concurred with the above percentages of employee classification involvement as determined by the town. Once we determined the employee classifications involved in the care and maintenance of animals and the extent of their involvement, we calculated allowable costs for labor, including the applicable percentages of actual salaries and benefits costs incurred by the town for this cost component.

The following table summarizes the salaries and benefits amounts that we used in the care and maintenance formula by fiscal year:

Fiscal Year	Amount Claimed	Amount Supported	Difference
Salaries and benefits:			
2007-08	$ -	$ 201,200	$ 201,200
2008-09	-	155,101	155,101
Total, salaries and benefits	$ -	$ 356,301	$ 356,301

Materials and Supplies

The town claimed materials and supplies costs totaling $153,233 during the audit period ($146,175 for dogs and cats and $7,058 for other animals). As detailed above, the town used an incorrect methodology to claim care and maintenance costs. The town misclassified all of the costs as services and supplies rather than materials and supplies. It also co-mingled estimated salaries and benefits, materials and supplies, contract services, and various other expenditures. These co-mingled costs included items that are not reimbursable under the Care and Maintenance cost component.

In order to determine allowable material and supplies costs, we worked in conjunction with shelter management to identify materials and supplies costs eligible for reimbursement for the Care and Maintenance cost component. The town provided expenditure reports and line item descriptions of the costs for both the Animal Shelter Department (2130) and the Animal Control Department (2120). We identified materials and supplies costs related to the care and maintenance of all animals in the following accounts:

- Account 7305 – Animal Food Supplies
- Account 7370 – Special Department Expense
- Account 9026 – Equipment Maintenance (parts)
- Account 7265 – Office Supplies
- Account 7277 – Printing
- Account 7655 – Cleaning Service and Sanitary Supplies

We excluded certain expenditures posted to these accounts that were not used for care and maintenance activities.

Dogs and Cats

The town claimed $72,857 in materials and supplies costs for dogs and cats for FY 2007-08 and $73,318 for FY 2008-09. As mentioned above, these costs consisted of various expenditures that were co-mingled and misclassified as services and supplies. We worked with shelter staff to determine the actual amounts of materials and supplies costs incurred for care and maintenance activities of all animals for each year of the audit period.

The following table shows the amount of materials and supplies claimed, the amount supported, and the difference by fiscal year:

Fiscal Year	Expenditure Category	Amount Claimed	Amount Supported	Difference
2007-08				
	Co-mingled animal shelter costs	$ 72,857	$ -	$ (72,857)
	7305 - Animal Food Supplies	-	10,222	10,222
	7370 - Special Dept. Expense	-	7,016	7,016
	9026 - Equipment Maintenance (parts)	-	294	294
	7265 - Office Supplies	-	8	8
	7277 - Printing	-	344	344
		$ 72,857	$ 17,884	$ (54,973)
2008-09				
	Co-mingled animal shelter costs	$ 73,318	$ -	$ (73,318)
	7305 - Animal Food Supplies	-	12,464	12,464
	7370 - Special Dept. Expense	-	11,704	11,704
	7655 - Cleaning Service & Sanitary Supplies	-	4,108	4,108
	9026 - Equipment Maintenance (parts)	-	649	649
		$ 73,318	$ 28,925	$ (44,393)
Total, materials and supplies		$ 146,175	$ 46,809	$ (99,366)

Other Animals

The town claimed $3,177 in materials and supplies costs for other animals for FY 2007-08 and $3,881 for FY 2008-09. These costs consisted of various expenditures that were co-mingled and misclassified as services and supplies. We worked with shelter staff to determine the actual amounts of materials and supplies costs incurred for care and maintenance of all animals for each year of the audit period. Allowable costs for other animals are already included in the table above.

The following table shows the amount of materials and supplies costs claimed, the amount supported, and the difference by fiscal year:

Fiscal Year	Expenditure Category	Amount Claimed	Amount Supported	Difference
2007-08				
	Co-mingled animal shelter costs	$ 3,177	$ -	$ (3,177)
2008-09				
	Co-mingled animal shelter costs	$ 3,881	$ -	$ (3,881)
Total, materials and supplies		$ 7,058	$ -	$ (7,058)

The following table summarizes the gross amount of materials and supplies costs claimed, the amount supported, and the difference by fiscal year. We used the totals in the amount supported column in the care and maintenance formula for both dogs and cats and other animals for each fiscal year of the audit period.

	Gross Amount of Materials and Supplies		
Fiscal Year	Amount Claimed	Amount Supported	Difference
2007-08	$ 76,034	$ 17,884	$ (58,150)
2008-09	77,199	28,925	(48,274)
Total	$ 153,233	$ 46,809	$ (106,424)

Contract Services

The town did not claim contract services costs during the audit period, as all costs were co-mingled and claimed as services and supplies. During the course of the audit, the town provided expenditure reports and line item descriptions for utilities costs incurred during the audit period.

FY 2007-08

Per shelter management, all of the town's utilities were billed to the Public Services Account through one master bill. Costs could not be broken down for the animal shelter, except for the water bill. The water company was able to provide a breakdown of the amount paid by the town for services to the animal shelter address. Using utility cost data that was available for FY 2008-09, we allocated electricity and natural gas costs applicable to FY 2007-08 based on animal census data for the two fiscal years. The percent difference in the animal census for FY 2007-08 compared to FY 2008-09 was 1.01. Therefore, we multiplied the electricity and natural gas costs in FY 2008-09 by a factor of 1.01% to arrive at costs for FY 2007-08.

FY 2008-09

Beginning with FY 2008-09, the town started billing utilities separately to each department, with the exception of phone and trash. Therefore, we were able to identify utilities costs for electricity, natural gas, and water in the town's expenditure reports for the animal shelter (Department 2130).

We held discussions with shelter management, who determined that the following pro-rata percentages should be applied to utility costs as they relate to the care and maintenance of animals:

- Water at 85% – the town reasoned that almost all of the water consumed by the shelter is a direct result of care and maintenance of the animals—for example, providing water, washing down and sanitizing the kennels and stalls, and washing bedding. There was no landscaping to water, only one restroom for staff, and a small kitchen sink.

- Electricity and natural gas at 85% – the town reasoned that during the audit period, staff and animals were housed at the old shelter, where staff had to continually keep swamp coolers running in the summer and heaters running during the winter to keep the animals comfortable. The facility also has a gas-powered laundry dryer.

We reviewed the town's assessment of utility costs incurred for care and maintenance activities and found that the city's determination of the pro-rata percentages is reasonable.

The following table summarizes the actual costs, the costs claimed, the allowable pro-rata percentage, the allowable costs, and audit adjustment amounts for contract services by fiscal year:

Fiscal Year	Expenditure	Actual Cost	Amount Claimed	Pro-Rata Percentage Allowable	Amount Allowable	Audit Adjustment
2007-08						
	Electricity	$ 7,456	$ -	85%	$ 6,338	$ 6,338
	Natural Gas	5,248	-	85%	4,461	4,461
	Water	837	-	85%	711	711
		$ 13,541	$ -		$ 11,510	$ 11,510
2008-09						
	Electricity	$ 7,395	$ -	85%	$ 6,286	$ 6,286
	Natural Gas	5,205	-	85%	4,425	4,425
	Water	1,066	-	85%	906	906
		$ 13,666	$ -		$ 11,617	$ 11,617
Total, contract services		$ 27,207	$ -		$ 23,127	$ 23,127

Animal Census Data

The yearly animal census refers to the total number of days that all animals were housed in the town's shelter. The actual cost formula requires the eligible cost of care to be divided by the yearly census to arrive at an average cost per animal per day. The cost per animal per day is then multiplied by the number of "eligible" animals (defined further) and the number of increased days.

The town provided the actual animal census information from its Shelter Pro database system for the audit period. We worked in conjunction with shelter management to determine the allowable animal census per fiscal year. Management verified the validity of the raw data and corrected any data entry errors. For example, staff corrected animal data showing negative days impounded, zeroes shown for the number of animals impounded, and other obvious inconsistencies in the raw data. We applied the exclusions per the parameters and guidelines to the raw animal data provided by the town.

The following table summarizes the claimed and allowable animal census information by fiscal year:

Fiscal Year	Animal Census: Census Claimed	Census Allowable	Difference
2007-08	47,666	57,701	10,035
2008-09	58,669	57,233	(1,436)
Total	106,335	114,934	8,599

Eligible Dogs, Cats, and Other Animals

To verify the eligible animal population, we ran a query of all animals that fit the following reimbursement criteria:

Eligible dogs and cats:

- Died of natural causes during the increased holding period: died on days 4, 5, and 6
- Ultimately euthanized: euthanized on day 7 of the holding period and beyond

Eligible Other Animals:

- Died of natural causes during the increased holding period: died on days 2, 3, 4, 5, and 6 (animals that died on day 1 were not included because they were most likely irremediably suffering from a serious illness or injury or were too severely injured to move and it may have been more humane to dispose of the animal)
- Ultimately euthanized: euthanized on day 7 of the holding period and beyond

The town overstated the number of eligible dogs, cats, and other animals for each year of the audit period. In order to determine the correct number of eligible animals for each fiscal year of the audit period, we requested animal data from the town. We applied the number of eligible animals to the actual cost formula for all years of the audit period. We consistently applied the exclusions per the parameters and guidelines to the raw animal data provided by the town.

The following table summarizes the claimed and allowable eligible animals used in the care and maintenance formula for the audit period by fiscal year:

Fiscal Year	Eligible Animals Claimed: Dogs/Cats	Other Animals	Total Claimed	Eligible Animals Allowable: Dogs/Cats	Other Animals	Total Allowable
2007-08	2,844	62	2,906	1,622	1	1,623
2008-09	3,098	82	3,180	1,366	4	1,370
Total	5,942	144	6,086	2,988	5	2,993

Reimbursable Days

For both fiscal years of the audit period, the town claimed two reimbursable days for dogs and cats and four reimbursable days for other animals. The town's claims state that the mandate added two extra holding days for dogs and cats and four extra holding days for other animals. In fact, the mandate required shelters to keep dogs and cats and other animals for four business days after the day of impoundment, excluding Saturdays, Sundays, and legal holidays. Prior to this mandated program, the law stated that dogs and cats must be kept for 72 hours from the time of impoundment, and there was no requirement for other animals. As a result of the "four business days" holding requirement, the average number of increased holding days per week for dogs and cats is three days and for other animals is six days. The town did not correctly apply the increased holding period requirement of this mandate when calculating the number of reimbursable days.

An Appellate Court decision in *Purifoy v. Howell* dated March 26, 2010, determined that Saturday is not considered a business day for the purposes of this mandated program. Therefore, for the audit period, we determined that the increased holding period for dogs and cats is three days and the increased holding period for other animals is six days.

Assembly Bill 222

Assembly Bill 222 (Chapter 97, Statutes of 2011) was enacted on July 25, 2011, and took effect January 1, 2012. This bill states that a "business day" includes any day that a public or private animal shelter is open to the public for at least four hours, excluding state holidays. This bill was applicable beginning January 1, 2012 and does not affect the audit period covered in this audit.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2015-16 Budget Acts. If the program becomes active, we recommend that the town ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

Town's Response

> The Town consultant calculated our Care and Maintenance Costs in a different, more aggregate manner than what the SCO auditor is proposing. We do not believe this to be incorrect and feel that once corrections are made to the Auditor's assumptions and calculations, the two methods will yield similar eligible costs.
>
> ***Issue 1: SCO did not allow actual time for various employees for Care and Maintenance calculation and erroneously concluded that staff time across positions had total 100%. This is not accurate and we believe the:***
>
> **Animal Shelter Attendant's time** should be classified as 85% directly related to care and maintenance activities as originally identified by the Shelter representative before the SCO auditor required that she reduce the time.

Animal Shelter Supervisor's time should be classified as 10% directly related to care and maintenance instead of the 5% allowed. The original allocation was 10% before the auditor instructed Apple Valley staff to reduce the percentages to total to 100% between all positions. This was an erroneous direction as there is no requirement that the positions have to equal 100%.

Also most of the remaining time of the Supervisor is spent on supervisory and administrative general functions, and that time should be included in the Indirect Cost Rate calculation discussed later in this document.

We have attached emails that took place on April 13, 2016 between the Auditor and the Shelter representative, Adriana Atteberry asking that she detail the time spent by each position caring and maintaining the animals. When the Ms. Atteberry, responds, the auditor calls her and instructs her to downwardly revise her allocations of time so that everyone's time spent caring for animals added together totals to 100%. When the percentage is still too high - the auditor then emails and says another 5% needs to be cut (which is later reduced from the Shelter Supervisors time allocation.)

These demands made by the auditor was incorrect and do not result in an amount that reflects actual reimbursable time and cost spent on Care and Maintenance activities. There is no reason why the total must add to 100% between a group of employees. Each position can spend varying amounts of time on an activity -to the maximum of 100% per person.

The SCO decision to restrict the allocation of time spent on the entire group of people to 100% is illogical and arbitrary.

We request that the allocations of time spent be based on actual amounts originally specified by the Shelter Manager. (See the following email copies)

Issue 2: Overhead costs allowed by the SCO were understated.

We have attached overhead calculations (ICRP rates for the SHELTER department for FY 2007-08 and FY 2008-09 which indicate the actual overhead rates are much higher than the default 10% rate allowed).

We request that these actual rates be used. (See attached)

SCO's Comment

The finding and recommendation remain unchanged.

In its response, the town makes several comments regarding this finding.

First, the town states that:

> . . . the town consultant calculated our Care and Maintenance costs in a different, more aggregate manner that what the SCO auditor is proposing. We do not believe this to be incorrect and feel that once corrections are made to the auditor's assumptions and calculations, the two methods will yield similar eligible costs.

The manner in which costs must be claimed for the various components of this mandated program is not an issue "proposed" by the SCO. For the Care and Maintenance cost component, the parameters and guidelines state that claimants may elect to use either the Actual Cost Method or the Time Study Method to claim costs. The town elected to use the actual cost method. The parameters and guidelines provide for a specific formula-driven methodology (the care and maintenance formula) to determine allowable mandated costs using the Actual Cost Method. As described in detail above, the town applied this methodology incorrectly. The SCO calculated allowable costs using the Actual Cost Method and the prescribed care and maintenance formula as outlined in the parameters and guidelines. The parameters and guidelines do not provide for multiple methods of applying the care and maintenance formula.

Second, the town states that the "SCO did not allow actual time for various employees for Care and Maintenance calculation and erroneously concluded that staff time across positions had total 100%." Specifically, the town requests that: (1) the "**Animal Shelter Attendant's time** should be classified as 85% directly related to care and maintenance activities as originally identified by the Shelter representative before the SCO auditor required that she reduce the time" and (2) the "**Animal Shelter Supervisor's time** should be classified as 10% directly related to care and maintenance instead of the 5% allowed." The town goes on to state that "each position can spend varying amounts of time on an activity – to the maximum of 100% per person."

The town did not claim salaries and benefits for the audit period. In the absence of supporting documentation for actual salary and benefit costs incurred for the care and maintenance of animals during the course of the audit, we requested duty statements for the employee classifications directly involved in care and maintenance activities in order to assist in determining the percentage of the daily workload that staff devoted to caring for and maintaining the animals. The duty statements are very detailed in the description of essential job functions for each classification. For example, the duty statement for the Animal Shelter Attendant classification lists 11 essential job functions, one of which describes care and maintenance activities. The duty statement for the Animal Shelter Supervisor classification lists 21 essential job functions, one of which describes care and maintenance activities. Contrary to what the town believes, it is not reasonable to apply 100% of any classification's workload solely to care and maintenance activities. Based on the detailed duty statements provided, these employees are also performing many activities that are reimbursable under other components of this mandated program (necessary and prompt veterinary care, maintaining non-medical records, lost and found lists), as well as various administrative activities and non-mandated activities.

Lastly, the town states that overhead costs allowed by the SCO for this component were understated. This issue is addressed separately under Finding 7- Allowable Indirect Costs.

FINDING 3—
Overstated Increased Holding Period costs

The town claimed a total of $124,477 for services and supplies costs under the Increased Holding Period cost component. We found that $91,979 is allowable and $32,498 is unallowable. The costs are unallowable because the town claimed unallowable services and supplies costs, misclassified costs, and used an incorrect methodology for claiming costs.

The following tables summarize the claimed, allowable, and unallowable costs for the Increased Holding Period cost component for the audit period by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Services and supplies:			
2007-08	$ 57,566	$ -	$ (57,566)
2008-09	66,911	-	(66,911)
Subtotal, services and supplies	$124,477	$ -	$(124,477)

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Salaries and benefits:			
2007-08	$ -	$ 45,483	$ 45,483
2008-09	-	46,496	46,496
Subtotal, salaries and benefits	$ -	$ 91,979	$ 91,979

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Total direct costs:			
2007-08	$ 57,566	$ 45,483	$ (12,083)
2008-09	66,911	46,496	(20,415)
Total	$124,477	$ 91,979	$ (32,498)

Services and Supplies

The town claimed $124,477 for services and supplies for the audit period. We found that the entire amount is unallowable. Under this component, claimants are reimbursed for making animals available for owner redemption on either one weekday evening or one weekend day. The town made animals available for owner redemption during the audit period by staying open to the public for six hours on Saturdays.

The town claimed costs for this component by using total shelter costs incurred in animal shelter (Department 2130) less costs reported in account 8988 (Spay/Neuter Program). This revised total for shelter cost was then divided by 2,912, a number described as "total hours of facility operations" in the town's claims. The resulting amount was described as the "cost per hour" to operate the entire shelter, which was then multiplied by the number of hours that the town's shelter was open during the year

on Saturdays (312) to calculate claimed costs.
The town's methodology for claiming costs under this component is incorrect. Using total costs incurred by the animal shelter (less spay and neuter costs) to determine an hourly amount to operate the animal shelter assumes that all of the remaining costs incurred to operate the shelter on Saturdays are reimbursable. This assumption is not consistent with the requirements of this mandated program. For example, costs incurred for non-reimbursable activities such as animal licensing, adoption, and euthanasia are not reimbursable at any time. In addition, costs incurred for animal care and maintenance were claimed under that cost component, yet were not factored out in the town's calculations for this cost component. Moreover, the town misclassified the costs as "services and supplies" costs rather than as salary and benefit costs.

Salaries and Benefits

As mentioned above, the town did not claim salaries and benefits during the audit period. Instead, it used an incorrect methodology for calculating allowable costs and then misclassified them as services and supplies. We found that the town incurred a total of $91,979 in allowable salaries and benefits for the audit period.

Hours of Operation

For each year of the audit period, the town provided support that its animal shelter was open to the public on Saturdays from 9:00 a.m. to 3:00 p.m., for a total of six hours per employee performing the reimbursable activities. The shelter met the requirements of the mandate by making animals available for owner redemption on the weekend day.

The shelter's hours of operation are essential in determining the allowable hours to comply with the Increased Holding Period cost component. For both fiscal years of the audit period, the town correctly claimed and was able to support that the shelter was open to the public on Saturdays from 9:00 a.m. to 3:00 p.m., for a total of six hours per allowable employee.

Staffing Requirements

We discussed with shelter management the staffing requirements to make animals available for owner redemption on Saturdays, when the shelter was open to the public, in comparison to Sundays, when the shelter was closed. We also obtained staffing schedules for the town's shelter to determine the number of increased positions necessary to perform the reimbursable activities.

The town did not claim employee classifications under this component. The staffing schedules for both fiscal years of the audit period show that on Sundays, when the shelter was closed to the public, the shelter was staffed with just one Animal Shelter Attendant/Assistant. However, when the shelter was open to the public on Saturdays, the shelter was staffed with the following:

- Two Animal Shelter Attendants/Assistants;

- One Shelter Supervisor;
- Two Animal Control/Customer Service Technicians; and
- Two Animal Control Officers in FY 2007-08 and one in FY 2008-09.

Based on the staffing schedules provided, the increased staff positions on Saturdays needed to perform the reimbursable activities consisted of one Animal Shelter Attendant/Assistant, one Animal Shelter Supervisor, and two Animal Control/Customer Service Technicians. We excluded the Animal Control Officers, as this position would not be responsible for assisting owners with redeeming their pets but instead would be performing duties in the field.

The following table shows the claimed and the allowable employee classifications determined to be the increased positions necessary to comply with making the animals available for owner redemption. In addition, the table summarizes the total hours claimed and allowable:

	Fiscal Year		
	2007-08	2008-09	Totals
Claimed			
Hours claimed	6	6	
x Weeks per year	52	52	
Total hours claimed	312	312	624
Allowable			
Animal Shelter Supervisor	1	1	
Animal Shelter Attendant/Assistant	1	1	
Animal Control/Customer Service Technician	2	2	
Total employee positions	4	4	
x Hours allowed per position	6	6	
x Weeks per year	52	52	
Total hours allowable	1,248	1,248	2,496

Indirect Costs

The indirect costs applicable for this cost component, totaling $6,478 for the audit period, were calculated separately. See Finding 7, Allowable Indirect Costs, for the calculations.

The parameters and guidelines (section IV.B.4–Using the Holding Period of Four Business Days After the Day of Impoundment) state that the following activities are reimbursable beginning January 1, 1999, for impounded animals specified in Food and Agriculture Code section 31753 ("other animals"), and beginning July 1, 1999, for impounded dogs and cats for either:

1. Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or
2. For those local agencies with fewer than three full time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owner to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed.

The parameters and guidelines (section IV – Reimbursable Activities) state that:

> To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documentation to show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities.

The parameters and guidelines (section V.A.1 – Salaries and Benefits) state that:

> Claimants must report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2015-16 Budget Acts. If the program becomes active, we recommend that the town ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

Town's Response

> Costs were calculated by the consultant in a different, more aggregate manner the SCO auditor is proposing. We do not believe this to be incorrect and believe that once certain SCO errors are corrected, the two methods will yield similar eligible costs.
>
> ***Issue 1: Overhead costs were understated.***
>
> We have attached an overhead (ICRP rate for the SHELTER department for FY 2007-08 and FY 2008-09 which indicate the actual overhead rates are much higher than the default 10% rate allowed).
>
> We request that these actual rates be used. (See attached calculations)

SCO's Comment

The finding and recommendation remain unchanged.

The town states that overhead costs allowed by the SCO for this component were understated. This issue is addressed separately under Finding 7- Allowable Indirect Costs.

FINDING 4— Allowable Lost and Found Lists costs

The town did not claim any costs under the Lost and Found Lists cost component during the audit period. We found that $995 is allowable under this cost component.

Contract Services

During the course of the audit, the town submitted invoices for various expenditures. Using these invoices, we found that the town incurred costs for the purchase of Multiple Options animal data software in FY 2008-09. The invoice details the various services and options provided with the software package, along with the associated costs. We found that under the "services" portion of the invoice, the option titled PetFinder Support is applicable to this component. The total cost for the PetFinder Support was $995. We ultimately determined that the entire amount is related to this mandated activity and $995 is allowable in contract services costs.

Salaries and Benefits

The town did not claim costs under this component and, therefore, did not claim salaries and benefits. During the course of the audit, the town was able to provide support that it complied with the five reimbursable activities outlined for this component. However,the town would have to perform a time study for the activities of providing lost and found information to the public in order to determine allowable salary and benefit costs. Though given the option, the town did not perform a time study during the course of the audit.

The parameters and guidelines allow reimbursement, beginning January 1, 1999, for providing owners of lost animals and those who find lost animals with all of the following:

1. Ability to list the animals they have lost or found on lost-and-found lists maintained by the local agency;
2. Referrals to animals listed that may be the animals the owner or finders have lost or found;
3. The telephone numbers and addresses of other pounds and shelters in the same vicinity;
4. Advice as to means of publishing and disseminating information regarding lost animals; and
5. The telephone numbers and addresses of volunteer groups that may be of assistance in locating lost animals.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2015-16 Budget Acts. If the program becomes active, we recommend that the town ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

Town's Response

The town replied "no comment" to the audit finding.

SCO's Comment

The finding and recommendation remain unchanged.

FINDING 5—Allowable Maintaining Non-Medical Records costs

The town did not claim costs under the Maintaining Non-Medical Records cost component. However, during the course of the audit, we found that the town incurred a total of $62,977 in allowable costs ($60,242 for salaries and benefits, and $2,735 for contract services).

The following table summarizes the combined claimed, allowable, and adjusted direct costs for the Maintaining Non-Medical Records cost component by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Total direct costs:			
2007-08	$ -	$ 31,065	$ 31,065
2008-09	-	31,912	31,912
Total	$ -	$ 62,977	$ 62,977

Salaries and Benefits

The town did not claim salaries and benefits during the audit period. However, the town conducted a time study during the course of the audit to determine the average amount of time spent by various employee classifications processing non-medical animal records. We found that $60,242 is allowable.

The following table summarizes the claimed, allowable, and audit adjustment amounts for salaries and benefits for the Maintaining Non-Medical Records cost component by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Salaries and benefits:			
2007-08	$ -	$ 31,065	$ 31,065
2008-09	-	29,177	29,177
Total, salaries and benefits	$ -	$ 60,242	$ 60,242

Time Study

During the course of the audit, the town conducted a time study for this cost component from April 16, 2016, through April 25, 2016. The town studied the time required to process records for incoming animals and the final disposition of animals. The six employee classifications of Animal Services Technician, Animal Control Officer, Animal Shelter Supervisor, Animal Health Technician, Office Assistant, and Shelter Specialist participated in the time study. However, three of the classifications that participated in the time study were not applicable during the audit period: Animal Health Technician, Office Assistant, and Shelter Specialist. The Animal Services Technician classification was called Animal Control Technician during the audit period; these two positions are considered the same classification.

Taking into consideration the classifications that actually existed during the audit period, we applied the following classifications to the audit period:

- Animal Services Technician (equivalent to Animal Control/ Customer Service Technician)
- Animal Control Officer
- Animal Shelter Supervisor

The time study determined that it takes an average of 3.51 minutes to process incoming animal records and an average of 4.55 minutes to process records for the final disposition of animals. However, three of the employee classifications that participated in the time study did not exist during the audit period, as previously noted. Regardless, we determined that the total amounts of time required to process animal records were adequately established by the town's time study and should not be revised. Therefore, we allocated the number of minutes spent by these three classifications in the town's time study to the three classifications that existed during the audit period.

Number of Animal Records Processed

During the course of the audit, we obtained the town's raw animal data for FY 2007-08 and FY 2008-09 from its animal tracking software system database. We applied the time study results to the number of animal records processed based on this data. For purposes of the Maintaining Non-Medical Records cost component, the allowable number of animal records is the total number processed by the facility during the fiscal year, with no exclusions.

The following table summarizes the number of non-medical records processed for the audit period by fiscal year:

	Fiscal Year		
	2007-08	2008-09	Totals
Intake	5,961	5,480	11,441
Final Disposition	5,961	5,480	11,441

The following table identifies the involvement level of employee classifications that processed non-medical records during the audit period, based on the time study that the town conducted:

Employee Classification	Percentage Involvement
Incoming Animal Records:	
Animal Control Technician	60%
Animal Control Officer	36%
Animal Shelter Supervisor	4%
	100%
Final Disposition Animal Records:	
Animal Control Technician	56%
Animal Control Officer	20%
Animal Shelter Supervisor	24%
	100%

To determine allowable salaries and benefits, we applied the results of the town's time study to the employee classifications that performed the activities. We determined that costs totaling $60,242 were allowable for salaries and benefits.

Contract Services

The town did not claim costs under the Maintaining Non-Medical Records cost component. However, we found that the town incurred $2,735 in contract services costs for the purchase of animal data software in FY 2008-09.

During the course of the audit, the town submitted invoices for various expenditures. Using these invoices, we found that the town incurred costs for the purchase of Multiple Options animal data software in FY 2008-09. The invoice details the various services and options provided with the software, along with the associated costs. Under the Shelter Management System Software portion of the invoice, the base cost for the SQL version of the software package was $10,500. In addition, the total of the various options added together was $21,695, for a subtotal of $32,195. The town was then given a 10% discount, making the final total $28,975.50. We found that the option titled "kennel management" was applicable to this component. The other options listed, such as "point of sales," "accounts receivable," and "dispatching system," among others, do not pertain to this component. The cost for the "kennel management" portion was $2,000; we found the entire amount to be allowable, as the kennel management activites complied with the mandated activity of processing records for incoming animals and the final disposition of animals. We then calculated the pro-rata percent that the kennel management option represented out of all the options listed. We applied the resulting 7% to the base cost of the software package ($10,500) in order to determine the proportionate share of that cost that was related to this component, totaling $735. Allowable contract services consisted of $2,000 for the kennel management portion of the software and $735 for the proportionate share of the base software package cost, for a total of $2,735.

Indirect Costs

The indirect costs applicable for this cost component, totaling $4,244 for the audit period, were calculated separately. See Finding 7, Allowable Indirect Costs, for the calculations.

The parameters and guidelines (section IV.B.8–Maintaining Non-Medical Records) identify the following reimbursable activities:

> Beginning January 1, 1999 – Maintaining non-medical records on animals that are either taken up, euthanized after the holding period, or impounded. Such records shall include the following:
>
> - The date the animal was taken up, euthanized, or impounded;
> - The circumstances under which the animal is taken up, euthanized, or impounded;
> - The names of the personnel who took up, euthanized, or impounded the animal; and
> - The final disposition of the animal, including the name of the person who euthanized the animal or the name and address of the adopting party.

The parameters and guidelines (section IV.B.8–Maintaining Non-Medical Records) identify the following reimbursable activity:

> The cost of Software license renewal contracts, to the extent these costs are not claimed as an indirect cost under these parameters and guidelines, is eligible for reimbursement under Section V (A) (2) of the parameters and guidelines. If the computer software is utilized in some way that is not directly related to the maintenance of records specified in this section, only the pro rata portion of the software license renewal contract that is used for compliance with this section is reimbursable.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2015-16 Budget Acts. If the program becomes active, we recommend that the town ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

Town's Response

> ***Issue 1: It appears the SCO made a clerical error In FY 2008-09.***
>
> One table shows allowable costs of $31,912 and another of $29,177.
>
> ***Issue 2: Overhead costs were understated.***
>
> We have attached overhead calculations (ICRP rates for the SHELTER department for FY 2007-08 and FY 2008-09 which indicate the actual overhead rates are much higher than the default 10% rate allowed).
>
> We request that these actual rates be used. (See attached calculations)

SCO's Comment

The finding and recommendation remain unchanged.

The town states that "It appears the SCO made a clerical error in FY 2008-09. One table shows allowable costs of $31,912 and another of $29,177." The reference to $29,177 in FY 2008-09 is for salaries and benefits. The town also incurred allowable contract services costs totaling $2,735 in FY 2008-09. The allowable salary and benefit costs combined with the allowable contract services costs total $31,912 in allowable direct costs for FY 2008-09 and is correctly presented.

The town also states that overhead costs allowed by the SCO for this component were understated. This issue is addressed separately under Finding 7- Allowable Indirect Costs.

FINDING 6— Allowable Procuring Equipment costs

The town did not claim any costs under the Procuring Equipment cost component during the audit period. However, we identified costs in the Capital Equipment and Communications Equipment expense accounts for the animal shelter, and in the Capital Outlay expense account for animal control. The town provided support for these costs and we classified them under both materials and supplies and fixed assets. We found that $13,365 is allowable under this cost component.

The following table summarizes the claimed, allowable, and audit adjustment amounts for total direct costs for the audit period by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Direct costs:			
2007-08	-	6,630	6,630
2008-09	-	6,735	6,735
Total	$ -	$ 13,365	$ 13,365

Materials and Supplies

The town did not include any materials and supplies costs under this cost component in its claims for the audit period. However, the town provided support for materials and supplies costs not claimed that are eligible for reimbursement under the mandated program. We found that $5,252 in materials and supplies costs is allowable for this component.

The following table summarizes the costs claimed, the supported costs, the allowable pro-rata percentage, and the allowable costs for materials and supplies by fiscal year:

Fiscal Year	Amount Claimed	Supported Costs	Pro-Rata Percentage Allowable	Amount Allowable	Audit Adjustment
Materials and supplies:					
2007-08	-	$ 4,170	100%	$ 4,170	$ 4,170
2008-09	-	1,082	100%	1,082	1,082
Subtotal, materials and supplies	$ -	$ 5,252		$ 5,252	$ 5,252

For FY 2007-08, the town incurred costs totaling $4,170. The following costs came from animal shelter (Department 2130) expense accounts:

- A cat resting shelf for the cat area ($953);
- Shelving/storage to keep animal food off of the floor and reduce rodent activity ($446 and $738);
- Benches/tools to keep food off of the floor ($438); and
- Radios for shelter attendants to communicate with one another ($287).

The following costs came from animal control (Department 2120) expense accounts:

- Feral cat dens for the feral cat area of the shelter ($941); and
- A hutch to house rabbits ($317).

For FY 2008-09, the town incurred costs totaling $1,082. These costs came from animal shelter (Department 2130) expense accounts, and consisted of the following:

- Four compact refrigerators to store drugs and medications for the animals ($916); and
- Radios for shelter attendants to communicate with one another ($166).

We interviewed shelter management and staff, who provided a reasonable explanation of how this equipment was necessary to comply with the reimbursable activities of the mandated program. In addition, shelter management stated, and we accepted, that each piece of equipment was used solely for mandated activities.

Fixed Assets

The town did not include any fixed asset costs under this cost component in its claims for the audit period. However, the town provided support for fixed asset costs not claimed that are eligible for reimbursement under the mandated program. We found that $8,113 is allowable in fixed asset costs for this component.

The following table summarizes the costs claimed, the supported costs, the allowable pro-rata percentage, and the allowable costs for fixed assets by fiscal year:

Fiscal Year	Amount Claimed	Supported Costs	Percentage Allowable	Amount Allowable	Audit Adjustment
Fixed assets:					
2007-08	$ -	$ 2,460	100%	$ 2,460	$ 2,460
2008-09	-	5,653	100%	5,653	5,653
Subtotal, fixed assets	$ -	$ 8,113		$ 8,113	$ 8,113

For FY 2007-08, the town incurred costs totaling $2,460. The costs came from animal shelter (Department 2130) expense accounts and were for the purchase of a sloped dog, kennel hard roof. The town identified additional costs in the amount of $5,980 for FY 2007-08 for purchase of of a nine-unit bank of stainless steel cages to house the animals. However, the town did not provide an invoice for this expense; therefore, the cost is unallowable because it is unsupported. For FY 2008-09, the town identified costs totaling $5,653. This cost also came from the Department 2130 expense accounts and was for the purchase of stainless steel cages to house small dogs and puppies.

We interviewed shelter management and staff, who provided a reasonable explanation of how this equipment was necessary to comply with the reimbursable activities of the mandated program. In addition, shelter management stated, and we accepted, that each piece of equipment was used solely for mandated activities.

The parameters and guidelines (section IV.B.10) identify the following reimbursable activity:

> Beginning January 1, 1999 for procuring medical, kennel, and computer equipment necessary to comply with the reimbursable activities listed in Section IV (B) for the parameters and guidelines, to the extent these costs are not claimed as an indirect cost under Section V (B) of the parameters and guidelines. If the medical, kennel, and computer equipment is utilized in some way not directly related to the mandated program or the population of animals listed in Section IV (B), only the pro rata portion of the activity that is used for the purposes of the mandated program is reimbursable.

The parameters and guidelines (section IV – Reimbursable Activities) state that:

> To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documentation to show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2015-16 Budget Acts. If the program becomes active, we recommend that the town ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

Town's Response

The town replied "no comment" to the audit finding.

SCO's Comment

The finding and recommendation remain unchanged.

FINDING 7— Allowable indirect costs

The town did not claim reimbursement for indirect costs for the audit period. However, the town incorporated overhead costs into the Care and Maintenance (Finding 2) cost component. We found that $12,708 in indirect costs is allowable.

Fiscal Year	Claimed Indirect Costs	Allowable Indirect Costs	Audit Adjustment
2007-08	$ -	$ 6,627	$ 6,627
2008-09	-	6,081	6,081
Total	$ -	$ 12,708	$ 12,708

Overhead costs

As stated, the town did not claim indirect costs for the audit period. The town did, however, incorporate overhead costs into the Care and Maintenance cost component by adding in a 40% overhead factor for the Municipal Services Director when computing total annual shelter costs. Including a calculated overhead cost into the care and maintenance formula is incorrect. The parameters and guidelines state that claimants either have the option of using 10% of direct labor, excluding fringe benefits, or preparing an ICRP if the indirect cost rate claimed exceeds 10%.

Indirect cost rate

During the course of the audit, the town elected to use the option of using 10% of direct labor, excluding fringe benefits, to claim indirect costs for the audit period. The Assistant Director of Finance decided this was the best option because the town's record-retention period had expired and because the town switched software during the audit period, making many records unavailable.

Allowable Salaries

As a result of our audit, we determined allowable salaries and benefits for the audit period. As noted above, the town elected to use the 10% of direct labor option to claim indirect costs. Accordingly, allowable indirect costs for the audit period are based solely on allowable salaries.

The following table summarizes the claimed, allowable, and audit adjustment amounts to salaries by fiscal year:

Fiscal Year	Claimed Salaries	Allowable Salaries	Audit Adjustment
2007-08	$ -	$ 66,277	$ 66,277
2008-09	-	60,809	60,809
Total	$ -	$ 127,086	$ 127,086

Allowable indirect costs for the audit period were computed by applying the 10% indirect cost rate to total allowable salaries shown in the table above.

The parameters and guidelines (section V.B. – Indirect Costs) state that:

> Indirect costs are those that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.
>
> Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) pursuant to the Office of Management and Budget (OMB) Circular A-87.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2015-16 Budget Acts. If the program becomes active, we recommend that the town ensure that its indirect cost rates are properly calculated and are applied to the same direct cost base that was used to calculate the rate.

Town's Response

> Costs calculated by consultant in a different, more aggregate manner than the SCO auditor is proposing. We do not believe this to be incorrect and believe that once the costs listed above and correct ICRP rate are applied, the two methods will yield similar eligible costs.

ANIMAL SHELTER & ANIMAL CONTROL SUPERVISORS SHOULD BE CLASSIFIED AS 70% INDIRECT. 50% of time is spent assisting management, meeting vendors, conducting facility inspections, creating reports, training and motivating personnel + 20% monitoring controlled substances in the Shelter.

ANIMAL CONTROL TECHNICIANS SHOULD BE CLASSIFIED AS 25% INDIRECT. A portion of the AC Technicians job duties include answering agency phones and answering general questions. This is a general, shared, indirect activity and cost.

SCO DID NOT INCLUDE ANY ADMIN AND CLERICAL SUPPORT PROVIDED BY THE MUNICIPAL SERVICES DEPARTMENT. The Town budgeted for these activities in the Municipal Services Department, therefore an allocation of their time/costs providing administrative and clerical support to the Shelter should be allowed. We have provided a reasonable approach to distributing these costs based on agency budget history.

Because the SCO calculate the costs in a different manner than originally submitted and calculated by the Town (which was based on aggregate costs which did not require preparation of an ICRP, the State must give us the opportunity to respond and support our costs with actual overhead (ICRP) rates.

Informal conversations with staff are not binding. This is our Town's first State Mandate audit and we are not familiar with the State Mandate procedures. Upon conversation with our consultant, accepting the 10% default rate is not in our best interest and State Mandate guidelines require that you use actual ICRP calculations. Those actual calculations are attached.

We believe the rates attached are accurate, reasonable, and should be applied to the direct salary costs allowed in the SCO audit.

SCO's Comment

The finding and recommendation remain unchanged.

In its response, the town states the following:

> Because the SCO calculated the costs in a different manner than originally submitted and calculated by the town (which was based on aggregate costs which did not require preparation of an ICRP), the State must give us the opportunity to respond and support our costs with actual overhead (ICRP) rates.

The town did not claim reimbursement for indirect costs for the audit period, nor did it submit an ICRP. As stated above, the town incorporated overhead costs into the Care and Maintenance cost component by adding a 40% overhead factor for the Municipal Services Director when computing total annual shelter costs. Including a calculated overhead cost into the care and maintenance formula is an incorrect method for calculating and claiming indirect costs. The town's statement that it claimed costs based on "aggregate costs which do not require the preparation of an ICRP" is also incorrect. The parameters and guidelines state that claimants have two options for calculating indirect costs: using

10% of direct labor, excluding fringe benefits, or preparing an ICRP. The town did neither.

The town also states that "accepting the 10% default rate is not in our best interest and State Mandate guidelines *require* [emphasis added] that you use actual ICRP calculations." As stated above, using actual ICRP calculations is one of two acceptable methods for claiming indirect costs per the parameters and guidelines. The town did not use either method, as it did not claim reimbursement for indirect costs. We held discussions with the town's Assistant Director of Finance during the audit and he elected to use the option of 10% of direct labor, excluding fringe benefits, to determine allowable indirect costs for the audit period. The town's Assistant Director of Finance explained that this was the best option, due to the unavailability of many records for the audit period. With many of the components of this audit, supporting documentation was not available because the town's record-retention period had expired and the town switched software during the audit period. Therefore, the town's Assistant Director of Finance concluded that all of the necessary data to compile an accurate and complete ICRP for the audit period would likely be unavailable.

With its response to the draft audit report, the town submitted calculations for an ICRP for both fiscal years of the audit period. Submitting an ICRP at this time would require us to re-open the audit and conduct further fieldwork to analyze and verify the indirect cost rates that the town is now proposing. However, the indirect costs that are allowable for the audit period were calculated using an acceptable methodology as prescribed in the parameters and guidelines. Further, the town agreed with this method as being the best option, in discussions that took place on April 12, 2016. Therefore, we are not considering the additional information provided for indirect cost rate calculations.

FINDING 8— Allowable productive hourly rates and benefit rates

For both fiscal years of the audit period, the town did not claim salaries or benefits. Instead, it claimed all costs under services and supplies. Therefore, we calculated allowable productive hourly rates for the audit period.

Allowable Productive Hourly Rates

During the course of the audit, the town did not provide payroll reports for either of the two fiscal years of the audit period. Town management explained that the town record retention policy is seven years. The start of our audit was right at the seven-year mark. Additionally, the town switched software sometime during the audit period, so many records could not be retrieved. However, the town was able to provide a report titled "Earnings History by GL#" for FY 2007-08, which was found in town files and had previously been generated from the town's payroll system. The report provided town employee names, employee ID numbers, and total salaries paid for the fiscal year. Management confirmed that the totals do not include any kind of benefits. Along with this report, the town submitted a table that was not generated from the town's system, but rather compiled by the mandated cost consultant, listing employee names and their hourly productive rate. We explained to

town management that the hourly rates listed in this table could not be used to calculate allowable costs, as the table was created outside of the district's system and was not accompanied by supporting documentation showing how the rates were calculated.

FY 2007-08

For FY 2007-08, we performed our own calculations of productive hourly rates using the information that was available in the town's FY 2007-08 Earnings History report. Because this report was not as comprehensive as a typical payroll report, we had to obtain certain information from other sources. We matched employee names shown on the report to the productive hourly rate table mentioned above in order to identify employee classifications/titles. In the absence of actual annual productive hours for each employee, we defaulted to the SCO's claiming instructions and used 1,800 productive hours in our calculations. We divided each employee's total salary amount by 1,800 hours to arrive at a productive hourly rate. We then grouped employees of the same classification together to arrive at an average productive hourly rate for each classification for the fiscal year. However, in three instances we did not use 1,800 hours, as it was evident from the employees' yearly salary amounts that they were not full-time. We asked the town's Assistant Director of Finance to clarify these items. He was able to work with the town's personnel department to identify the approximate hours worked by each of these three employees based on information from their personnel files.

FY 2008-09

Because the town was able to provide salary information only for FY 2007-08, we devised an alternative methodology to determine allowable productive hourly rates for FY 2008-09. We used the calculated average productive hourly rates per classification from FY 2007-08 as a base, and multiplied these figures by the FY 2008-09 CPI Index (1.01%). The resulting figures were the allowable average productive hourly rates per classification for FY 2008-09. We obtained the CPI Index from the California Department of Finance's website under Financial and Economic Data, CPI and Deflators. We discussed this methodology with the town's Assistant Director of Finance, and he agreed that in the absence of supporting documentation, this was the best approach.

We applied the calculated average productive hourly rates per classification to the various cost components to determine allowable salary and benefit costs.

Benefit Rates

As mentioned previously, for both fiscal years of the audit period, the town did not claim salaries or benefits. Instead, it claimed all costs under services and supplies. Therefore, we calculated allowable benefit rates for the audit period.

Allowable Benefit Rates

We calculated the allowable benefit rate for both fiscal years of the audit period by obtaining the year-to-date expenditure reports for both the Animal Control Department (2120) and the Animal Shelter Department (2130). For both fiscal years, we calculated total salaries and total benefits separately. To determine each fiscal year's applicable employee benefit rate, we used data from the year-to-date expenditure reports and divided total benefits by total salaries to arrive at a benefit rate. We performed this calculation for both departments. Due to record-retention issues and changes in software during the audit period, the town was able to provide payroll information only for FY 2007-08. In the payroll information provided, employees of the same classification appeared under both the 2120 account and the 2130 account, making it difficult to apply the applicable benefit rate to each classification when calculating allowable salary and benefit amounts. Therefore, for both fiscal years, we calculated the average benefit rate of the two departments as follows:

FY 2007-08

Animal Control Department calculated benefit rate: 39.64%
Animal Shelter Department calculated benefit rate: 42.6%
Average benefit rate for fiscal year: 41.12%

FY 2008-09

Animal Control Department calculated benefit rate: 42.76%
Animal Shelter Department calculated benefit rate: 42.92%
Average benefit rate for fiscal year: 42.82%

We applied the average benefit rates to the allowable productive hourly rates to arrive at salary and benefit costs for the audit period. The exception is the Care and Maintenance cost component, wherein the average benefit rates were applied to actual salaries.

The parameters and guidelines (section V–Claim Preparation and Submission–Direct Cost Reporting–Salaries and Benefits) state that, for salaries and benefits, claimants are required to:

> Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the reimbursable activities performed and the hours devoted to each reimbursable activity performed.

The SCO's claiming instructions state that one of three options may be used to compute productive hourly rates:

- Actual annual productive hours for each employee;
- The weighted-average annual productive hours for each job title; or
- 1,800 annual productive hours for all employees. (The 1,800 annual productive hours excludes time for paid holidays, vacation earned, sick leave taken, informal time off, jury duty, and military leave taken.)

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through 2015-16 Budget Acts. If the program becomes active, we recommend that the town ensure that productive hourly rates and benefit rates are calculated in accordance with the guidance provided in the SCO's claiming instructions.

Town's Response

The town did not respond to the audit finding.

SCO's Comment

The finding and recommendation remain unchanged.

OTHER ISSUE— Necessary and Prompt Veterinary Care

Though there was no finding relating to the Necessary and Prompt Veterinary Care component, in its response, the town questioned why "the SCO did not allow any reimbursement for the Necessary and Prompt Veterinary Care component as these costs are eligible for reimbursement."

Town's Response

> The Town reviewed the proposed Findings and question why the SCO did not allow any reimbursement for the Prompt and Necessary Veterinary Care Component as these costs are eligible for reimbursement.
>
> The Town request the following amounts be added to our allowable reimbursement:
>
> FOR FY 2007-08 =$10,608 (includes vaccine costs and employee salary)
> FOR FY 2008-09 =$10,298 (includes vaccine costs and employee salary)
>
> These costs were derived as follows:
>
> In FY 2007-08, the Town expended $13,280.13 for purchasing wellness vaccines.
>
> The SCO audit determined that 5,961 animals were taken in during that fiscal year, therefore: Wellness Vaccine Costs: $13,280.13/ 5,961 = $2.23 per animal for wellness vaccine $2.23 x 1,622 eligible animals allowed for FY 2007-08 = $3,614
>
> In FY 2008-09, the Town expended $16,160 for purchasing wellness vaccines.
>
> The SCO audit determined that 5,480 animals were taken in during that fiscal year, therefore: Wellness Vaccine Costs: $ 16,160/ 5,480 = $2.95 per animal for wellness vaccine $2.95 x 1,366 eligible animals allowed for FY 2008-09 = $4,030

> Personnel costs to conduct the animal check up to determine if it is treatable and to administer the wellness vaccine was calculated based on time study staff conducted after receiving the SCO preliminary draft audit response. {See the following pages.)
>
> It was determined that an average of 86 seconds (or 1.43 minutes) was spent by the Registered Veterinary Technician per animal to conduct an initial exam upon intake and to determine whether the animal is treatable and then to give a wellness vaccine to the treatable animals.
>
> We submit that this is a reasonable and fair approach to capturing some of these eligible costs denied us in the audit. We request that these costs be restored to our claims.

SCO's Comment

The town is requesting reimbursement for vaccine costs, as well as salary and benefit costs, for conducting an initial physical exam to determine an animal's baseline health and to administer a wellness vaccine for both fiscal years of the audit period. The salary and benefit costs that the town is requesting reimbursement for are based on a two-day time study that the town conducted from May 18, 2016, to May 20, 2016.

The town did not claim any costs for this component for the audit period. We informed the town on numerous occasions (via email on July 13, 2015, October 14, 2015, February 29, 2016, and March 15, 2016, and by telephone on October 26, 2015, and October 29, 2015) that in order to determine allowable salary and benefit costs for the audit period, it would need to conduct a time study for this cost component. The span of this audit has been nearly a year, which is reasonable time for the town to plan and initiate a time study for this cost component. In addition, the results of a two-day time study that the town conducted post-exit conference do not appear adequate to determine allowable costs for the audit period. Similar to our comments above for the indirect cost rate information provided, examining the town's time study at this time would require us to re-open the audit and conduct additional fieldwork to analyze and verify the accuracy of the information provided.

Lastly, during fieldwork, we informed the town that in order to determine allowable materials and supplies costs for the purchase of wellness vaccines, the town would need to provide supporting documentation in the form of invoices in order to determine a unit cost per vaccine. Such information was not provided during the course of the audit or in the response to the draft audit report.

Attachment—
Town's Response to Draft Audit Report

Town of Apple Valley

A Better Way of Life

June 17, 2016

Mr. Jeffrey Brownfield
Chief of Division of Audits
State Controller's Office
P.O. Box 942850
Sacramento, CA 94250-5874

Dear Mr. Brownfield,

Please accept the Town of Apple Valley's response to the State Controller's Office (SCO) June 8, 2016 Draft Audit Report of the Animal Adoption Program for the period of July 1, 2007 through June 30, 2009.

Please see the attached document for our detailed responses to your findings.

We believe the responses submitted were prepared in accordance with the claiming instruction, Statement of Decision, and the Parameters and Guidelines adopted by the Commission. We are willing to provide additional documentation upon request.

Please contact me at (760) 240-7000 or our consultant Annette Chinn at (916) 939-7901 with any questions.

Sincerely,

Marc Puckett
Finance Director

MISSING ITEM 1 - PROMPT AND NECESSARY VET CARE

The Town reviewed the proposed Findings and question why the SCO did not allow any reimbursement for the **Prompt and Necessary Veterinary Care Component** as these costs are eligible for reimbursement.

The Town request the following amounts be added to our allowable reimbursement:

FOR FY 07-08 = $10,608 (includes vaccine costs and employee salary)

FOR FY 08-09 - $10,298 (includes vaccine costs and employee salary)

These costs were derived as follows.

In FY 2007-08, the Town expended $13,280.13 for purchasing wellness vaccines.

The SCO audit determined that 5,961 animals were taken in during that fiscal year, therefore:

Wellness Vaccine Costs: $13,280.13/ 5,961 = $2.23 per animal for wellness vaccine

$2.23 x 1,622 eligible animals allowed for FY 2007-08 = $3,614

In FY 2008-09, the Town expended $16,160 for purchasing wellness vaccines.

The SCO audit determined that 5,480 animals were taken in during that fiscal year, therefore:

Wellness Vaccine Costs: $ 16,160/ 5,480 = $2.95 per animal for wellness vaccine

$2.95 x 1,366 eligible animals allowed for FY 2008-09 = $4,030

Personnel costs to conduct the animal check up to determine if it is treatable and to administer the wellness vaccine was calculated based on time study staff conducted after receiving the SCO preliminary draft audit response. (See the following pages.)

It was determined that an average of 86 seconds (or 1.43 minutes) was spent by the Registered Veterinary Technician per animal to conduct an initial exam upon intake and to determine whether the animal is treatable and then to give a wellness vaccine to the treatable animals.

We submit that this is a reasonable and fair approach to capturing some of these eligible costs denied us in the audit. We request that these costs be restored to our claims.

PROMPT AND NECESSARY VET CARE

TIME STUDY FOR VET TECH = 1.43 MIN (or TO EXAMINE ANIMAL TO DETERMINE IF IT IS TREATABLE & GIVE VACCINE

FY 07--08	=	1.43/60 MINUTES	X	5,961 TOTAL NUMBER OF ANIMAL TAKEN IN	X	$ 49.23 VET TECH PROG HRLY RATE	=	$ 6,994.17
						* (salary = $49,533/1800 hrs + 41% benefit rate + 78.9% ICRP)		
COST OF VACCINES				1,622 TOTAL NUMBER OF ELIGIBLE ANIMALS	X	$ 2.23 UNIT COST OF WELLNESS VACCINES	=	$ 3,613.51
		TOTAL						$ 10,607.69
FY 08--09	=	1.43/60 MINUTES	X	5,480 TOTAL NUMBER OF ANIMAL TAKEN IN	X	$ 48.00 VET TECH PROG HRLY RATE	=	$ 6,268.76
						* (salary = $50,020/1800 hrs + 42.8% ben rate + 72.7% ICRP)		
COST OF VACCINES				1,366 TOTAL NUMBER OF ELIGIBLE ANIMALS	X	$ 2.95 UNIT COST OF WELLNESS VACCINES	=	$ 4,029.70
		TOTAL						$ 10,298.46

Subj: **RE: FW: 2007-08 Salary Data to Confirm**
Date: 5/23/2016 8:43:38 A.M. Pacific Daylight Time
From: AAtteberry@applevalley.org
To: AChinnCRS@aol.com

Here are the number 2007-08

Euthanasia Solution (Telazol & Fatal plus Solution) $3,618.54
Wellness vaccines $13,280.13
Microchips $9,116.70

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: AChinnCRS@aol.com [mailto:AChinnCRS@aol.com]
Sent: Wednesday, May 18, 2016 9:36 AM
To: Adriana Atteberry
Cc: Kofi Antobam; Nikki Salas; Gina Schwin-Whiteside
Subject: Re: FW: 2007-08 Salary Data to Confirm

Thank you everyone!

Another thing I noticed that was missing was any reimbursement for time to provide "Prompt and Necessary Veterinary Care."

Did the auditor discuss this with you?

In my other audit of this program, the State had us do a time study for the time for this process (see attached) and then calculated the unit cost of the wellness vaccines administered to the adoptable animals.

Can you do something like this for a day or two? Also find the cost of wellness vaccines back in 2007-08?

We should be able to get another few thousand of dollars back for this component.

Annette S. Chinn
Cost Recovery Systems, Inc.
705-2 E. Bidwell Street #294
Folsom, CA 95630

phone (916) 939-7901
fax (916) 939-7801

In a message dated 5/17/2016 3:09:10 P.M. Pacific Daylight Time, AAtteberry@applevalley.org writes:

Subj: **RE: FW: 2007-08 Salary Data to Confirm**
Date: 5/23/2016 11:37:43 A.M. Pacific Daylight Time
From: AAtteberry@applevalley.org
To: AChinnCRS@aol.com

=>Here is for 2008-09
Euthanasia Solution (Telazol & Fatal plus Solution) $3,932.34
=>Wellness vaccines $16,160.00
Microchips $4,856.50

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: AChinnCRS@aol.com [mailto:AChinnCRS@aol.com]
Sent: Monday, May 23, 2016 11:05 AM
To: Adriana Atteberry
Subject: Re: FW: 2007-08 Salary Data to Confirm

So, if the intake numbers from the State are correct for FY 2007-08:

Wellness Vaccine Costs: $13,280.13/ 5,961 = $2.23 per animal for wellness vaccine

$2,23 x 1,622 eligible animals allowed for FY 2007-08 = $3,612

I assumed that other animals don't get the vaccine (only dogs and cats)

The Town should be reimbursed An additional $3,612 for FY 07-08 wellness vaccine costs.

I calculate the 08-09 costs to after you send those numbers.

Thank you,

Annette S. Chinn
Cost Recovery Systems, Inc.
705-2 E. Bidwell Street #294
Folsom, CA 95630

phone (916) 939-7901
fax (916) 939-7801

In a message dated 5/23/2016 8:43:38 A.M. Pacific Daylight Time, AAtteberry@applevalley.org writes:

| Here are the number

Monday, May 23, 2016 AOL: AChinnCRS

Time Study Form for Necessary and Prompt Veterinary Care - Initial Physical Examination

Employee Name (printed):
Employee Classification: Animal Control Officer or Animal Care Technician (circle one)

Task: **Initial Physical Examination of Stray Animal**

Time Study Start Date: 5/18/2016

Time Study End Date: 5/20/2016

By signing this document, I certify under penalty of perjury under the laws of the State of California that the information documented below is true and correct.

Employee Signature: K Hall Employee Name (printed): Kristin Hall Date: 5/20/16

Supervisor Signature: Supervisor name (printed): Date:

Description:
This time study is being conducted in compliance of Paramaters and Guidelines Part IV, Section B, Item 3-9 "Necessary and Prompt Veterinary Care" (Civ. Code, 88 1834 and 1846) Beginning January 1, 1999 - Providing "necessary and prompt veterinary care" for stray and abandoned animals, other than injured cats and dogs given emergency treatment, that die during the holding period or are ultimately euthanized, during the holding periods specified in Statutes of 1998, Chapter 752.
"Necessary and prompt veterinary care" means all reasonably necessary medical procedures performed by a veterinarian or someone under the supervision of a veterinarian to make stray or abandoned animals "adoptable". The following veterinary procedures, if conducted, are eligible for reimbursement:

»An initial physical examination of the animal to determine the animal's baseline health status and classification as "adoptable," "treatable," or "non-rehabilitatable."

Staff are to document the time it takes to complete the above action on stray animals impounded into the facility. All doocumented entres must be verifed by the employees supervisor.

Explanation of Terms:

Date: Day initial physical examination was completed
Impound Number: Impound number of animal being examined
Animal Species: Specie of animal being examinted
Examination Time (secs.): The total time, in seconds, it took to perform the initial examinaiton on animal.
Determined Animal Status: The status of the animal deterimined after the examination either Healthy, Treatable, Rehabilitatable, or Untreatable)

Time Study Animal Information Data:

Date	Impound Number	Animal Species	Examination Time (secs.)	Determined Animal Status	Employee Init.	Supervisor Init.

Date	Impound #	Species	Exam. Time (secs)	Determined Animal Status	Employee Initials	Supervisor Initials
5/19/16	05 14 16 8	feline	67	Healthy		
5/19/16	05 14 16 9	feline	43	Healthy		
5/19/16	05 14 16 10	feline	45	Healthy		
5/19/16	05 14 16 11	feline	42	Healthy		
5/19/16	05 14 16 12	feline	45	Healthy		
5/19/16	05 17 16 42	feline	73	Healthy		
5/19/16	05 18 16 11	feline	61	Healthy		
5/19/16	05 19 16 7	feline	71	Healthy		
5/19/16	05 19 16 7	feline	80	Healthy		
5/20/16	04 21 16 38	feline	68	Healthy		
5/20/16	04 01 16 10	feline	61	Treatable		
5/20/16	04 01 16 9	feline	43	Treatable		
5/20/16	05 05 16 32	feline	50	Treatable		
5/20/16	04 01 16 11	feline	44	Treatable		
5/20/16	04 01 16 8	feline	43	Treatable		
5/20/16	04 13 16 9	feline	45	Treatable		
5/20/16	04 14 16 13	feline	46	Treatable		
5/20/16	04 01 16 25	feline	49	Treatable		
5/20/16	04 01 16 26	feline	41	Treatable		
5/20/16	04 01 16 7	feline	62	Healthy		
5/20/16	03 22 16 5	feline	69	Healthy		
5/20/16	05 19 16 17	feline	137	Rehabilitatable		
5/20/16	05 20 16 4	feline	47	Treatable		
5/20/16	05 20 16 5	feline	40	Treatable		
5/20/16	05 20 16 6	feline	44	Treatable		
5/20/16	05 20 16 7	feline	41	Treatable		

Date	Impound #	Species	Exam. Time (secs)	Determined Animal Status	Employee Initials	Supervisor Initials
5/30/16	05 28 16 34	canine	83	healthy		
5/30/16	05 30 16 6	canine	103	healthy		
5/30/16	05 30 16 3	canine	143	treatable		
5/30/16	05 30 16 4	canine	133	treatable		
5/31/16	05 23 16 9	canine	115	healthy		
5/31/16	05 20 16 25	canine	102	healthy		
5/31/16	05 20 16 26	canine	101	healthy		
5/31/16	05 19 16 1	canine	124	healthy		
5/31/16	05 24 16 24	canine	113	healthy		
5/31/16	05 30 16 5	canine	111	healthy		
5/31/16	05 31 16 18	canine	109	healthy		
5/31/16	05 31 16 20	canine	95	healthy		
5/31/16	05 31 16 24	canine	123	healthy		
5/31/16	05 31 16 25	canine	131	healthy		

Exan time from time study	in secornds	
feline	67	
	43	
	45	
	42	
	45	
	73	
	61	
	71	
	80	
	68	
	61	
	43	
	45	
	46	
	49	
	41	
	62	
	69	
	137	
	47	
	40	
	44	
	41	
Canine	83	
	103	
	416	
	133	
	115	
	102	
	101	
	124	
	113	
	111	
	109	
	95	
	123	
	131	
	86 seconds	1.432 minutes

Finding 1) Unallowable Acquisition of Additional Space and /or Construction of New Facility Costs

Issue 1: Town did not support, through a Board Agenda or other similar supporting document, that the construction was a direct result of the increased holding period requirements of this mandate program.

Because the SCO is requesting specific wording to "prove" the facility construction was necessary due to increased space needed due to changes in State Law (Hayden Bill) we believe page two, Section E of the attached "Request For Qualifications/Request for Proposals (RFQ/RFP)" to Provide Architectural Design Services for New Municipal Services Animal Shelter Facility addresses this concern:

"**The Project: The project will include design of a purpose built Animal Shelter Facility including office space. The proposed Animal Control Shelter will be designed to increase the hold time for potentially adoptable animals and improve customer service.**"

This RFQ/RFP was released on April 2, 2007, resulting from the authorization by the Town Council following the special meeting in February 2007 and a meeting in March 2007.

Further: At the July 10, 2007 Town Council Meeting when the Town Council approved the Architectural Design Contract for the Animal Shelter Facility, the minutes do not reflect the entire conversation of the Town Council. If you listen to the discussion that led to the approval of the Notice to Proceed with Design of the Shelter, there was clearly discussion regarding the lack of space and need to expand the facility.

At 1:32:37 of the recording of the July 10, 2007 Town Council Meeting, Councilman Jasper makes the comment regarding the need of building a new animal shelter is because it is "Mandated by the State to take care of our animals."

http://www.applevalley.org/government/view-meetings-online

http://applevalley.granicus.com/MediaPlayer.php?view_id=19&clip_id=471

It should also be noted that in our formula (which for some reason the SCO did not see in our claims) only requested a percentage of costs that were determined to be related only to the population increase due to the changes in the Hayden Bill, and not other growth factors.

We believe that we have shown that one of the main reasons that necessitated the construction of the new shelter was the changes to State law that increased animal populations by lengthening holding periods and request that funds requested for this component be restored.

Issue 2: Many of the costs claimed occurred outside of the audit period.

The SCO Draft Audit documents do not list the specific costs that they believe did not occur within the eligible audit period. We would appreciate additional clarification on which specific items may require additional explanation and support and will be happy to provide more detailed information.

Issue 3: Calculations to support the percentages claimed per fiscal year not provided.

Calculations used to determine the percentage of facility costs claimed were included in both the FY 2007-08 and the FY 2008-09 actual and amended claims

The formula appears on Page 7 of the FY 2007-08 amended claim and on Page 6 of the FY 2008-09 amended claim.

The formula appears directly in the FORM AA-2, Acquiring Space/Facilities page in the actual original claims.

In the amended claims, they are the first pages to appear after all the FORMs AA-2.

We have attached them again for your convenience and are not sure why these pages were not visible in the claims reviewed by the SCO. We are assuming that the auditor did not request these pages from us because they had already determined the costs were not eligible due to Issue 1, discussed and addressed above.

We are happy to review and discuss how these percentages were calculated.

In summary, we believe we have addressed the concerns raised by the SCO auditor above, and request that amounts claimed for facility costs be restored.

STATE FORMULA

	1998-99 TOTAL		(existing unit) Facility	2008-09 TOTAL	EUTH	ELIGIBLE ADC
	(note - there was no facility in animal stats					
			sq footage = 11,776			
dogs	1,666	1,404	4,710 (A) pre-hayden bill	2,714	1,309	6,545
cats	552	544	pre-hayden bill	2,232	1,789	8,945
other	18			269	75	375
total	2,238			5,215	3,173	15,865
Total Animal ADC pre hayden bill	6,672 (B)		17658.3 allowable size	24,730 (F)	total dogs/cat	15,490 (G)
ADC census dog/cat	6.654 (D)					
sq feet of animal/day	0.71 (C)					

	allowable sq ft eligible			
	4,374.35	dog/cat	12.9% allowable per my formula of new sqft applied to new facility sq footage	or 14.8% allowable of the change in sq feet
+	264.75	other		
	4,639.09	total		

eligible percent per state formula ==

NOTE - I only had 6 months of 1998-98 animal stats - annualized it.

NOTE FACILITY IN 1999 WAS USED BY 3 AGENCIES - SPLIT CALCED BY POPULATION (in 2000)

VICTORVILLE	=	64,029	47%
APPLE VALLEY	=	51,330	40%
ADELANTO	=	18,130	13%

new facility

sq footage
36,000 (E)

53% (L)

15,490 (G) (eligible dog &cats)
375 (H)) (eligible other)

10,935.87
9,984 (I) this is the total population x eligible sq ft

(J) reduction due to decrease in population

8,984 (K) I + J

53% (L) this is the eligible % of the population

4,639 4,374 (M) this is the sq feet allowed for the dogs and cats

265 (N) this is the sq feet for the OTHER animals

14.8% (P) allowable sq ft as % of increase facility size
applied to change in sq feet

12.89% applied to actual new facility sq footage

STATE FORMULA

(note - there was no facility in 1998)

	animal stats 2005	old facility sq footage	2007-08	new facility sq footage
		5,500 (A)		36,000 (E)
dogs	1,727	pre-hayden bill	3,167	
cats	690	pre-hayden bill	1,927	
other			292	
total	2,417		5,386	
daily census pre hayden bill	7,251 (B) = (D)		26,930 (F)	
sq feet of animal/day	0.76 (C)			
				10,188 (G)
				1,168 (H)
				8,171 (I)
				6,756 (J)
				14,927 (K)
				100% (L)
				14,927 (M)
				886 (N)
		eligible percent per state formula ==		51.8% (P)

Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

Town of Apple Valley

REQUEST FOR QUALIFICATIONS/REQUEST FOR PROPOSALS (RFQ/RFP)

TO PROVIDE ARCHITECTURAL DESIGN SERVICES FOR

NEW MUNICIPAL SERVICES

ANIMAL SHELTER FACILITY

Release Date: April 2, 2007

Deadline for Submittal: April 27, 2007 at 4:00 p.m.

Section I. INTRODUCTION

A. Overview

The Town of Apple Valley desires to retain the services of an Architectural Design Firm ("Consultant") to provide professional Architectural Design services to provide designs, cost estimates, and construction support for the Town of Apple Valley's New Animal Shelter and Offices. The specific projects are described in Section I. Paragraph E. below.

To be considered in the selection process, interested firms must submit six (6) copies of their response to this RFQ/RFP including all items described in Section IV, SUBMITTAL REQUIREMENTS. All responses must be received in the Town offices no later than **4:00 p.m., April 27, 2007 at the Town of Apple Valley, 14955 Dale Evans Parkway, Apple Valley, CA, 92307.**

Each applicant shall bear all costs associated with their proposal. All submitted proposals shall become and remain the property of the Town of Apple Valley.

Proposals or additional information received after the submittal deadline will not be considered in the selection process.

B. Submittals shall be addressed or hand delivered to:

Town of Apple Valley
Office of the Deputy Town Manager
ATTN: Patty Saady, Deputy Town Manager
14955 Dale Evans Parkway
Apple Valley, CA 92307

The envelope must be clearly marked:

Town Hall – New Animal Shelter Facility
Response to RFQ/RFP

C. Compensation Rates

Consultant selection is qualification-based. The Town will negotiate with the top-ranked firms the fee and hourly rates for Consulting Services for the project. If negotiations are not successful, the Town will attempt negotiations with the second ranked firm, and so on. The agreed-upon fee and hourly rates will be incorporated into the Professional Services Agreement (PSA). A sealed estimated fee proposal is being requested as part of this RFQ/RFP. The Estimated Fee Proposal will not be part of the selection criteria. Sealed fee proposals will be opened after the ranking has been completed and will be considered when negotiating a Professional Services Agreement.

D. Insurance Coverage

The selected Consultants will be required to maintain specific insurance during the life of the PSA, as defined in the PSA. The Town's standard PSA is available upon request.

E. Project Description

Background: The current Animal Control Shelter is located on approximately 3 acres of land and shares buildings and parking with the Public Works Facility. Office space along with cat adoption, dog quarantine, and small dog adoption is housed in a 2400 sq. ft. renovated residential dwelling unit. An additional 5000 square feet of warehouse area is utilized for indoor dog runs and a cat observation area. A 600 square foot outbuilding is used as a euthanasia room and animal treatment room. Animal food and supplies are stored in a freestanding shed. Other buildings located on site are the Public Works offices and warehouse.

The Municipal Services Department is currently located in approximately 4000 square feet of office space at the Civic Center. This space will eventually be needed for expansion of the Police Department.

The Project: The project will include design of a purpose built Animal Shelter Facility including office space. The proposed Animal Control Shelter will be designed to increase the hold time for potentially adoptable animals and improve customer service. Public education programs related to animal care and behavior modification will also be a priority.

The Project will construct an Animal Control Shelter; with adequate office space for staff, reception area and animal intake/adoption rooms with adequate communication

systems such as intercoms and paging capabilities; buildings to house indoor/outdoor kennels and runs for large dogs, indoor small dog/puppy kennels, intake cat cages, cat adoption room, get acquainted areas, outside runs, tortoise habitat, aviary, reptile cages, shaded corrals and a barn for keeping of horses, goats, pigs, and other livestock. The facility should include wellness and exercise room, education/wildlife training room and conference room(s) including audio-visual capability, outdoor break and lunch area with windbreak and shade cover, separate outdoor area for work-release inmate arrival, check-in and assignment, an examination room, grooming room/facility, quarantine room, isolation facilities for incoming animals (separate buildings for dogs and cats to minimize stress on the animals), veterinary office/surgery suite, sally port, secured parking for 100 vehicles including two horse trailers and paved public parking.

This project should include the following considerations:

- Identify office, kennel and storage space necessary to accommodate growth needs over the twenty (20) year planning horizon.
- Identify a cleaning system and location of chemical room to reduce noise of these systems which tend to be very noisy.
- The new building will include separate locker rooms and restrooms with showers for male and female employees and a break area for employees.
- The new Animal Shelter Facility shall be designed and constructed in conformance with all State and local codes, and shall conform to the Town of Apple Valley Development Code and Americans with Disabilities Act requirements, latest addition.
- The new facility will utilize skylights and other design elements to provide natural lighting to all possible areas, air conditioning in office spaces, evaporative cooling and air conditioning capability in kennel areas, heating, alarm and fire sprinkler systems. Additionally, green technology, such as alternative heating, ice-cooling, solar and/or photovoltaic power generation capabilities shall be considered and addressed.
- The ventilation system should be designed to filter airborne diseases and minimize the cross contamination of animals.
- The installation of parking lot light standards, security gate and lighting and landscaping shall be provided in conformance with the Town of Apple Valley Development Code. Future water supply, sewer service, irrigation, telephone, internet, radio communication, and electrical conduit stubs shall be provided for future phased areas, including installation of purple irrigation pipe for future conversion to reclaimed water uses.

F. Reservation of Rights Statement

The Town reserves the right to accept or reject any or all responses, terminate the solicitation process at any time for any reason, and waive any and all minor deficiencies in any and all submissions if it determines such action is in the best interests of the Town.

The Town will not be under any obligation to award any contracts or to use any agreement to its limits. Based on specific project needs, the Town may extend the time limit of any agreement.

G. Cost of Proposal Preparation

The Town assumes no obligation in the solicitation of this general statement of interest and qualifications and all costs of responding to this solicitation shall be borne by the interested consultants.

H. Confidentiality of Proposals

All proposals will be maintained as confidential until the Selection Committee recommends award. Submissions will become the property of the Town. They will not be returned.

After a contract has been formally awarded, the unsuccessful consultants will be allowed to review all proposals submitted during the selection process unless the information was certified as proprietary by the Applicant. All Applicants should clearly identify any proprietary information contained in their submission.

Section II. BACKGROUND, PROJECT DESCRIPTION, AND SCOPE OF SERVICES

A. Scope of Services (Requirements Statement)

1. The Town anticipates professional service needs for the following disciplines:

   a. Architectural Design services for the New Animal Shelter Facility and Offices including sub consultants for:

      - Electrical Engineering
      - Mechanical Engineering
      - Civil and/or Structural Engineering
      - Fire Protection Engineering
      - Communications Engineering

   b. The scope of services shall include, but are limited to, all or part of the following:

      A. Preliminary Design - Provide supporting materials that outline proposed conceptual design of the Animal Shelter Facility and Offices. Services shall include forecasting required growth in staffing for facilities for a twenty (20) year timeframe. At a minimum the preliminary drawings should show:

         - Building footprints
         - Building coverage (floor area/lot area)
         - Site design - Preliminary drainage, utilities, street improvements, grading
         - Exterior elevations - Single vs. multi-story
         - Gross and rentable square feet - layout/space planning
         - Additional Parking area - Configuration, total stalls provided

- Site Plan showing existing utilities, property lines, easements and setbacks, maps and photographs, existing topography
- Landscape and pedestrian circulation with major design features
- Conceptual grading, drainage, and utilities
- Programming and project scope development
- Schematic design and design development and presentation to the Town Council
- Preparation of construction documents and specifications
- Development of detailed project schedules and cost estimates
- Assistance during bidding and construction
- Construction monitoring and support
- Shop drawing review and approval
- Coordination and preparation of change orders
- Project meeting coordination and minutes preparation
- "As-built" drawing preparation
- Internal and regulatory agency project approval coordination
- Warranty phase advise

B. Cost Estimate - The cost estimates should be in significant detail, and encompass the cost of on and off-site infrastructure, and planned improvements to the site. Because the envisioned project will support multiple users, costs not associated with the land improvements and building construction should be accounted for. At a minimum the cost estimates should include:

- Site development costs
- Design fees –Architecture, Engineering, Landscaping
- Construction costs - Site work (inc. landscaping), Building, Entitlements & Permit Costs
- Development Fees
- Inspection Costs
- Legal & Accounting
- Contingencies

C. Timelines - Estimated time involved to complete major sections of the above scope of work and provide deliverable to Town. Timelines should be in adequate detail that will enable the Town to secure information necessary to complete the above assignment and make appropriate budgetary and

personnel appropriations and allocations. A Gantt or PERT chart would be the preferred deliverable for this component of the scope of work.

D. Final Report

Six (6) copies of responses, documentation and data pertinent to the action items identified in the Scope of Work should be bound (spiral) and presented to the Town.

2. Excluded Services
   a. None

Section III. CONSULTANT'S MINIMUM QUALIFICATIONS

To be considered for the project, Consultant must meet the following minimum requirements:

A. Architectural Firm/Team as a Whole

1. Firm must be licensed to practice in California.
2. Has provided Architectural Design services for at least seven (7) years..
3. Has provided architectural design for at least three (3) completed Public Projects, similar in scope to the projects covered by this RFQ/RFP, with construction budgets in the range of $1 million to $15 million.
4. Has the ability to provide staffing and resources necessary to meet the schedules and needs of a variety of projects.
5. Can meet the minimum insurance requirements detailed in the Professional Services Agreement (Sample PSA available upon request).

B. Additional Desirable Architectural Firm/Team Qualifications

1. It is a preference of the Town that senior staff selected for this project will be located within a 2-hour commute from the Town of Apple Valley Town Hall offices.
2. Demonstrated ability to produce well-coordinated and detailed designs that minimize change orders.
3. Demonstrated ability to analyze and refute unwarranted claims and change orders by contractor.

Section IV. SUBMITTAL REQUIREMENTS

Part One. General Requirements

A. Introduction

Firms or persons wishing to respond to this RFQ/RFP must supply six (6) copies of their submittal. The nature and form of response is at the responder's discretion, but we require that submittals follow the outline indicated below and not exceed a total of thirty (30) pages, including all advertising, cover letters, and other typed or printed material. To aid in our efforts to recycle paper, we request that the submission be bound in a 3-ring binder type notebook, rather than plastic spiral. The following information is required:

B. Background Information

1. Legal name, address, and telephone and fax numbers of the principal office (national headquarters) and local office. If services will be provided from additional locations, provide this information for these sites also.
2. Year established.
3. Type of organization (partnership, corporation, etc.).
4. Name, title, address and telephone and fax number (E-mail address if available) of the person to whom correspondence should be directed.
5. Approximate billings per year for the past five years.
6. Description of the scope of services usually provided.
7. Description of any pending litigation or litigation that was settled in the past three years.

C. Organization

1. Provide an organizational chart showing the roles and responsibilities of proposed staff and any sub consultants. It is imperative that the Consultant identify the specific sub consultant(s) who would assist in the design of this project.
2. Describe how your firm is organized to provide the services required for these projects.

D. Qualifications – Provide Documentation demonstrating the following:

1. Previous experience in design of the subject project.
2. Knowledge of Building Codes and State Regulations that govern the design of buildings.
3. Identify the Project Manager who would be assigned overall responsibility for this project. Indicate their qualifications/experience in managing similar projects, and their time with the firm. This person should be the one representing your firm for the interview, should your firm be short-listed.
4. Provide a list of other key personnel who would be assigned to work on the project, their proposed project roles, and resumes listing relevant work experience for each person.

E. Information on Past Projects

1. Identify and describe a minimum of three (3) projects (total) that are similar in scope and cost to the subject project. Describe your firm's role in each of those projects. Also, indicate the role of staff proposed to be part of the project team for the projects included in this RFQ/RFP.
2. Describe you previous working relationship and design experience with proposed sub consultants.

F. Client References

1. Complete "Consultant's Relevant Experience" page at the end of this RFQ/RFP identifying the name and title of the person responsible for the project in the

contracting agency (Owner Reference), as well as a current address and telephone number, for each of the projects identified above.

2. Include their names, telephone and fax numbers and e-mail addresses.
3. Include a description of the projects, construction value, and describe your firm's participation in the project.

Part Two – Estimated Fee Proposal

A. Part Two shall be an Estimated Fee Proposal, which will not be part of the selection criteria. Six (6) copies of Part Two shall be submitted separately in a sealed envelope within the sealed proposal package and clearly marked as follows:

SEALED ESTIMATED FEE PROPOSAL FOR:
New Animal Shelter Facility

B. The Estimated Fee Proposal must include the methodology used in calculating the fee. Include as much information as necessary to detail and define your proposed fee for this project.

Part Three - Optional Proposer's Conference

An Optional Proposer's Conference will be held on **Friday, April 13, 2007 at 10:00 a.m.** in the Council Chambers located at the Town of Apple Valley, Town Hall, 14955 Dale Evans Parkway, Apple Valley, CA. Staff will be available to answer questions and provide clarifying information on the project.

Section V. SELECTION PROCEDURE

1. A Review Panel appointed by the Town Manager will rank the firms according to the criteria shown below.
2. The identity of the Review Panel will not be revealed.
3. The Review Panel will review the submissions and recommend a short list of firms to be interviewed by the Panel.
4. All firms will be notified in writing of the short list.
5. The length of time allowed for the total interview will be up to forty-five (45) minutes, including twenty (20) minutes allowed for the consultant's presentation and followed by the question and answer period.
6. Fees and contract negotiations are not within the purview of the Review Panel and the sole purpose of the Review Panel is to rank the interviewed firms
7. The interviewed firms will be notified in writing of their final ranking

Section VI. EVALUATION CRITERIA (Maximum Score 100 points)

	Possible Points
1. History and resource capability to perform required services	10
2. Experience with similar projects, including projects for public sector	15
3. Evaluation of assigned personnel	15
4. Evaluation of proposed sub-consultants	10
5. Firm's general design style	5
6. Demonstrated ability to produce well-coordinated and detailed designs	10
7. Management approach to, and past performance with, project cost and schedule control	10
8. Interview	25

Section VII. ATTACHMENT

Consultant's Relevant Experience

Parcel information map

CONSULTANT'S RELEVANT EXPERIENCE

PROJECT NAME: _____ NEW OR REMODEL? _____

LOCATION (City & State): _____

CONSTRUCTION COST: $_____ AREA (sf): _____ DATES _____ to _____

OWNER: _____

OWNER REFERENCE: _____ PHONE No. _____

PROJECT DESCRIPTION: _____

MEMBERS OF YOUR PROPOSED TEAM WHO WORKED ON THIS PROJECT:

1. _____ 2. _____ 3. _____

PROJECT NAME: _____ NEW OR REMODEL? _____

LOCATION (City & State): _____

CONSTRUCTION COST: $_____ AREA (sf): _____ DATES _____ to _____

OWNER: _____

OWNER REFERENCE: _____ PHONE No. _____

PROJECT DESCRIPTION: _____

MEMBERS OF YOUR PROPOSED TEAM WHO WORKED ON THIS PROJECT:

1. _____ 2. _____ 3. _____

PROJECT NAME: _____ NEW OR REMODEL? _____

LOCATION (City & State): _____

CONSTRUCTION COST: $_____ AREA (sf): _____ DATES _____ to _____

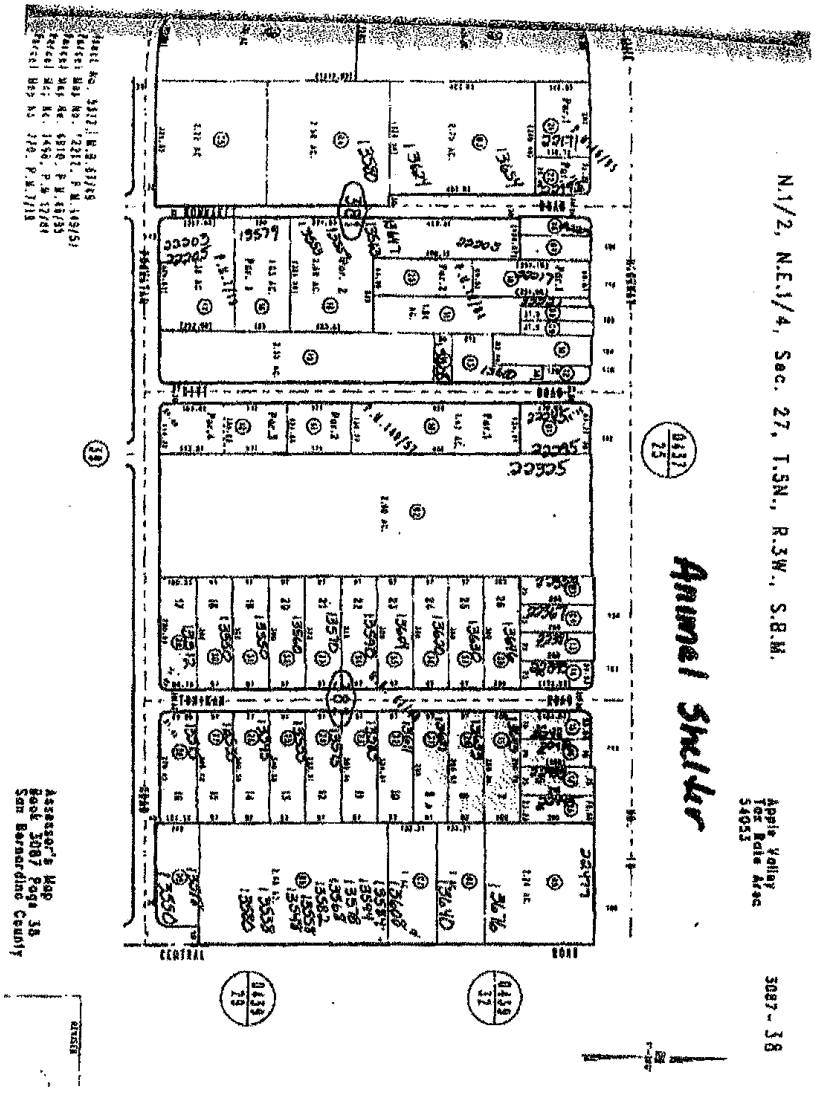
OWNER: _____

OWNER REFERENCE: _____ PHONE No. _____

PROJECT DESCRIPTION: _____

MEMBERS OF YOUR PROPOSED TEAM WHO WORKED ON THIS PROJECT:

1. _____ 2. _____ 3. _____


N.1/2, N.E.1/4, Sec. 27, T.5N., R.3W., S.B.M.
Animal Shelter
Apple Valley
Tax Rate Area
54053
3087 - 38
Assessor's Map
Book 3087 Page 38
San Bernardino County
CENTRAL
ROAD

Finding 2) Overstated Care and Maintenance Costs

The Town consultant calculated our Care and Maintenance Costs in a different, more aggregate manner than what the SCO auditor is proposing. We do not believe this to be incorrect and feel that once corrections are made to the Auditor's assumptions and calculations, the two methods will yield similar eligible costs.

Issue 1: SCO did not allow actual time for various employees for Care and Maintenance calculation and erroneously concluded that staff time across positions had total 100%. This is not accurate and we believe the:

Animal Shelter Attendant's time should be classified as 85% directly related to care and maintenance activities as originally identified by the Shelter representative before the SCO auditor required that she reduce the time.

Animal Shelter Supervisor's time should be classified as 10% directly related to care and maintenance instead of the 5% allowed. The original allocation was 10% before the auditor instructed Apple Valley staff to reduce the percentages to total to 100% between all positions. This was an erroneous direction as there is no requirement that the positions have to equal 100%.

Also most of the remaining time of the Supervisor is spent on supervisory and administrative general functions, and that time should be included in the Indirect Cost Rate calculation discussed later in this document.

We have attached emails that took place on April 13,2016 between the Auditor and the Shelter representative, Adriana Atteberry asking that she detail the time spent by each position caring and maintaining the animals. When the Ms. Atteberry, responds, the auditor calls her and instructs her to downwardly revise her allocations of time so that everyone's time spent caring for animals added together totals to 100%. When the percentage is still too high – the auditor then emails and says another 5% needs to be cut (which is later reduced from the Shelter Supervisors time allocation.)

These demands made by the auditor was incorrect and do not result in an amount that reflects actual reimbursable time and cost spent on Care and Maintenance activities. There is no reason why the total must add to 100% between a group of employees. Each position can spend varying amounts of time on an activity – to the maximum of 100% per person.

The SCO decision to restrict the allocation of time spent on the entire group of people to 100% is illogical and arbitrary.

We request that the allocations of time spent be based on actual amounts originally specified by the Shelter Manager. (See the following email copies)

Issue 2 Overhead costs allowed by the SCO were understated.

We have attached overhead calculations (ICRP rates for the SHELTER department for FY 2007-08 and FY 2008-09 which indicate the actual overhead rates are much higher than the default 10% rate allowed).

We request that these actual rates be used. (See attached

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: AArghestani@sco.ca.gov [mailto:AArghestani@sco.ca.gov]
Sent: Wednesday, April 13, 2016 11:43 AM
To: Adriana Atteberry
Subject: RE: Percent of Care and Maintenance

HI Adriana,

For the Animal Shelter Supervisor, I see you have 5% administering medications, first aid, etc. highlighted rather than the 10% providing care to impounded animals. If we correctly use the 10% providing care to impounded animals, that will make the grand total 105%. Could you revise the numbers one last time so that the grand total is 100%?

Thanks so much.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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From: Adriana Atteberry [mailto:AAtteberry@applevalley.org]
Sent: Wednesday, April 13, 2016 11:20 AM
To: Arghestani, Amy <AArghestani@sco.ca.gov>
Subject: RE: Percent of Care and Maintenance

Classifications in which care and maintenance activities are mentioned in the Class Characteristics or elsewhere in the statement:

1. **ANIMAL SHELTER SUPERVISIOR – 50 % Assisting management, meet vendors, conduct facility inspections, create reports, train and motivate personnel, other duties as assigned and 10 % providing care to impounded animals, 5 % administering medications, first aid and vaccinations on animals, 15 % monitor euthanasia process and help with euthanasia, 20% monitor controlled substance.**
2. **REGISTERED VETERINARY TECHNICIAN – 10% Reviewing applications for adoptions and counseling citizens, 10%**

Subj: **FW: Percent of Care and Maintenance per Employee Classification**
Date: 5/5/2016 3:46:38 P.M. Pacific Daylight Time
From: AAtteberry@applevalley.org
To: AChinnCRS@aol.com

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: Adriana Atteberry
Sent: Wednesday, April 13, 2016 8:57 AM
To: 'AArghestani@sco.ca.gov'
Subject: RE: Percent of Care and Maintenance per Employee Classification

Yes, is 10:00 am okay?

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: AArghestani@sco.ca.gov [mailto:AArghestani@sco.ca.gov]
Sent: Wednesday, April 13, 2016 8:20 AM
To: Adriana Atteberry
Subject: RE: Percent of Care and Maintenance per Employee Classification

Good morning Adriana,

Do you have a few moments to discuss this morning? Whatever time is good with you.

Thank you.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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From: Adriana Atteberry [mailto:AAtteberry@applevalley.org]
Sent: Tuesday, April 12, 2016 4:44 PM
To: Arghestani, Amy <AArghestani@sco.ca.gov>
Subject: RE: Percent of Care and Maintenance per Employee Classification

The percentage for the following are:

Classifications in which care and maintenance activities are mentioned in the Class Characteristics or elsewhere in the duty statement:

1. ANIMAL SHELTER SUPERVISIOR – 50 % Assisting management, meet vendors, conduct facility inspections, create reports, train and motivate personnel, other duties as assigned and 10 % providing care to impounded animals, 10 % administering medications, first aid and vaccinations on animals, 15 % monitor euthanasia process and help with euthanasia, 15% monitor controlled substance.
2. REGISTERED VETERINARY TECHNICIAN – 2.5% Reviewing applications for adoptions and counseling citizens, 2.5% Assisting on screening calls, 2% Overseeing volunteer and work release, 85% caring/maintaining the animals, 3% Maintaining inventory on all controlled substances as required by law and 5% other duties as assigned
3. ANIMAL CONTROL TECHNICIAN – 25 % Maintaining shelter disinfecting kennels and 75% front counter, clerical, issue dog license, screens calls, dispatching.
4. ANIMAL SHELTER ATTENDANT – 5% Reviewing applications for adoptions and counseling citizens, 5% Assisting on screening calls, 5% Overseeing volunteer and work release, 80% caring/maintaining the animals and 5% other duties as assigned.
5. ANIMAL SHELTER ASSISTANT – 5% Reviewing applications for adoptions and counseling citizens, 5% Assisting on screening calls, 5% Overseeing volunteer and work release, 80% caring/maintaining the animals and 5% other duties as assigned

Classifications in which care and maintenance activities are NOT mentioned in the Class Characteristics or elsewhere in the duty statement:

6. ANIMAL CONTROL SUPERVISOR – Barbara Cornett – 5 % Shelter (morning cleaning/feeding of dogs) and 95% Animal Control (running calls, paperwork follow up, door to door canvassing, Administrative Hearings and employee evaluations)
7. ANIMAL CONTROL OFFICER I – Joshua Hall, Wayland Moyer – 10% (morning cleaning/feeding of dogs) and 90% Animal Control (running calls, paperwork follow up, door to door canvassing, Administrative Hearings)
8. ANIMAL CONTROL OFFICER II – Brent Thibodeaux, Dianne Sulzberger - 10% (morning cleaning/feeding of dogs) and 90% Animal Control (running calls, paperwork follow up, door to door canvassing, Administrative Hearings)

Thank you,

Tuesday, May 10, 2016 AOL: AChinnCRS

Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: AArghestani@sco.ca.gov [mailto:AArghestani@sco.ca.gov]
Sent: Monday, November 30, 2015 2:30 PM
To: Gina Schwin-Whiteside; Adriana Atteberry
Cc: Kofi Antobam
Subject: FW: Percent of Care and Maintenance per Employee Classification

Below is the additional email I would like to follow up on. Due to file size, the email and accompanying PDF attachment that is mentioned will not go through as one email. Therefore, I will be breaking the PDF file into two separate documents and sending them separately.

Thank you.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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From: Arghestani, Amy
Sent: Tuesday, November 10, 2015 1:07 PM
To: 'Gina Schwin-Whiteside' <gwhiteside@applevalley.org>
Cc: 'Adriana Atteberry' <AAtteberry@applevalley.org>
Subject: Percent of Care and Maintenance per Employee Classification

Good afternoon Gina,

During my visit, you provided duty statements (job descriptions) for the various employee classifications that comprised the shelter staff during the audit period (FY 2007-08 and FY 2008-09). For your reference, I have attached these as a PDF document. The purpose of requesting duty statements is to assist us in determining the percentage of the daily workload that each classification devoted to caring fo and maintaining the animals (cleaning, feeding and grooming). The goal is to assign a pro-rata percentage to those classifications involved in care and maintenance activities, where the sum of all percentages equal to 100%. After reviewing the job duty statements that were provided, we found the following:

Classifications in which care and maintenance activities are mentioned in the Class Characteristics or elsewhere in the duty statement:

1. **ANIMAL SHELTER SUPERVISIOR**

2. REGISTERED VETERINARY TECHNICIAN
3. ANIMAL CONTROL TECHNICIAN
4. ANIMAL SHELTER ATTENDANT
5. ANIMAL SHELTER ASSISTANT

Classifications in which care and maintenance activities are NOT mentioned in the Class Characteristics or elsewhere in the duty statement:

6. ANIMAL CONTROL SUPERVISOR
7. ANIMAL CONTROL OFFICER I
8. ANIMAL CONTROL OFFICER II

From this analysis, it appears that five out of eight classifications were involved in care and maintenance activities to varying degrees. For these five classifications, please assign a percentage of care and maintenance involvement and provide a brief description as to why you assigned that percentage. If you believe that the remaining three classifications were also involved in care and maintenance activities to a certain extent, please explain their involvement that is not currently reflected in the duty statement and also provide a percentage of involvement.

Please contact me should you have any questions.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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FINDING 3 – OVERSTATED INCREASED HOLDING PERIOD COSTS

Costs were calculated by the consultant in a different, more aggregate manner the SCO auditor is proposing. We do not believe this to be incorrect and believe that once certain SCO errors are corrected, the two methods will yield similar eligible costs.

Issue 1: Overhead costs were understated.

We have attached an overhead (ICRP rate for the SHELTER department for FY 2007-08 and FY 2008-09 which indicate the actual overhead rates are much higher than the default 10% rate allowed).

We request that these actual rates be used. (See attached calculations)

FINDING 4 – NO COMMENT

FINDING 5 – ALLOWABLE MAINTENANCE OF NON MEDICAL RECORDS COSTS

Issue 1: It appears the SCO made a clerical error in FY 2008-09.

One table shows allowable costs of $31,912 and another of $29,177.

Issue 2: Overhead costs were understated.

We have attached overhead calculations (ICRP rates for the SHELTER department for FY 2007-08 and FY 2008-09 which indicate the actual overhead rates are much higher than the default 10% rate allowed).

We request that these actual rates be used. (See attached calculations)

FINDING 6 – NO COMMENT

FINDING 7 – ALLOWABLE INDIRECT COSTS

Costs calculated by consultant in a different, more aggregate manner than the SCO auditor is proposing. We do not believe this to be incorrect and believe that once the costs listed above and correct ICRP rate are applied, the two methods will yield similar eligible costs.

- **ANIMAL SHELTER & ANIIMAL CONTROL SUPERVISORS SHOULD BE CLASSIFIED AS 70% INDIRECT.** 50% of time is spent assisting management, meeting vendors, conducting facility inspections, creating reports, training and motivating personnel + 20% monitoring controlled substances in the Shelter.

- **ANIMAL CONTROL TECHNICIANS SHOULD BE CLASSIFIED AS 25% INDIRECT.** A portion of the AC Technicians job duties include answering agency phones and answering general questions. This is a general, shared, indirect activity and cost.

- **SCO DID NOT INCLUDE ANY ADMIN AND CLERICAL SUPPORT PROVIDED BY THE MUNICIPAL SERVICES DEPARTMENT**
  The Town budgeted for these activities in the Municipal Services Department, therefore an allocation of their time/costs providing administrative and clerical support to the Shelter should be allowed. We have provided a reasonable approach to distributing these costs based on agency budget history.

Because the SCO calculate the costs in a different manner than originally submitted and calculated by the Town (which was based on aggregate costs which did not require preparation of an ICRP, the State must give us the opportunity to respond and support our costs with actual overhead (ICRP) rates.

Informal conversations with staff are not binding. This is our Town's first State Mandate audit and we are not familiar with the State Mandate procedures. Upon conversation with our consultant, accepting the 10% default rate is not in our best interest and State Mandate guidelines require that you use actual ICRP calculations. Those actual calculations are attached.

We believe the rates attached are accurate, reasonable, and should be applied to the direct salary costs allowed in the SCO audit.

ICRP INPUT SCREEN

Agency: Town of Apple Valley

	Fiscal Year	Department	ICRP Rate	Depart. Ben Rate
Dept 1	2007-08	Animal Shelter	73.3%	42.6%
Dept 2	2008-09	Animal Shelter	67.0%	42.9%
Dept 3			#DIV/0!	#DIV/0!
Dept 4	2007-08	Animal Shelter & Control	78.9%	41.0%
Dept 5	2008-09	Animal Shelter & Control	72.7%	42.8%
Dept 6				
Dept 7				
Dept 8				
Dept 9				
Dept 10				

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INDIRECT COST RATE PROPOSAL
Town of Apple Valley
Animal Shelter
Fiscal Year
2007-08

Description of Costs		Total Costs	Excludable Unallowable Costs	Allowable Indirect Costs	Allowable Direct Costs	
Salaries & Benefits						
Salaries & Wages		$317,850		$43,549	$274,301	
Overtime		$700			$700	
Benefits	42.6%	$135,411		$18,553	$116,858	
Total		$453,961		$62,102	$391,859	
Services & Supplies						
Uniform Expense		$1,672		$1,672		
Office Supplies		$256		$256		
Hardware/Software Supplies		$782		$782		
Printing		$632		$632		
Subscriptions		$130		$130		
Misc. Costs		$142		$142		
Special Dept Supplies		$13,683		$12,173	$1,510	allowed by SCO as a direct cost
Contract Services		$2,544		$2,544	$49	allowed by SCO as a direct cost
Drugs/Vaccines		$26,986		$23,372	$3,614	requested as a direct costs under prompt & necessary
Silles Removal/D&D Removal		$5,700		$5,700		
Emergency Vet Services		$3,918		$3,918		
Spay Neutering Program		$32,647			$32,647	
Membership & Dues		$119		$119		
Meetings & Conference		$82		$82		
Mileage Expense		$96		$96		
Education & Training		$4,110		$4,110		
Advertising		$833		$833		
Gasoline		$965		$965		
Vehicle Maint		$39		$39		
Equip Maint		$294		$294		
Communication Equip		$287		$287		
Small Tools		$1,350		$1,350		
Animal Food		$10,203		$10,203		
Capital Equip		$8,522	$7,954	$568		
Total		$115,972	$7,954	$70,247	$37,820	$108,067
Capital Expenditures						
Total						
Total Expenditures		$569,933	$7,954	$132,349	$429,679	
Cost Plan Costs						
Allocated costs:						
- Municipal Serv Director (23%)		$135,283		$31,115		
- Admin Secretary (Rokay) 23% of Municipal Services dept		$48,600		$11,178		
Animal Control Tech (5) (12.5% of time to answer shelter phones)		$26,845		$26,845		
Total		$210,728		$69,138		
Total Alloc. Indirect Costs		$780,661	$7,954	$201,487	$429,679	

ICRP RATE = 73.3% (Rate is Based on Salaries)

$201,487 / $275,001 = Total Allowable Indirect Costs / Total Direct Salaries

Town of Apple Valley
Animal Shelter
Fiscal Year
2007-08

Name/Position	100% Admin. or Support Staff Annual Salary
Animal Shelter Supervisor (70%) (50% pure admin + 20% monitoring controller substances)	$43,549

TOTAL INDIRECT SALARIES **$43,549**

INDIRECT COST RATE PROPOSAL
Town of Apple Valley
Animal Shelter & Control
Fiscal Year 2007-08

Description of Costs		Total Costs	Excludable Unallowable Costs	Allowable Indirect Costs	Allowable Direct Costs
Salaries & Benefits					
Salaries & Wages		$683,663		$142,390	$541,263
Overtime		$8,996			$8,996
Benefits	41.0%	$280,407		$58,402	$222,005
Total		$973,066		$200,792	$772,264
Services & Supplies					
Uniform Expense		$4,720		$4,720	
Office Supplies		$1,164		$1,164	
Hardware/Software Supplies		$762		$762	
Printing		$3,056		$3,056	
Subscriptions		$509		$509	
Misc. Costs		$142		$142	
Special Dept Supplies		$19,711		$17,609	$2,102
Contract Services		$2,724		$1,899	$825
Drugs/Vaccines		$26,986		$23,372	$3,614
Stiles Removal/D&D Removal		$11,570		$11,570	
Emergency Vet Services		$3,918		$3,918	
Spay Neutering Program		$87,445			$87,445
Membership & Dues		$424		$424	
Meetings & Conference		$432		$432	
Mileage Expense		$96		$96	
Education & Training		$6,570		$6,570	
Advertising		$2,375		$2,375	
Gasoline		$21,464		$21,464	
Vehicle Maint		$2,557		$2,557	
Equip Maint		$685		$685	
Communication Equip		$758		$758	
Small Tools		$1,684		$1,684	
Animal Food		$10,203		$10,203	
County Public Health		$2,525		$2,525	
Safety Equip		$40		$40	
Legal Services		$21,936		$21,936	
Total		$234,466		$140,480	$93,986
Capital Expenditures					
Capital Equip		$15,191	$14,178	$1,013	
Total		$15,191	$14,178	$1,013	
Total Expenditures		$1,222,713	$14,178	$342,285	$866,250
Cost Plan Costs					
Allocated costs:					
- Municipal Services Dirctr (50%)		$135,283		$67,642	
- Admin Secretary (Kelley) 50%		$48,600		$24,300	
Total		$183,883		$91,942	
Total Alloc. Indirect Costs		$1,406,696	$14,178	$434,226	$866,250

ICRP RATE = **78.9%** *(Rate is Based on Salaries)*

$434,226 = Total Allowable Indirect Costs
$550,259 Total Direct Salaries

		SHELTER	CONTOL	
Salaries & Wages		$317,850	$365,803	
Overtime		$700	$8,296	
Benefits	42.6%	$135,411	$144,996	39.6%
Total		$453,961	$519,095	
Uniform Expense		$1,672	$3,048	
Office Supplies		$256	$908	
Hardware/Software Supplies		$762		
Printing		$632	$2,424	
Subscriptions		$130	$379	
Misc. Costs		$142		
SCO direct Special Dept Supplies		$13,083	$6,028	
SCO direct Contract Services		$2,544	$180	
req direct Drugs/Vaccines		$26,986		
Stiles Removal/D&D Removal		$5,700	$5,870	
Emergency Vet Services		$3,918		
Spay Neutering Program		$32,647	$54,798	
Membership & Dues		$119	$305	
Meetings & Conference		$82	$350	
Mileage Expense		$96		
Education & Training		$4,110	$2,460	
Advertising		$833	$1,542	
Gasoline		$955	$20,499	
Vehicle Maint		$39	$2,518	
Equip Maint		$294	$391	
Communication Equip		$267	$471	
Small Tools		$1,350	$344	
Animal Food		$10,203		
County Public Health			$2,525	
Safety Equip			$40	
Legal Services			$21,936	
Total		$107,450	$127,016	
Capital Equip		$6,522	$6,569	
Total		$6,522	$6,569	
		$569,933	$652,780	$1,222,713

Town of Apple Valley
Animal Shelter & Control

Fiscal Year
2007-08

Name/Position	100% Admin. or Support Staff Annual Salary
Animal Shelter Supervisor (70%)	$43,549
(50% pure admin + 20% monitoring controller substances)	
Animal Control Supervisor (70%)	$45,151
Animal Control Tech (5)	$53,690
(25% front counter answering calls)	

TOTAL INDIRECT SALARIES **$142,390**

Town of Apple Valley
Legislatively Mandated Animal Adoption Program
Fiscal Years (FY's) 2007-08 and 2008-09
Audit ID # S15-MCC-0033
Care and Maintenance - Summary

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Salaries:			
2007-08	$ -	$ 12,034	$ 12,034
2008-09	-	7,832	7,832
Subtotal, salaries	$ -	$ 19,866	$ 19,866
Benefits:			
2007-08	$ -	$ 4,969	$ 4,969
2008-09	-	3,338	3,338
Subtotal, benefits	$ -	$ 8,307	$ 8,307

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Salaries and Benefits:			
2007-08	$ -	$ 17,003	$ 17,003
2008-09	-	11,170	11,170
Total, salaries and benefits	$ -	$ 28,173	$ 28,173

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Services and Supplies (Materials and Supplies)			allowed direct
2007-08	$ 76,034	$ 1,510	$ (74,524)
2008-09	77,199	2,102	(75,097)
Subtotal, materials & supplies	$ 153,233	$ 3,612	$(149,621)

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Contract services			allowed direct
2007-08	$ -	$ 49	$ 49
2008-09	-	825	825
Subtotal, contract services	$ -	$ 874	$ 874
Total Direct Costs			
2007-08	$ 76,034	$ 18,562	$ (57,472)
2008-09	77,199	14,097	(63,102)
Total	$ 153,233	$ 32,659	$(120,574)

Finding 2 - Overstated Care and Maintenance Costs

For the Period: 7/1/2007 to 6/30/2008	Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund							
Expenditures							
Dept: 302 Code Enforcement							
725.000 Public Information	2,000.00	2,000.00	294.00	0.00	0.00	1,706.00	14.7
727.000 Graffiti Removal & Supplies	42,000.00	42,000.00	45,173.98	6,682.00	0.00	-3,173.98	107.6
730.704 Transfer - 704	0.00	0.00	-1,428.00	-1,428.00	0.00	1,428.00	0.0
732.000 Special Dept Supplies/Exp	5,500.00	5,500.00	4,403.40	4,222.01	0.00	1,096.60	80.1
740.000 Contract Services	20,000.00	20,000.00	50,432.49	5,465.00	0.00	-30,432.49	252.2
745.000 Legal Services	6,000.00	6,000.00	12,592.98	2,390.51	0.00	-6,592.98	209.9
760.000 Membership & Dues	1,000.00	1,000.00	1,265.00	195.00	0.00	-265.00	126.5
761.000 Meetings & Conferences	0.00	0.00	1,967.56	0.00	0.00	-1,967.56	0.0
763.000 Education & Training	6,500.00	6,500.00	65.00	0.00	0.00	6,435.00	1.0
801.000 Advertising	1,500.00	1,500.00	1,428.00	294.00	0.00	72.00	95.2
809.000 Gasoline, Diesel, Oil	24,000.00	24,000.00	28,931.10	5,990.25	0.00	-4,931.10	120.5
810.000 Vehicle Maintenance	15,000.00	15,000.00	11,383.05	47.91	0.00	3,616.95	75.9
813.000 Equipment Maintenance	1,500.00	1,500.00	306.46	306.46	0.00	1,193.54	20.4
839.000 Communications Equip	0.00	0.00	735.63	0.00	0.00	-735.63	0.0
840.000 Small Tools	1,000.00	1,000.00	1,032.80	203.42	0.00	-32.80	103.3
905.000 Capital Equipment	23,000.00	43,302.00	43,187.57	0.00	0.00	114.43	99.7
Code Enforcement	1,079,060.00	1,099,362.00	1,160,178.29	123,000.62	0.00	-60,816.29	105.5
Dept: 304 Animal Shelter							
701.000 Salaries Regular	306,500.00	306,500.00	317,850.38	35,402.55	0.00	-11,350.38	103.7
702.000 Salaries Part-Time	11,600.00	11,600.00	0.00	0.00	0.00	11,600.00	0.0
703.000 Overtime	2,000.00	2,000.00	700.37	100.95	0.00	1,299.63	35.0
710.000 Cafeteria Benefits	67,200.00	67,200.00	66,337.61	5,437.50	0.00	862.49	98.7
711.000 PERS	68,300.00	68,300.00	64,159.32	10,342.72	0.00	4,140.68	93.9
713.000 Medicare	4,641.00	4,641.00	4,913.57	539.17	0.00	-272.57	105.9
715.000 FICA	720.00	720.00	0.00	0.00	0.00	720.00	0.0
716.000 Uniform Expenses	1,500.00	1,500.00	1,671.91	113.14	0.00	-171.91	111.5
721.000 Office Supplies/Exp	2,000.00	2,000.00	255.94	143.68	0.00	1,744.06	12.8
722.000 Hardware/Software Supplies/Exp	1,600.00	1,600.00	761.77	565.77	0.00	838.23	47.6
723.000 Printing	2,000.00	2,000.00	632.00	12.93	0.00	1,368.00	31.6
724.000 Subscriptions	250.00	250.00	130.00	0.00	0.00	120.00	52.0
729.000 Miscellaneous Costs	0.00	0.00	142.43	142.43	0.00	-142.43	0.0
732.000 Special Dept Supplies/Exp	15,000.00	15,645.00	13,663.19	3,242.75	0.00	1,981.81	87.3
740.000 Contract Services	5,000.00	5,000.00	2,544.45	2,450.00	0.00	2,455.55	50.9
740.302 Drugs/Vaccinations	20,000.00	20,000.00	26,985.79	4,523.77	0.00	-6,985.79	134.9
740.303 Stiles Removal/D & D Removal	5,500.00	5,500.00	5,700.00	1,425.00	0.00	-200.00	103.6
740.305 Emergency Vet Service	6,000.00	6,000.00	3,918.00	348.67	0.00	2,082.00	65.3
740.306 Spay/Neuter Program	30,000.00	30,000.00	32,647.25	4,453.50	0.00	-2,647.25	108.8
760.000 Membership & Dues	250.00	250.00	119.00	0.00	0.00	131.00	47.6
761.000 Meetings & Conferences	0.00	0.00	81.63	71.63	0.00	-81.63	0.0
762.000 Mileage Exp/Allowance	0.00	0.00	95.75	95.75	0.00	-95.75	0.0
763.000 Education & Training	3,000.00	3,000.00	4,109.54	1,402.24	0.00	-1,109.54	137.0
801.000 Advertising	2,500.00	2,500.00	832.83	0.00	0.00	1,667.17	33.3
809.000 Gasoline, Diesel, Oil	0.00	0.00	964.61	181.25	0.00	-964.61	0.0
810.000 Vehicle Maintenance	0.00	0.00	39.00	0.00	0.00	-39.00	0.0
813.000 Equipment Maintenance	2,000.00	2,000.00	294.15	165.15	0.00	1,705.85	14.7
839.000 Communications Equip	0.00	0.00	286.70	198.36	0.00	-286.70	0.0
840.000 Small Tools	0.00	871.00	1,350.13	1,350.13	0.00	-479.13	155.0
855.000 Animal Food Supplies	10,000.00	10,000.00	10,203.02	2,337.29	0.00	-203.02	102.0
905.000 Capital Equipment	17,000.00	16,129.00	8,522.46	8,522.46	0.00	7,606.54	52.8
Animal Shelter	584,561.00	585,206.00	569,932.70	83,569.79	0.00	15,273.30	97.4
Dept: 401 Planning							
701.000 Salaries Regular	425,840.00	425,840.00	504,487.01	51,146.52	0.00	-78,647.01	118.5
702.000 Salaries Part-Time	26,800.00	26,800.00	16,441.40	2,551.10	0.00	10,358.60	61.3
710.000 Cafeteria Benefits	72,400.00	72,400.00	60,900.00	5,075.00	0.00	11,500.00	84.1
711.000 PERS	100,844.00	100,844.00	111,500.27	17,307.64	0.00	-10,656.27	110.6
713.000 Medicare	6,450.00	6,450.00	7,656.84	775.53	0.00	-1,206.84	118.7
714.000 Deferred Comp	9,300.00	9,300.00	10,891.03	919.09	0.00	-1,591.03	117.1
715.000 FICA	1,670.00	1,670.00	1,019.36	158.16	0.00	650.64	61.0
721.000 Office Supplies/Exp	1,500.00	1,500.00	1,310.02	0.00	0.00	189.98	87.3

For the Period: 7/1/2007 to 6/30/2008	Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	Unenc Bal	% Bud
Fund: 101 - General Fund							
Expenditures							
Dept: 300 Public Services - Admin							
703.000 Overtime	100.00	100.00	63.51	0.00	0.00	36.49	63.5
710.000 Cafeteria Benefits	19,200.00	19,200.00	17,400.00	1,450.00	0.00	1,800.00	90.6
711.000 PERS	42,163.00	42,163.00	47,568.06	7,476.43	0.00	-5,405.06	112.8
713.000 Medicare	2,500.00	2,500.00	2,758.56	309.30	0.00	-258.56	110.3
714.000 Deferred Comp	7,100.00	7,100.00	7,275.84	598.13	0.00	-175.84	102.5
721.000 Office Supplies/Exp	1,000.00	1,000.00	851.58	0.00	0.00	148.42	85.2
722.000 Hardware/Software Supplies/Exp	1,000.00	1,000.00	0.00	0.00	0.00	1,000.00	0.0
723.000 Printing	0.00	0.00	107.75	0.00	0.00	-107.75	0.0
724.000 Subscriptions	300.00	300.00	82.00	0.00	0.00	218.00	27.3
730.000 Operating Transfer	-160,415.00	-160,415.00	-160,415.04	-13,367.92	0.00	0.04	100.0
760.000 Membership & Dues	500.00	500.00	0.00	0.00	0.00	500.00	0.0
761.000 Meetings & Conferences	1,500.00	1,500.00	614.78	224.00	0.00	885.22	41.0
763.000 Education & Training	300.00	300.00	0.00	0.00	0.00	300.00	0.0
809.000 Gasoline, Diesel, Oil	1,500.00	1,500.00	961.38	290.67	0.00	538.62	64.1
810.000 Vehicle Maintenance	1,000.00	1,000.00	56.62	0.00	0.00	943.38	5.7
Public Services - Admin	106,943.00	106,943.00	115,462.45	19,075.29	0.00	-8,519.45	108.0
Dept: 301 Animal Control							
701.000 Salaries Regular	331,700.00	331,700.00	365,802.56	37,372.85	0.00	-34,102.56	110.3
702.000 Salaries Part-Time	11,600.00	11,600.00	0.00	0.00	0.00	11,600.00	0.0
703.000 Overtime	10,500.00	10,500.00	8,296.34	1,242.48	0.00	2,203.66	79.0
710.000 Cafeteria Benefits	67,200.00	67,200.00	59,812.49	5,437.50	0.00	7,387.51	89.0
711.000 PERS	73,900.00	73,900.00	79,406.34	12,827.04	0.00	-5,506.34	107.5
713.000 Medicare	4,810.00	4,810.00	5,778.28	560.11	0.00	-968.28	120.1
716.000 Uniform Expenses	2,000.00	2,000.00	3,048.35	199.50	0.00	-1,048.35	152.4
721.000 Office Supplies/Exp	2,000.00	2,000.00	907.73	79.01	0.00	1,092.27	45.4
722.000 Hardware/Software Supplies/Exp	1,000.00	1,000.00	0.00	0.00	0.00	1,000.00	0.0
723.000 Printing	3,000.00	3,000.00	2,424.38	331.87	0.00	575.62	80.8
724.000 Subscriptions	250.00	250.00	379.00	0.00	0.00	-129.00	151.6
732.000 Special Dept Supplies/Exp	12,000.00	12,000.00	6,028.26	3,959.69	0.00	5,971.74	50.2
740.000 Contract Services	0.00	0.00	179.50	119.50	0.00	-179.50	0.0
740.301 County Public Health	2,500.00	2,500.00	2,525.00	0.00	0.00	-25.00	101.0
740.303 Stiles Removal/D & D Removal	7,000.00	7,000.00	5,870.00	1,425.00	0.00	1,130.00	83.9
740.306 Spay/Neuter Program	30,000.00	30,000.00	54,798.00	12,552.00	0.00	-24,798.00	182.7
745.000 Legal Services	5,500.00	5,500.00	21,935.58	4,767.85	0.00	-16,435.58	398.8
760.000 Membership & Dues	250.00	250.00	305.00	0.00	0.00	-55.00	122.0
761.000 Meetings & Conferences	2,500.00	2,500.00	350.18	0.00	0.00	2,149.82	14.0
763.000 Education & Training	3,500.00	5,300.00	2,460.31	1,820.00	0.00	2,839.69	46.4
801.000 Advertising	2,500.00	2,500.00	1,542.00	0.00	0.00	958.00	61.7
809.000 Gasoline, Diesel, Oil	15,000.00	15,000.00	20,498.74	4,672.63	0.00	-5,498.74	136.7
810.000 Vehicle Maintenance	10,000.00	10,000.00	2,517.51	205.03	0.00	7,482.49	25.2
813.000 Equipment Maintenance	1,000.00	1,000.00	390.81	276.81	0.00	609.19	39.1
839.000 Communications Equip	0.00	0.00	470.97	0.00	0.00	-470.97	0.0
840.000 Small Tools	0.00	0.00	343.53	343.53	0.00	-343.53	0.0
841.000 Safety Equipment	0.00	0.00	39.60	0.00	0.00	-39.60	0.0
905.000 Capital Equipment	8,000.00	8,000.00	6,668.94	6,160.23	0.00	1,331.06	83.4
Animal Control	607,710.00	609,510.00	662,779.40	94,662.63	0.00	-53,269.40	107.1
Dept: 302 Code Enforcement							
701.000 Salaries Regular	603,060.00	603,060.00	633,307.48	61,385.51	0.00	-30,247.48	105.0
702.000 Salaries Part-Time	41,900.00	41,900.00	52,039.15	5,501.70	0.00	-10,139.15	124.2
703.000 Overtime	10,000.00	10,000.00	6,010.13	737.66	0.00	3,989.87	60.1
710.000 Cafeteria Benefits	115,200.00	115,200.00	107,300.00	8,700.00	0.00	7,900.00	93.1
711.000 PERS	139,100.00	139,100.00	137,312.12	20,662.68	0.00	1,787.88	98.7
713.000 Medicare	9,700.00	9,700.00	10,271.31	976.36	0.00	-571.31	105.9
715.000 FICA	2,600.00	2,600.00	1,970.80	213.55	0.00	629.20	75.8
716.000 Uniform Expenses	4,250.00	4,250.00	4,671.44	352.50	0.00	-421.44	109.9
721.000 Office Supplies/Exp	750.00	750.00	1,239.10	149.17	0.00	-489.10	165.2
722.000 Hardware/Software Supplies/Exp	1,000.00	1,000.00	3,000.00	0.00	0.00	-2,000.00	300.0
723.000 Printing	2,000.00	2,000.00	1,047.33	12.93	0.00	952.67	52.4
724.000 Subscriptions	500.00	500.00	238.43	0.00	0.00	261.57	47.7

INDIRECT COST RATE PROPOSAL
Town of Apple Valley
Animal Shelter
Fiscal Year
2008-09

Description of Costs		Total Costs	Excludable Unallowable Costs	Allowable Indirect Costs	Allowable Direct Costs	
Salaries & Benefits						
Salaries & Wages		$383,316		$45,151	$338,165	
Overtime		$1,778			$1,778	
Benefits	42.9%	$164,524		$19,379	$145,145	
Total		$549,618		$64,530	$485,088	
Services & Supplies						
Uniform Expense		$2,328		$2,328		
Office Supplies		$407		$407		
Hardware/Software Supplies		$6,030	$4,824	$1,206		
Printing		$219		$219		
Subscriptions		$204		$204		
Misc. Costs						
Special Dept Supplies		$16,651		$4,847	$11,704	allowed by SCO
Contract Services		$9,601		$9,601		allowed by SCO
Drugs/Vaccines		$22,332		$18,302	$4,030	requested direct cost
Silos Removal/D&D Removal		$5,700		$5,700		
Emergency Vet Services		$2,250		$2,250		
Spay Neutering Program		$45,337			$45,337	
Membership & Dues		$125		$125		
Meetings & Conference		$845		$845		
Mileage Expense		$270		$270		
Education & Training		$1,717		$1,717		
Advertising		$208		$208		
Gasoline		$670		$670		
Vehicle Maint		$224		$224		
Equip Maint		$692		$692		
Communication Equip		$166		$166		
Small Tools						
Animal Food		$11,764		$11,764		
Utilities : Electricity		$7,395		$7,395		
Utilities : Natural Gas		$5,205		$5,205		
Utilities : Water		$1,066		$1,066		
Security		$877		$877		
Bldg Maintenance		$9,807		$9,807		
County Public Health		-$25		-$25		
Total		$151,965	$4,824	$96,070	$61,071	
Capital Expenditures						
Capital Equip		$26,935	$27,006	$1,929		
Total		$28,935	$27,006	$1,929		
Total Expenditures		$730,518	$31,830	$162,529	$546,159	
Cost Plan Costs						
Allocated costs:						
- Municipal Serv Director (26%)		$136,636		$35,525		
- Admin Secretary (KeTey) 26% of Municipal Services dept		$49,085		$12,762		
Animal Control Tech (5) (12.5% of time to answer shelter phones)		$27,113		$27,113		
Total		$212,835		$75,401		
Total Alloc. Indirect Costs		$943,353	$31,830	$227,930	$546,159	

ICRP RATE = 67.0%
(Rate is Based on Salaries)

$227,930 / $339,943 = Total Allowable Indirect Costs / Total Direct Salaries

Town of Apple Valley

Animal Shelter

Fiscal Year

2008-09

Name/Position	100% Admin. or Support Staff Annual Salary
Animal Shelter Supervisor (70%) (50% pure admin + 20% monitoring controller substances)	$45,151

TOTAL INDIRECT SALARIES **$45,151**

INDIRECT COST RATE PROPOSAL
Town of Apple Valley
Animal Shelter & Control
Fiscal Year
2008-09

Description of Costs		Total Costs	Excludable Unallowable Costs	Allowable Indirect Costs	Allowable Direct Costs
Salaries & Benefits					
Salaries & Wages		$756,622		$144,628	$612,094
Overtime		$9,002			$9,002
Benefits	42.8%	$324,187		$61,925	$262,262
Total		$1,089,811		$206,453	$883,358
Services & Supplies					
Uniform Expense		$4,765		$4,765	
Office Supplies		$3,803		$3,803	
Hardware/Software Supplies		$8,084		$5,982	$2,102
Printing		$1,937		$1,937	
Subscriptions		$522		$522	
Misc. Costs		$360		$308	
Special Dept Supplies		$21,442		$20,617	$825
Contract Services		$10,238		$10,238	
Drugs/Vaccines		$22,359		$18,329	$4,030
Sites Removal/D&D Removal		$11,400		$11,400	
Emergency Vet Services		$2,250		$2,250	
Spay Neutering Program		$96,104			$96,104
Membership & Dues		$125		$125	
Meetings & Conference		$1,883		$1,883	
Mileage Expense		$270		$270	
Education & Training		$3,132		$3,132	
Advertising		$512		$512	
Gasoline		$17,202		$17,202	
Vehicle Maint		$5,094		$5,094	
Equip Maint		$734		$734	
Communication Equip		$540	$432	$108	
Small Tools					
Animal Food		$11,764		$11,764	
Legal Services		$6,739		$6,739	
Safety Equip		$64		$64	
County Public Health		$2,500		$2,500	
Utilities		$2,008		$2,008	
Building Maintenance		$9,807		$9,807	
Total		$245,686	$432	$142,173	$103,061
Capital Expenditures					
Capital Equipment		$97,514	$91,013	$6,500.93	
Total		$97,514	$91,013	$6,501	
Total Expenditures		$1,432,991	$91,445	$355,127	$986,419
Cost Plan Costs					
Allocated costs:					
- Municipal Services Dirctr (52%)		$136,636		$71,051	
- Admin Secretary (Kelley) 52%		$49,086		$25,525	
Total		$185,722		$96,575	
Total Alloc. Indirect Costs		$1,618,713	$91,445	$451,703	$986,419

ICRP RATE = 72.7%
(Rate is Based on Salaries)

$451,703 = Total Allowable Indirect Costs
$621,096 Total Direct Salaries

		SHELTER	CONTROL	
Salaries & Wages		$393,256	$373,367	
Overtime		$1,839	$7,163	
Benefits	42.9%	$164,524	$159,663	42.8%
Total		$549,618	$540,193	
Uniform Expense		$2,328	$2,457	
Office Supplies		$407	$3,396	
SCO direct Hardware/Software Supplies		$6,030	$2,054	
Printing		$219	$1,718	
Subscriptions		$204	$318	
Misc. Costs			$388	
SCO direct Special Dept Supplies		$17,428	$4,014	
Contract Services		$9,601	$637	
req direct Drugs/Vaccines		$22,307	$52	
Sites Removal/D&D Removal		$5,700	$5,700	
Emergency Vet Services		$2,250		
Spay Neutering Program		$45,337	$50,767	
Membership & Dues		$125		
Meetings & Conference		$845	$1,038	
Mileage Expense		$270		
Education & Training		$1,717	$1,415	
Advertising		$216	$296	
Gasoline		$670	$16,532	
Vehicle Maint		$224	$4,870	
Equip Maint		$692	$42	
Communication Equip		$166	$374	
Small Tools				
Animal Food		$11,764		
Legal Services			$6,739	
Safety Equipment			$64	
County Public Health			$2,500	
Utilities			$2,008	
Building Maintenance		$9,807		
Total		$138,307	$107,359	
Capital Equipment		$35,000	$62,514	
Total		$35,000	$62,514	
		$722,925	$710,066	

Town of Apple Valley
Animal Shelter & Control

Fiscal Year
2008-09

Name/Position	100% Admin. or Support Staff Annual Salary
Animal Shelter Supervisor (70%)	$45,151
(50% pure admin + 20% monitoring controller substances)	
Animal Control Supervisor (70%)	$45,151
Animal Control Tech (5)	
(25% front counter answering calls)	$54,227

TOTAL INDIRECT SALARIES **$144,528**

Town of Apple Valley
Legislatively Mandated Animal Adoption Program
Fiscal Years (FY's) 2007-08 and 2008-09
Audit ID # S15-MCC-0033
Care and Maintenance - Summary

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Salaries:			
2007-08	$ -	$ 12,034	$ 12,034
2008-09	-	7,832	7,832
Subtotal, salaries	$ -	$ 19,866	$ 19,866
Benefits:			
2007-08	$ -	$ 4,969	$ 4,969
2008-09	-	3,338	3,338
Subtotal, benefits	$ -	$ 8,307	$ 8,307

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Salaries and Benefits:			
2007-08	$ -	$ 17,003	$ 17,003
2008-09	-	11,170	11,170
Total, salaries and benefits	$ -	$ 28,173	$ 28,173

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Services and Supplies (Materials and Supplies)			allowed direct
2007-08	$ 76,034	$ 1,510	$ (74,524)
2008-09	77,199	2,102	(75,097)
Subtotal, materials & supplies	$ 153,233	$ 3,612	$(149,621)

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Contract services			allowed direct
2007-08	$ -	$ 49	$ 49
2008-09	-	825	825
Subtotal, contract services	$ -	$ 874	$ 874
Total Direct Costs			
2007-08	$ 76,034	$ 18,562	$ (57,472)
2008-09	77,199	14,097	(63,102)
Total	$ 153,233	$ 32,659	$(120,574)

Finding 2 - Overstated Care and Maintenance Costs

=08-09

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ANIMAL SERVICES - FIELD SERVICES 100-2120

Code	Expenditure Classification	Actual Expense 2008-09	Actual Expense 2009-10	Amended Budget 2010-11	Estimated Year End 2010-11	% of Budget Expended	Adopted Budget 2011-12
	Personnel Services						
7010	Salaries & Wages - Permanent	373,367	389,193	408,250	402,283	98.5%	410,729
7030	Salaries & Wages - Overtime	7,163	11,249	8,000	12,474	155.9%	8,000
7110	Cafeteria Benefits	67,478	59,178	68,625	68,449	99.7%	70,093
7120	Deferred Comp		2,290	3,485	2,266	65.0%	3,481
7150	Medicare	6,021	5,926	5,975	6,231	104.3%	5,956
7160	PERS	86,164	82,189	88,000	84,106	95.6%	101,175
	Total Personnel						
	Operations & Maintenance						
7180	Uniform Expense	2,457	2,634	2,500	3,000	120.0%	3,000
7205	Advertising	296	140	1,250	1,250	100.0%	1,000
7223	Disposal Services				388		1,025
7229	Education & Training	1,415	261	2,000	2,000	100.0%	900
7241	Meetings & Conferences	1,038	828	2,000	2,000	100.0%	900
7247	Memberships & Dues	0	205	250	250	100.0%	250
7259	Miscellaneous	368	70				0
7265	Office Supplies	3,396	1,965	1,500	2,250	150.0%	2,250
7277	Printing	1,718	2,230	2,500	2,500	100.0%	2,000
7289	Subscriptions	318	408	400	400	100.0%	300
7295	Utilities	2,008	5,137	26,225	38,246	145.8%	38,000
7310	Assessment District Costs		800		760		1,773
7330	Hardware/Software Supplies	2,054	510	4,500	4,500	100.0%	4,000
7360	Safety and security						675
7370	Special Department Supplies	4,014	572	5,400	5,400	100.0%	5,000
7655	Building maintenance				750		500
8940	Contracted Services	637	1,543	1,200	1,000	83.3%	750
8944	County Public Health	2,500	2,500	2,500	2,500	100.0%	2,500
8956	Drugs/Vaccinations	52	0	0	0		0
8960	Emergency Veterinary Services	0			(68)		0
8972	Legal Services	6,739	826	3,000	500	16.7%	500
8988	Spay/Neuter Program	50,767	48,065	38,000	38,000	100.0%	35,000
8992	Stiles Removal/D&D Removal	5,700	5,825	6,000	6,000	100.0%	6,000
9013	Communications Equipment	374	0	0	0		0
9026	Equipment Maintenance	42	95	500	300	60.0%	300
9052	Gasoline, Diesel and Oil	16,532	13,763	18,000	14,000	77.8%	14,000
9065	Leased Equipment			3,578	3,578	100.0%	4,800
9078	Safety Equipment	64	0	0	0		500
9091	Vehicle Maintenance	4,870	1,348	4,000	4,000	100.0%	3,000
	Total Operations & Maint						
	Capital Expenditures						
9120	Capital Outlay	62,514	313	0	0		0
	Total Capital Expenditures						
	Department Total						

Personnel Schedule	Actual 2008-09	Actual 2009-10	Actual 2010-11	Adopted 2011-12
Animal Services Manager		0.50	0.50	0.50
Animal Services Supervisor	1	1	1	1
Senior Animal Services Officer	1	0	1	1
Animal Services Officer II	3	2	3	3
Animal Services Officer I	0	2	0	0
Animal Services Technician	2.5	2.5	2.5	2.5
Senior Clerk-Office Assistant	0	0	0	0
Totals	7.5	8.00	8.00	8.00

Code	Expenditure Classification	Actual Expense 2008-09	Actual Expense 2009-10	Amended Budget 2010-11	Estimated Year End 2010-11	% of Budget Expended	Adopted Budget 2011-12
	ANIMAL SERVICES - SHELTER (001-7210)						
	Personnel Services						
7010	Salaries & Wages - Permanent	383,255	463,735	445,839	445,839	100.0%	445,408
7020	Salaries & Wages - Part-time	0		25,188	52,000	206.4%	66,173
7030	Salaries & Wages - Overtime	1,839	4,305	1,800	4,000	222.2%	1,800
7110	Cafeteria Benefits	78,021	82,564	75,268	71,237	94.6%	74,687
7120	Deferred Comp		2,290	3,485	2,200	63.1%	3,482
7130	FICA	0		0	1,562		4,103
7150	Medicare	5,778	7,304	6,925	7,486	108.1%	7,418
7160	PERS	80,725	100,607	102,605	95,404	93.0%	109,717
	Total Personnel	549,618	660,805	661,110	679,726	102.8%	712,788
	Operations & Maintenance						
7180	Uniform Expense	2,328	1,257	3,000	2,000	66.7%	3,000
7205	Advertising	216		1,000	1,000	100.0%	750
7223	Disposal Services		440		1,000		1,400
7229	Education & Training	1,717	678	2,000	2,000	100.0%	750
7241	Meetings and Conferences	845	455	500	500	100.0%	500
7247	Memberships and Dues	125		125	125	100.0%	200
7253	Mileage Exp/Allowance	270			0		0
7259	Miscellaneous	0			5		50
7265	Office Supplies	407	262	1,000	1,250	125.0%	1,000
7277	Printing/Department Supplies	219	704	1,000	1,000	100.0%	1,000
7285	Small Tools	0			0		50
7289	Subscriptions	204	380	150	100	66.7%	150
7295	Utilities		31,920	26,225	38,246	145.8%	38,000
7305	Animal Food Supplies	11,764	11,429	10,000	15,000	150.0%	15,000
7310	Assessment District costs		800				1,773
7330	Hardware/Software	6,030	510	4,000	4,000	100%	3,000
7360	Safety & Security		495		700		700
7370	Special Department Supplies	17,428	16,816	10,000	10,000	100.0%	9,000
7655	Building Maintenance	9,807	9,650	13,500	9,000	66.7%	8,000
8940	Contracted Services	9,601	14,661	10,000	15,000	150.0%	16,200
8956	Drugs and Vaccinations	22,307	20,571	20,000	22,800	114.0%	20,000
8960	Veterinary Services	2,250	695	1,000	5,000	500.0%	4,000
8988	Adoption Spay / Neuter	45,337	41,749	35,000	42,000	120.0%	40,000
8992	Stiles Removal/D&D Removal	5,700	5,825	6,000	5,900	98.3%	6,000
9013	Communications Equipment	166		100	100	0.0%	50
9026	Equipment Maintenance	692	483	1,000	1,000	100.0%	400
9052	Gasoline, Diesel, Oil	670	756	1,000	1,000	100.0%	1,000
9065	Leased Equipment		11,487	3,578	3,578	100.0%	4,800
9091	Vehicle Maintenance	224	34				750
	Total Operations & Maint	138,307	172,957	150,178	183,661	122.3%	176,578
9120	Capital Equipment	36,000	3,237	0			0
	Total Operations, Maint. & Capital	174,307	176,194	150,178	183,661	122.3%	176,578
	Department Total	723,925	836,999	811,288	863,387	106.4%	889,366

ANIMAL SERVICES - SHELTER (100-21-30)

Code	Expenditure Classification	Actual Expense 2008-09	Actual Expense 2009-10	Amended Budget 2010-11	Estimated Year End 2010-11	% of Budget Expended	Adopted Budget 2011-12

Personnel Schedule	Actual 2008-09	Actual 2009-10	Actual 2010-11	Adopted 2011-12
Animal Services Manager		0.50	0.50	0.50
Animal Shelter Supervisor	1	1	1	1
Animal Services Technician	2.5	2.5	2.5	2.5
Animal Shelter Specialist	4	4	4	4
Registered Veterinary Tech	1	1	1	1
Part-time Shelter Assistant	0	0	0	0
Senior Office Assistant	0	0	0	0
Total	8.5	9.00	9.00	9.00

CODE ENFORCEMENT 1001-1110

Code	Expenditure Classification	Actual Expense 2008-09	Actual Expense 2009-10	Amended Budget 2010-11	Estimated Year End 2010-11	% of Budget Expended	Adopted Budget 2011-12
	Personnel Services						
7010	Salaries & Wages - Permanent	632,643	606,926	572,585	572,585	100.0%	575,390
7020	Salaries & Wages - Part-time	58,523	61,242	71,175	61,228	86.0%	66,088
7030	Salaries & Wages - Overtime	2,787	247	2,000	2,000	100.0%	2,000
7110	Cafeteria Benefits	117,748	114,060	105,000	102,902	98.0%	103,173
7120	Deferred Comp		2,474		2,529		2,536
7130	FICA	2,248	2,318	2,785	2,401	86.2%	2,854
7150	Medicare	10,296	9,825	10,175	9,466	93.0%	9,394
7160	PERS	145,672	137,000	136,000	129,198	95.0%	148,246
	Total Personnel	969,917	933,092	899,720	882,309	98.1%	909,681
	Operations & Maintenance						
7180	Uniform Cleaning	6,000	3,842	4,150	4,150	100.0%	5,000
7205	Advertising	718	775	500	500	100.0%	500
7229	Education & Training	3,122	1,866	1,000	1,000	100.0%	500
7241	Meetings & conferences	0	187	400	400	100.0%	200
7247	Membership & dues	711	831	850	850	100.0%	850
7259	Miscellaneous	3,579					0
7265	Office Supplies	1,038	684	400	400	100.0%	800
7277	Printing	562	492	500	500	100.0%	1,000
7289	Subscriptions	234	634	1,200	1,200	100.0%	1,200
7295	Utilities: Phones				1,782		7,200
7325	Grafitti Supplies & Removal costs	39,007	49,759	60,000	60,000	100.0%	45,000
7330	Hardware/Software Supplies	150	517	500	500	100.0%	2,000
7350	Public Information	0	259	1,500	1,500	100.0%	1,500
7370	Special Dept Supplies/Exp	2,845	3,833	1,000	1,000	100.0%	1,000
7970	Small Tools	179		500	500	100.0%	500
8940	Contracted Services	55,833	99,366	50,000	50,000	100.0%	45,000
8972	Legal Services	20,913	229	5,000	5,000	100.0%	5,000
9013	Communications Equipment	282					0
9026	Equipment Maintenance	0	730	800	800	100.0%	800
9052	Gasoline, Diesel, oil	21,922	19,243	18,000	18,000	100.0%	19,000
9065	Leased Equipment		13,602		381		2,065
9091	Vehicle Maintenance	10,059	8,030	10,000	10,000	100.0%	10,000
9610-4910	Transfer Tire Amnesty Grant		(4,528)				
	Total Operations & Maintenance	167,161	200,109	156,000	156,852	100.5%	148,115
	Capital Expenditures						
9120	Capital Outlay	0	6,958		0	0.0%	0
	Total Capital Expenditures	0	6,958	0	0		0
	Total Operating Expenditures	1,137,078	1,140,159	1,055,720	1,039,161	98.4%	1,057,796
	Department Total	1,137,078	1,140,159	1,055,720	1,039,161	98.4%	1,057,796

Personnel Schedule	Actual 2008-09	Actual 2009-10	Actual 2010-11	Adopted 2011-12
Code Enforcement Manager	2	1	1	1
Senior Code Enforcement Ofcr	1	1	0	0
Code Enforcement Officer II	7	7	8	7
Community Enhancement Ofcr	0.5	0.5	0.5	0.5
Code Enforcement Technician	3	3	3	2
Part-time Code Enforcement Tech	1	1	1	1
Senior Office Assistant	0	0	0	0
Total	14.5	13.5	13.5	11.5

Town of Apple Valley
FY 2007-08
Municipal Services Administrative Cost Allocation
(Based on actual salary expenditures by Division)

		Actual Salary Costs (full and part time)	
Divisions Directed::			
Animal Shelter	$	317,850	23%
Animal Control	$	365,802	27%
Waste Management	$	2,724	0%
Transit	$	-	
Code Enforcement	$	685,346	50%
TOTAL	$	1,371,722	100%

1/3 50%

There are two positions that oversee the Departments listed above
The Municipal Services Director, Gina Whiteside,
and the Administrative Secretary

This portion of their salaries were allocated as an overhead costs were added
as an allocation to the ICRP (Overhead rate for the Shelter)

Town of Apple Valley
FY 2008-09
Municipal Services Administrative Cost Allocation
(Based on Budgeted salary expenditures by Division)

		Actual Salary Costs (full and part time)	
Divisions Directed::			
Animal Shelter	$	383,255	26%
Animal Control	$	373,367	26%
Waste Management			
Transit	$	-	
Code Enforcement	$	691,166	48%
TOTAL	$	1,447,788	100%

1/3 52%

There are two positions that oversee the Departments listed above
The Municipal Services Director, Gina Whiteside,
and the Administrative Secretary

This portion of their salaries were allocated as an overhead costs were added
as an allocation to the ICRP (Overhead rate for the Shelter)

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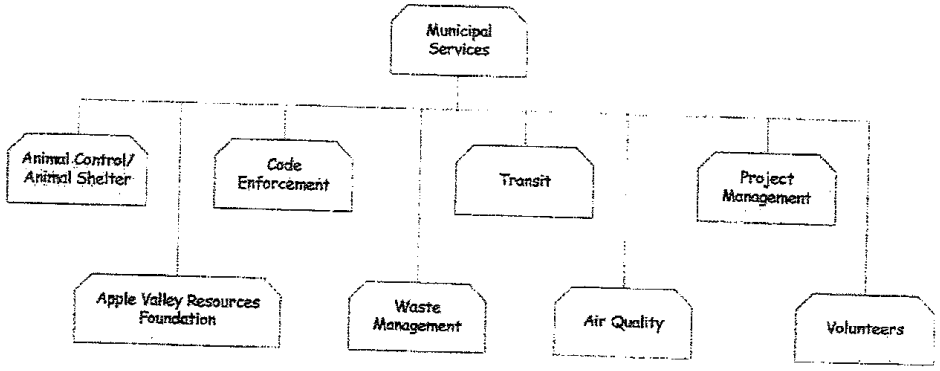
TOWN OF APPLE VALLEY
MUNICIPAL SERVICES
ORGANIZATION CHART 2007-2008



Town of Apple Valley
Department Operating Statement
Budget Appropriation for Fiscal Year Ending June 30, 2008
Department: Municipal Services - Account Number 101-111

Code	Expenditure Classification	Actual Expense 2002-03	Actual Expense 2003-04	Actual Expense 2004-05	Actual Expense 2005-06	Budget Approp. 2006-07	Estimated Year End 2006-07	% Used	Budget Approp. 2007-08
	Personnel Services								
701	Salaries & Wages	144,830	159,985	176,206	196,005	198,500	199,733	101%	372,360
703	Salaries & Wages - Overtime	636	0	0	0	0	0	0%	0
	Total Salaries	145,466	159,985	176,206	196,005	198,500	199,733	101%	372,360
	Benefits								
711	PERS	15,913	26,119	36,636	42,505	39,700	45,662	115%	82,958
710	Cafeteria Benefits	21,084	21,082	23,984	26,514	31,100	26,100	84%	48,000
713	Medicare	2,164	2,315	2,468	2,925	2,900	2,985	103%	5,399
714	Deferred Comp	0	0	0	4,397	0	6,384	0%	6,890
	Total Benefits	39,161	49,516	63,088	76,341	73,700	81,130	110%	143,247
	Total Personnel	184,627	209,501	239,294	272,346	272,200	280,863	103%	515,607
	Operations & Maintenance								
721	Office Supplies Supplies unique to the operation of the Municipal Service's department including grant management, and the volunteer program	591	876	739	967	1,250	1,999	160%	1,500
722	Computer Supplies Specialty software for grant management	2,563	1,636	194	0	2,500	2,500	100%	1,600

Department: Municipal Services - Account Number 101-111

Code	Expenditure Classification	Actual Expense 2002-03	Actual Expense 2003-04	Actual Expense 2004-05	Actual Expense 2005-06	Budget Approp. 2006-07	Estimated Year End 2006-07	% Used	Budget Approp. 2007-08
723	Printing Grant proposals, picture enlargement, Summer Youth Volunteer Program, including advertising posters, and job applications	0	212	1,351	782	500	377	75%	1,000
724	Subscriptions Publications to assist in identification of grant opportunities. Grants for Cities and Towns, Guide to Federal Funding, Funding Law Enforcement.	1,391	1,191	1,408	1,077	1,000	500	50%	1,000
725	Public Information Preparation of brochures, route maps, Garden Party, Volunteer Program, Commercial Recycling								1,500
729	Miscellaneous Moved to .732 and	0	403	355	114	500	500	100%	0
732	Special Department Supplies Fundraising Activities targeting potential donors for various Town Projects (i.e., Civic Center Park),					500	500		1,000

Department: Municipal Services - Account Number 101-111

Code	Expenditure Classification	Actual Expense 2002-03	Actual Expense 2003-04	Actual Expense 2004-05	Actual Expense 2005-06	Budget Approp. 2006-07	Estimated Year End 2006-07	% Used	Budget Approp. 2007-08
740	Contract Services Architectural and Engineering Services for construction projects handled by the department				6,170		103		2,500
760	Memberships & Dues Appropriate organizational dues, including Association of Fund Raising Professionals, Project Management and other required memberships for grant applications	0	499	250	250	250	200	80%	250
761	Meetings & Conferences Staff's attendance at National, State, and Local meetings & conferences.	2,763	3,543	4,113	195	5,000	3,516	70%	5,000
762	Mileage Allowance for Director and mileage for manager and staff to attend required meetings and/or conferences	0	234	0	900	5,000	4,641	93%	6,300
763	Education & Training Tuition reimbursement	1,363	2,150	2,632	1,973	4,000	5,143	129%	4,500
801	Advertising Advertising for volunteer program, requests for proposals and bid documents for construction projects handled by the department				390				500
809	Gasoline, Diesel, Oil				789		0		0
810	Vehicle Maintenance	1,768	787	1,374	1,860	0	0	0%	0

Department: Municipal Services - Account Number 101-111

Code	Expenditure Classification	Actual Expense 2002-03	Actual Expense 2003-04	Actual Expense 2004-05	Actual Expense 2005-06	Budget Approp. 2006-07	Estimated Year End 2006-07	% Used	Budget Approp. 2007-08
862	Volunteer Program								
	Volunteer Program, including recognition luncheon (COP's, ECS,. etc.), Volunteer Service Awards, and premiums for special events								5,000
	Total Operation and Maintenance costs.	7,308	8,594	8,410	15,467	20,500	19,978	97%	31,650
	Capital Expenditures								
905	Capital Expenditures	0	0	0	5,205	200,000	0	100%	0
907.922	Bus shelters								15,000
	Transfer to 704 fund for Civic Center Park				84,581	0	(4,727)	100%	0
	East Parking Lot Expansion				176,696	0	177,000	100%	0
	Sub-Total	191,935	218,095	247,704	554,295	492,700	473,116	4	562,257
730	Grant Administrative Revenues Allocation	0	0	(20,000)	0	0	0	0%	0
730	Lewis Center Allocation	18,000	0	0	0	0	0	0%	0
730	Transfer to Other Funds			(172,000)	196,500	(73,230)	(73,231)		(168,677)
	Department Total	209,935	218,095	55,704	750,795	419,470	399,884	95%	393,580

Personnel Schedule	Actual 2002-03	Actual 2003-04	Actual 2004-05	Actual 2005-06	Actual 2006-07	Proposed 2007-08
Director of Municipal Services	1	1	1	1	1	1
Municipal Services Manager*						1
Grant Specialist	1	1	1	1	1	1
Administrative Secretary	1	1	1	1	1	1
Secretary*						1
Total	3	3	3	3	3	5

*Moved from Community Services budget

Municipal Services

Program Description: The Municipal Services Department directs the administration of the animal control, animal shelter, waste management, transit, code enforcement and grant administration programs of the Town of Apple Valley. In addition, Municipal Services is responsible for coordinating construction management of Civic Center Park and directing the activities of the Apple Valley Community Resource Foundation. The department is instrumental in identifying alternative funding sources, including grants, which assist in implementing projects that fulfill the Council's Vision 2010. The department maintains close liaison with representatives from Federal, State and Local Government agencies to closely analyze and monitor opportunities that will provide funds for priority projects.

Programmatic Changes: This year's budget proposal includes merging the Community Services administrative budget into the recently formed Municipal Services Department. Expenditures include operations and maintenance for the various divisions handled by the department. In addition to administering the community-wide programs of public transportation, solid waste disposal, and transit, the department will be expanding the volunteer program to include a comprehensive volunteer program and voluntary recycling program for commercial businesses.

The existing volunteer program will be enhanced to provide an opportunity for teenagers to become involved in their community. Volunteers will receive personal motivation, professional awareness and skill building training that will benefit the community and provide valuable work experience. The Volunteen Program will be promoted through a summer volunteer program and a school year volunteer program. The Summer Internship Program for Youth will employ teenagers from Apple Valley, both for Town Hall and in field positions during the summer break. Students will receive hands-on experience in performing assigned and supervised tasks which will vary from department to department. The Better Options Search for Students (BOSS) program will be offered throughout the school year during which eligible students will be invited to spend one or more periods of the school day working for the Town. The program plans to involve teenagers in job experiences that will develop skills, promote a good work ethic and enhance each individual's chances of obtaining rewarding employment. By the end of the term, teens will have taken a survey exploring their own interests and talents, worked alongside a Town employee, performed various supervised tasks, filled out time sheets, gone through a mock interview as a prospective employee, and prepared a resumé. Those who successfully complete the programs will take with them numerous hours of meaningful job experience and a letter of recommendation from the Town.

Continuing with the direction of Council to obtain voluntary involvement from the business community in recycling efforts, staff will be implementing a comprehensive educational program for commercial recycling. Beginning in Fiscal 2007-08, the Municipal Services Department will offer free "waste audits" to businesses to see if they are missing opportunities to recycle and save money. Large stores already bale and backhaul cardboard, film plastic and other materials. Smaller stores may not realize they may be able to reduce their trash bill by putting in a recycling dumpster to collect all recyclables. Businesses that have sufficient manpower may prefer to collect paper, cardboard and beverage containers and sell them to a recycling center. Staff will contact individual businesses and the Chamber of Commerce to make this service available to the business community. In 2006, residential recycling recovered 7,591 tons -- commercial 1,227 tons. Our goal is to increase the number of commercial businesses participating in town-wide recycling efforts.

The Municipal Services Department continues its role of preparing and implementing grant applications for various departments, including the Apple Valley Fire Protection District. Once funded, Municipal Services monitors and evaluates the grant programs to ensure compliance with guidelines of the funding agency. Current grant administration managed by this department includes, but is not limited to, the Wastewater Treatment Plant project, Beverage Container Recycling Program, Traffic Safety Program, and various funded grants from the California Department of Parks. Per Council Direction, grant funds are used for the implementation of the programs and are not targeted for administrative costs of the Municipal Services Department

Funding Source:			
	General Fund Revenue	$393,580	(70%)
	Waste Management Fund	$112,457	(20%)
	Street Maintenance Fund	$ 28,113	(5%)
	Wastewater Enterprise Fund	$ 28,113	(5%)

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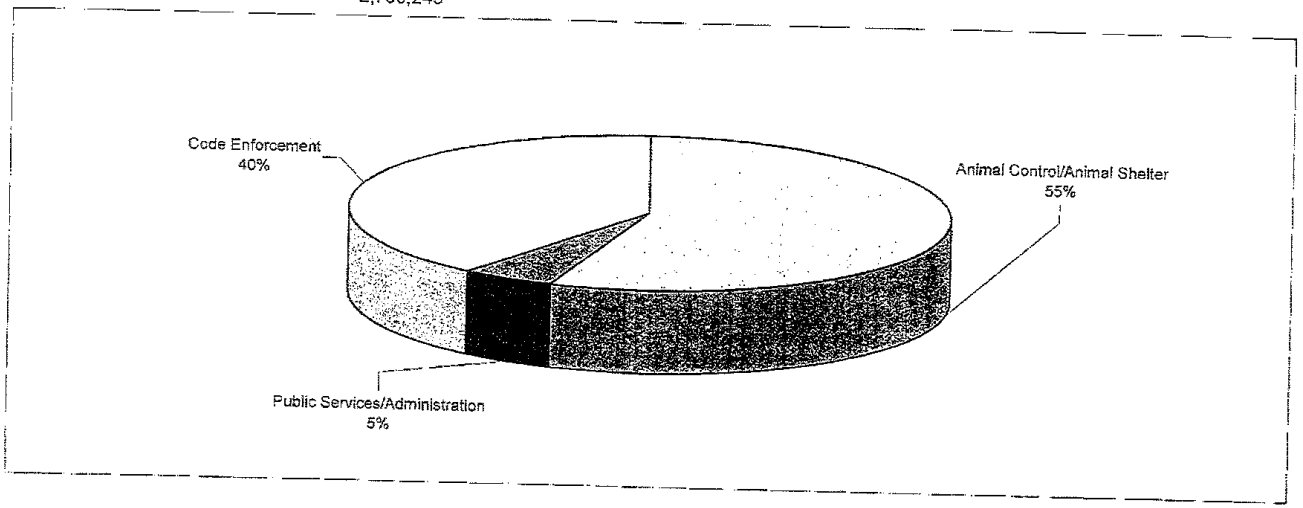
2009/10 Public/Municipal Services Expenditures

Animal Control/Animal Shelter	1,535,645
Public Services/Administration	143,441
Code Enforcement	1,101,163
Total-Public Services	2,780,249



Town of Apple Valley
Department Operating Statement
Budget Appropriation for Fiscal Year Ending June 30, 2010
Department: Animal Shelter 1001-2130

Code	Expenditure Classification	Actual Expense 2004-05	Actual Expense 2005-06	Actual Expense 2006-07	Actual Expense 2007-08	Adopted Budget 2008-09	Estimated Year End 2008-09	% Used	Proposed Budget 2009-10
	Personnel Services								
7010	Salaries & Wages - Permanent		194,928	277,365	317,850	353,750	359,775	101.7%	472,200
7020	Salaries & Wages - Part-time		4,742	11,703	0	0		0.0%	
7030	Salaries & Wages - Overtime		3,450	907	700	2,000	1,500	75.0%	1,800
7110	Cafeteria Benefits		44,433	58,000	66,338	73,500	73,613	100.2%	94,500
7120	Deferred Comp								3,165
7130	FICA		294	531		0		0.0%	
7150	Medicare		3,181	4,598	4,914	5,129	5,591	109.0%	6,850
7160	Pers		39,666	55,419	64,159	78,812	74,040	93.9%	103,150
	Total Personnel		290,694	408,523	453,961	513,191	514,518	100.3%	681,665
	Operations & Maintenance								
7180	Uniform Expense Uniforms for shelter staff and volunteers		1,075	616	1,672	1,800	2,350	130.6%	2,000
7205	Advertising Newspaper and radio ads for Pet Fair, various adoption promotions, fundraisers, etc.		1,015	1,847	833	2,000	1,000	50.0%	1,500
7229	Education & Training Animal Care Expo, Western States, Online training, reimbursement		208	780	4,110	3,000	1,500	50.0%	3,000
7241	Meetings and Conferences Reimbursement to meetings and conferences HSU online training for shelter staff		0	0	82	1,500	900	60.0%	1,000
7247	Memberships and Dues NAVTA, CVMA		0	0	119	250	125	100.0%	200
7253	Mileage Exp/Allowance Vehicle allowance for Director, mileage reimbursement for staff				96	0	0		1,600
7259	Miscellaneous Moved to Special Department Supplies		10,198	0	142	0	0	0.0%	0
7265	Office Supplies Adoption packet folders/labels, cds., receipt books, animal id collars, pens, paper, etc.		3,507	0	256	1,800	1,000	55.6%	1,500

Town of Apple Valley
Department Operating Statement
Budget Appropriation for Fiscal Year Ending June 30, 2010
Department: Code Enforcement - Account Number 1001-3110

Code	Expenditure Classification	Actual Expense 2004-05	Actual Expense 2005-06	Actual Expense 2006-07	Actual Expense 2007-08	Adopted Budget 2008-09	Estimated Year End 2008-09	% Used	Proposed Budget 2009-10
	Personnel Services								
7010	Salaries & Wages - Permanent	286,952	460,900	569,841	633,307	639,950	590,261	92.2%	611,400
7020	Salaries & Wages - Part-time	36,328	41,994	36,945	52,039	66,900	55,065	82.3%	67,950
7030	Salaries & Wages - Overtime	15,036	13,590	8,688	6,010	10,000	5,000	50.0%	5,000
7110	Cafeteria Benefits	55,245	79,943	105,157	107,300	126,000	109,845	87.2%	115,500
7130	FICA	1,254	633	894	1,971	2,509	2,112	84.2%	4,213
7150	Medicare	5,927	7,723	9,154	10,271	10,394	9,687	93.2%	9,850
7160	PERS	76,533	104,647	129,900	137,312	139,100	135,953	97.7%	133,550
	Total Personnel	477,275	709,430	860,579	948,210	994,853	907,923	91.3%	947,463
	Operations & Maintenance								
7180	Uniform Cleaning and purchasing polos, etc	2,719	5,640	5,638	4,671	4,250	4,000	94.1%	4,000
7205	Advertising Legal advertising required of Code Enforcement activity	0	311	536	1,428	1,500	750	50.0%	1,000
7229	Education & Training Various training programs to improve skills of staff including CACEO certification, tuition reimbursement.	2,806	3,101	2,815	65	6,500	2,000	30.8%	5,500
7241	Meetings & conferences								
7247	Membership & dues CACEO memberships for officers		525	347	1,968 1,265	1,000	788	0.0% 78.8%	750
7253	Mileage Vehicle allowance for Director, reimbursement for staff	100	0	0	0	0	0	0.0%	0
7259	Miscellaneous	703	773	293	0	0	14	0.0%	0
7265	Office Supplies	1,067	1,092	1,052	1,239	750	968	129.1%	750
7277	Printing Increased citations, violation notices, educational flyers, slides, film developing, receipts books, name badges.	494	1,413	2,460	1,047	2,000	500	25.0%	1,500
7289	Subscriptions LANE Guide, Uniform Building Code, Uniform Housing Code, and related publications.	85	85	90	238	500	100	20.0%	450
7325	Grafitti Supplies Matched paint grafitti removal and patch removal program, with both increasing costs and volume of grafitti.	7,209	20,725	42,812	45,174	50,000	41,000	82.0%	42,000
7330	Hardware/Software Supplies	349	667	236	3,000	1,000	500	50.0%	500

Town of Apple Valley
Department Operating Statement
Budget Appropriation for Fiscal Year Ending June 30, 2010
Department: Animal Control 1001-2120

Code	Expenditure Classification	Actual Expense 2004-05	Actual Expense 2005-06	Actual Expense 2006-07	Actual Expense 2007-08	Adopted Budget 2008-09	Estimated Year End 2008-09	% Used	Proposed Budget 2009-10
	Personnel Services								
7010	Salaries & Wages - Permanent	257,620	240,436	263,128	365,803	365,225	359,000	98.3%	401,000
7020	Salaries & Wages - Part-time	3,098	3,504	11,003	0	0		0.0%	
7030	Salaries & Wages - Overtime	16,585	10,494	9,360	8,296	10,500	7,800	74.3%	8,950
7110	Cafeteria Benefits	34,303	45,783	43,500	59,812	73,500	67,650	92.0%	73,500
7120	Deferred Comp								3,165
7130	FICA			487	0			0.0%	
7150	Medicare	4,043	4,261	4,408	5,778	5,296	5,772	109.0%	5,815
7160	PERS	44,652	49,257	61,956	79,406	81,368	86,475	106.3%	87,600
	Total Personnel	360,301	353,735	393,842	519,095	535,889	526,697	98.3%	580,030
	Operations & Maintenance								
7180	Uniform Expense Cleaning. Purchase of boots, jackets, belts, hats	1,250	2,886	1,395	3,048	3,500	3,000	85.7%	3,000
7205	Advertising Newspaper and radio ads for public education clinics, rabies clinics, seminars, Pet Fair	0	0	1,041	1,542	1,500	1,000	66.7%	1,250
7229	Education & Training Skills training for officers and staff	458	5,294	2,795	2,460	3,000	2,000	66.7%	2,700
7241	Meetings & Conferences Staffs attendance to meetings and training seminars related to animal control, hotel expenses	0	542	469	350	3,000	1,500	50.0%	2,700
7247	Memberships & Dues National Animal Control Association	100	205	180	305	300	200	66.7%	250
7253	Mileage Exp/Allowance Vehicle allowance for Director, mileage reimbursement for staff.		196	246	0	0	0		1,600
7259	Miscellaneous	22,408	3,276	0	0	0	0		0
7265	Office Supplies Dog license tags, rings, & and envelopes, Animal laws revision handbooks, office supplies for Animal Control.	7,474	2,372	915	908	1,500	2,400	160.0%	1,500

399

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

http://www.sco.ca.gov

CRS

Claim for Payment
Pursuant to Government Code Section 17561
ANIMAL ADOPTION

For State Controller Use Only	
(19) Program Number: 00213	Program 213
(20) Date Filed ___/___/___	
(21) LRS Input ___/___/___	

(01) Claimant Identification Number	9836022
(02) Claimant Name	Town of Apple Valley
Mailing Address	Box 429
Street Address or P.O. Box	
City	Apple Valley
State CA	Zip Code 92307

Type of Claim	Estimated Claim	Reimbursement Claim
	(03) Estimated ☐	(09) Reimbursement ☒
	(04) Combined ☐	(10) Combined ☐
	(05) Amended ☐	(11) Amended ☒
Fiscal Year of Cost	(06)	(12) 2007-08
Total Claimed	(07)	(13) $878,735
Less: 10% Late Penalty, but not to exceed $1,000 (if applicable)		(14) $60,009
Less: Estimated Claim Payment Received		(15)
Net Claimed Amount		(16) $818,726
Due from State	(08)	(17) $818,726
Due to State	(09)	(18)

(22) AA-1 (04)(A)(1)(f)	
(23) AA-1 (04)(A)(2)(f)	
(24) AA-1 (04)(A)(3)(f)	
(25) AA-1 (04)(B)(1)(f)	745,135
(26) AA-1 (04)(B)(2)(f)	
(27) AA-1 (04)(B)(3)(f)	72,857
(28) AA-1 (04)(B)(4)(f)	3,177
(29) AA-1 (04)(B)(5)(f)	57,566
(30) AA-1 (04)(B)(6)(f)	
(31) AA-1 (04)(B)(7)(f)	
(32) AA-1 (04)(B)(8)(f)	
(33) AA-1 (04)(B)(9)(f)	
(34) AA-1 (04)(B)(10)(f)	
(35) AA-1 (06)	

(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 this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application for nor any grant or payment received, other that from the claimant, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documents currently maintained by the claimant.

The amount for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statement. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Representative — **Date**

Kaye Reynolds — 2-9-10

Kaye Reynolds — Assistant Finance Director

Type of Print Name — Title

Name of Contact Person for Claim	Telephone Number	E-Mail Address
Annette S. Chinn (CRS)	*(916) 939-7901*	*AChinnCRS@aol.com*

Claim for Payment
Pursuant to Government Code Section 17561
ANIMAL ADOPTION

For State Controller Use Only

(19) Program Number: 00213
(20) Date Filed ___/___/___
(21) LRS Input ___/___/___

Program 213

(01) Claimant Identification Number	9836022
(02) Claimant Name	Town of Apple Valley
Mailing Address	Box 429
Street Address or P.O. Box	
City	Apple Valley
State CA	**Zip Code** 92307

Type of Claim	**Estimated Claim**	**Reimbursement Claim**
	(03) Estimated ☐	(09) Reimbursement ☒
	(04) Combined ☐	(10) Combined ☐
	(05) Amended ☐	(11) Amended ☒
Fiscal Year of Cost	(06)	(12) 2007-08
Total Claimed	(07)	(13) $878,735
Less: 10% Late Penalty, but not to exceed $1,000 (if applicable)		(14) $60,009
Less: Estimated Claim Payment Received		(15)
Net Claimed Amount		(16) $818,726
Due from State	(08)	(17) $818,726
Due to State	(09)	(18)

(22) AA-1 (04)(A)(1)(f)	
(23) AA-1 (04)(A)(2)(f)	
(24) AA-1 (04)(A)(3)(f)	
(25) AA-1 (04)(B)(1)(f)	745,135
(26) AA-1 (04)(B)(2)(f)	
(27) AA-1 (04)(B)(3)(f)	72,857
(28) AA-1 (04)(B)(4)(f)	3,177
(29) AA-1 (04)(B)(5)(f)	57,566
(30) AA-1 (04)(B)(6)(f)	
(31) AA-1 (04)(B)(7)(f)	
(32) AA-1 (04)(B)(8)(f)	
(33) AA-1 (04)(B)(9)(f)	
(34) AA-1 (04)(B)(10)(f)	
(35) AA-1 (06)	

(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 this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application for nor any grant or payment received, other that from the claimant, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documents currently maintained by the claimant.

The amount for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statement. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Representative **Date**

Kaye Reynolds
Type of Print Name

Assistant Finance Director
Title

Name of Contact Person for Claim	**Telephone Number**	***E-Mail Address***
Annette S. Chinn (CRS)	***(916) 939-7901***	***AChinnCRS@aol.com***

NOTE: LATE PENALTY APPLIED TO INCREASE IN CLAIM ORIGINAL AMOUNT OF $278,649

Form FAM-27

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-1

(01) Claimant
Town of Apple Valley

(02) Type of Claim
Reimbursement [X]
Estimated [ ]

Fiscal Year
2007-08
(see FAM-27 for estimate)

Claim Statistics

(03) Department: **Animal Shelter**

Direct Costs

Object Accounts

(04) Reimbursable Components	(a) Salaries	(b) Benefits	(c & d) Services and Supplies	(e) Fixed Assets	(f) Travel and Training	(g) Total
A. ONE-TIME COSTS						
1. Policies and Procedures						
2. Training						
3. Computer Software						
B. ON-GOING COSTS						
1. Acquiring Space / Facilities			$745,135			$745,135
2. Renovating Facilities						
3. Care of Dogs and Cats			$72,857			$72,857
4. Care of Other Animals			$3,177			$3,177
5. Holding Period			$57,566			$57,566
6. Feral Cats						
7. Lost and Found Lists						
8. Non-Medical Records						
9. Veterinary Care						
10. Procuring Equipment						
(05) Total Direct Costs			$878,735			$878,735

Indirect Costs

(06) Indirect Cost Rate (applied to salaries)	(from ICRP) (Applied to Salaries)	
(07) Total Indirect Costs	Line (06) x line (05)(a) or line(06) x [line (05)(a) + line(05)(b)]	
(08) Total Direct and Indirect Costs	Line (05)(d) + line (07)	$878,735

Cost Reductions

(09) Less: Offsetting Savings, if applicable		
(10) Less: Other Reimbursements, if applicable		
(11) Total Claimed Amount	Line (08)- (line(09) + Line(10)]	**$878,735**

NOTE: LATE PENALTY APPLIED TO INCREASE IN CLAIM'S ORIGINAL AMOUNT OF $278,649

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: Town of Apple Valley **(02) Fiscal Year Costs Were Incurred:** 2007-08

(03) Reimbursable Components: Check only one box per form to identify the component being claimed

A. One-Time Costs

- ☐ Policies and Procedures
- ☐ Training
- ☐ Computer Software

B. On-Going Costs

- ☒ **Acquiring Space / Facilities**
- ☐ Renovating Facilities
- ☐ Care of Dogs & Cats
- ☐ Care of Other Animals
- ☐ Holding Period
- ☐ Feral Cats
- ☐ Lost and Found Lists
- ☐ Non-Medical Records
- ☐ Veterinary Care
- ☐ Procuring Equipment

(04) Description of Expenses: Complete columns (a) through (f)

(a) Employee Names, Job Class., Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	Benefit Rate	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f & g) Services and Supplies	(h) Fixed Assets	(i) Travel and Training	Total Salaries & Benefits
New Facility Architectural and Land Acquisition costs									
In FY 2005-06, the Town of Apple Valley took over and established it's own animal shelter/facility. Until March of 2005, the Town had contracted for animal shelter services with the City of Hesperia. After the transition, temporary capital improvements were made to allow for the housing of animals in their jurisdiction.									
This year the City paid for the following cost to design and begin construction of the new shelter facility :									
Land acquisition costs = $ 865,000									
Facility costs incurred = $ 572,231									
Total incurred this FY = $ 1,437,231									
(Phase 1 - facility design & land purchase)									
Since this building will only be used for Animal Shelter related purposes.									
Percentaged billed for shelter = 100%									
Net costs attibutable to shelter $ 1,437,231									
Percentage allowable per State Formula = 51.8%									
51.8% x $1,437,231 = total amount claimed						$745,135			
(05) Total						**$745,135**			

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: Town of Apple Valley **(02) Fiscal Year Costs Were Incurred:** 2007-08

(03) Reimbursable Components: Check only one box per form to identify the component being claimed

A. One-Time Costs

- ☐ Policies and Procedures
- ☐ Training
- ☐ Computer Software

B. On-Going Costs

- ☐ Acquiring Space / Facilities
- ☐ Renovating Facilities
- ☒ **Care of Dogs & Cats**
- ☐ Care of Other Animals
- ☐ Holding Period
- ☐ Feral Cats
- ☐ Lost and Found Lists
- ☐ Non-Medical Records
- ☐ Veterinary Care
- ☐ Procuring Equipment

(04) Description of Expenses: Complete columns (a) through (f)

(a) Employee Names, Job Class., Functions Performed and Description of Expenses		(b) Hourly Rate or Unit Cost	Benefit Rate	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f & g) Services and Supplies	(h) Fixed Assets	(i) Travel and Training	Total Salaries & Benefits
Total Dogs Held =	3,167									
Total Cats Held =	1,927									
Total Other Animals Held =	292									
at an average daily census of	47,666									
Total STRAY Dogs Euthanized =	1,460						$37,402			
Total STRAY Cats Euthanized =	1,384						$35,455			
(mandate added 2 extra holding days)										
TOTAL SHELTER COSTS										
(Amount related to Shelter =	**$610,549**									
Shelter Dept. Actual Expend. = $	569,933									
less ineligible costs										
+ plus Overhead										
+40% of M.S. Director $	73,263									
- - Spay/Neuter Program $	(32,647)									
Total Annual Shelter Costs = $	610,549									
Cost per animal =	$113.36									
Cost per animal/per day =	$12.81									
Total Mandate Related Costs =	$610,549									
Eligible Pop. Extra Days										
or 5,998 / 47,666	Extra Stray/Euth. Days / Total Days of Service									
= 12.6%	of total Shelter Costs relate to eligible mandated costs.									
(05) Total							**$72,857**			

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: Town of Apple Valley **(02) Fiscal Year Costs Were Incurred:** 2007-08

(03) Reimbursable Components: Check only one box per form to identify the component being claimed

A. One-Time Costs

- ☐ Policies and Procedures
- ☐ Training
- ☐ Computer Software

B. On-Going Costs

- ☐ Acquiring Space / Facilities
- ☐ Renovating Facilities
- ☐ Care of Dogs & Cats
- ☒ **Care of Other Animals**
- ☐ Holding Period
- ☐ Feral Cats
- ☐ Lost and Found Lists
- ☐ Non-Medical Records
- ☐ Veterinary Care
- ☐ Procuring Equipment

(04) Description of Expenses: Complete columns (a) through (f)

(a) Employee Names, Job Class., Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	Benefit Rate	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f & g) Services and Supplies	(h) Fixed Assets	(i) Travel and Training	Total Salaries & Benefits
Total Dogs Held = 3,167									
Total Cats Held = 1,927									
Total Other Animals Held = 292									
at an average daily census of 47,666									
Total OTHER Animals Euthanized 62						$3,177			
(mandate added 4 extra holding days)									
Other Euthanasia Rate =									
TOTAL SHELTER COSTS ***(Amount related to Shelter =*** **$610,549**									
Cost per animal = $113.36									
Cost per animal/per day = $12.81									
(05) Total		406				$3,177			

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: Town of Apple Valley **(02) Fiscal Year Costs Were Incurred:** 2007-08

(03) Reimbursable Components: Check only one box per form to identify the component being claimed

A. One-Time Costs

- ☐ Policies and Procedures
- ☐ Training
- ☐ Computer Software

B. On-Going Costs

- ☐ Acquiring Space / Facilities
- ☐ Renovating Facilities
- ☐ Care of Dogs & Cats
- ☐ Care of Other Animals
- ☒ **Holding Period**
- ☐ Feral Cats
- ☐ Lost and Found Lists
- ☐ Non-Medical Records
- ☐ Veterinary Care
- ☐ Procuring Equipment

(04) Description of Expenses: Complete columns (a) through (f)

(a) Employee Names, Job Class., Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	Benefit Rate	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f & g) Services and Supplies	(h) Fixed Assets	(i) Travel and Training	Total Salaries & Benefits
Cost of increasing hours of operation per Hayden Bill									
Number of additional hours facility operating hours pursuant to Hayden Bill = 6 additional hrs/week									
Total Shelter Costs = $ 537,285									
Total hours of facility ops.= 2,912									
Additional Hours mandated = 312									
Cost per hour = $185									
Cost of Addit. Hours mandated : $57,566						$57,566			
(the city keeps it's facility open Saturday from 9-3 to the public to comply with the Hayden Bill state mandate)									
(05) Total						**$57,566**			

STATE FORMULA

(note - there was no facility in 1998)

	animal stats 2005	old facility sq footage	2007-08	new facility sq footage	
		5,500 (A)		36,000	(E)
dogs	1,727	pre-hayden bill	3,167		
cats	690	pre-hayden bill	1,927		
other			292		
total	2,417		5,386		
daily census pre hayden bill	7,251	(B) = (D)	26,930	(F)	
sq feet of animal/day	0.76	(C)			
				10,188	(G)
				1,168	(H)
				8,171	(I)
				6,756	(J)
				14,927	(K)
				100%	(L)
				14,927	(M)
				886	(N)
		eligible percent per state formula ==		51.8%	(P)

2007/2008	July 2007	Aug 2007	Sep 2007	Oct 2007	Nov 2007	Dec 2007	Jan 2008	Feb 2008	March 2008	April 2008	May 2008	June 2008
Dog Intake - Report	**314**	**302**	**282**	**284**	**246**	**240**	**331**	**299**	**240**	**299**	**247**	**262**
Dogs coming into shelter	315	302	282	284	246	240	331	299	240	299	247	262
Owner Turn-in Dogs (shelter/field)	82	77	47	62	51	49	55	61	59	77	44	66
Owner Turn-in DOA Dogs	1	5	3	1	9	2	4	0	5	7	2	3
Stray Dogs by Officer	109	94	117	108	86	90	131	119	79	94	93	84
Stray Dogs by Public	48	68	62	53	58	39	69	59	49	52	53	50
Stray DOA Dogs by Officer/Public/Caltrans	33	11	13	17	16	12	14	15	12	13	14	10
Abandoned Dogs	0	0	0	2	1	0	2	1	1	5	3	3
Returned Adopted Dogs	5	13	6	3	0	10	10	5	8	9	5	4
Citizen Holding in home	21	26	22	22	9	13	23	20	20	19	13	13
Warrant by Officer	0	2	0	10	6	6	0	0	0	1	12	2
Quarantine at Shelter	1	0	0	3	1	1	1	1	0	0	0	0
LLV Picked up by Officer					7	15	12	9	5	6	8	16
Misc.	15	6	12	3	2	3	10	9	2	16	0	11
Dog Disposition - Report	**297**	**281**	**251**	**262**	**240**	**241**	**312**	**264**	**247**	**266**	**237**	**267**
Dogs going out of shelter	297	281	251	262	240	241	312	264	247	266	237	267
Dogs Put to Sleep	158	153	142	122	131	112	167	98	103	131	120	133
RTO Licensed and Altered Dogs	9	7	15	16	14	22	18	14	26	20	6	12
RTO Licensed/Unlicensed Unaltered Dogs	14	23	18	25	15	18	17	28	17	16	27	37
RTO Unlicensed and Altered Dogs	7	9	2	14	10	14	12	8	6	3	1	6
RTO Under 4 Months of Age Dogs		0	0	1	1	0	0	0	2	0	2	1
RTO - Citizen-to-Owner	2	1	1	5	1	1	6	2	6	2	4	3
Escaped	1	0	0	0	0	0	0	0	0	1	0	1
Warrant Return	0	1	0	0	2	0	0	0	0	0	0	0
Stolen	2	0	0	0	1	0	1	0	0	0	0	0
Adopted Dogs	35	49	44	29	24	42	58	60	52	51	35	30
Being Fostered	3	1	2	0	4	1	0	0	0	2	1	1
Rescued Dogs	8	12	4	17	7	8	10	24	7	8	10	16
DOA/ FREEZER	54	24	20	30	24	21	20	23	22	26	23	25
Misc./Other/Died	4	1	3	3	6	2	3	7	6	6	8	2

2007	July 2007	Aug 2007	Sep 2007	Oct 2007	Nov 2007	Dec 2007	Jan 2008	Feb 2008	March 2008	April 2008	May 2008	June 2008
Cat Intake - Report	**227**	**198**	**193**	**207**	**156**	**99**	**117**	**106**	**159**	**222**	**256**	**200**
Cats coming into shelter	**227**	**198**	**193**	**207**	**156**	**99**	**117**	**106**	**159**	**222**	**256**	**200**
Owner Turn-in Cats (shelter/field)	38	28	39	40	28	26	24	23	28	29	47	38
Owner Turn-in DOA Cats	0	0	0	0	0	0	0	2	1	0	0	0
Stray Cats by Officer	29	44	50	53	28	26	22	14	29	63	75	38
Stray Cats by Public	133	103	86	92	70	31	49	53	68	82	104	98
Stray DOA Cats by Officer/Public/Caltrans	20	16	14	18	18	11	15	14	22	15	26	21

Returned Adopted Cats	3	2	2	2	6	0	3	0	4	2	2	3
Abandoned Cats	0	1	1	0	0	0	1	0	0	2	0	0
Warrant by Officer	0	0	0	0	0	0	0	0	0	0	0	0
Citizen Holding at home	0	0	1	0	0	5	1	0	0	1	0	1
Quarantine at Shelter	0	0	0	1	0	0	1	0	0	0	1	1
Misc	4	4	0	1	6	0	1	0	7	28	1	0
Cat Disposition - Report	**236**	**208**	**176**	**220**	**187**	**104**	**102**	**90**	**149**	**198**	**251**	**216**
Cats going out of the shelter	**236**	**208**	**176**	**220**	**187**	**104**	**102**	**90**	**149**	**198**	**251**	**216**
Cats Put to Sleep	189	153	126	170	123	64	42	37	76	117	174	146
Escaped	0	0	0	0	2	2	0	1	0	1	2	1
DOA/FREEZER	20	18	22	20	18	11	16	16	27	14	27	19
Other /Died	0	0	3	0	2	0	4	1	0	8	7	6
RTO Cats	4	0	1	1	2	0	1	6	5	0	0	0
Being Fostered	0	8	0	0	0	0	0	0	0	14	17	5
Rescued Cats	1	0	1	1	1	0	0	0	0	10	5	1
Adopted Cats	22	29	23	28	39	27	39	29	41	34	19	38

Other Intake - Report	**38**	**47**	**25**	**35**	**31**	**25**	**20**	**17**	**23**	**35**	**106**	**60**
Other coming into the shelter	**38**	**47**	**25**	**35**	**31**	**25**	**20**	**17**	**23**	**35**	**106**	**60**
OTI Other at Shelter/Field	1	3	2	4	17	11	0	2	1	1	2	0
Stray Other by Citizen Holding	0	0	0	0	1	0	4	1	0	1	0	0
Stray Other by Officer	12	15	9	7	5	6	0	7	7	11	16	17
Stray Other by Public	5	7	2	2	0	0	2	2	0	9	3	5
Stray DOA Other by Officer	13	22	11	21	2	6	2	4	11	11	22	29
Stray DOA Other by Public	0	0	1	1	2	0	12	0	0	0	0	0
Miscellaneous	7	0	0	0	4	2	0	1	4	2	32	9
Warrant	0	0	0	0	0	0	0	0	0	0	31	0
Other Disposition - Report	42	42	27	42	25	20	26	18	21	35	99	62
Other going out of the shelter	**42**	**42**	**27**	**42**	**25**	**20**	**26**	**18**	**21**	**38**	**99**	**62**
Other Put to Sleep	5	6	2	2	5	7	8	3	3	11	14	7
Other Returned to Owner	0	1	0	0	1	2	0	0	0	0	14	0
Other Released Wildlife	14	7	9	7	3	1	1	2	6	5	27	19
Other at Vet/Rehab/Foster	1	1	0	0	0	0	0	0	0	3	3	0
Other Adopted	2	2	3	3	1	1	4	2	0	2	13	3
Other Rescued	2	1	0	0	1	0	0	1	1	0	3	0
DOA/ FREEZER	17	23	13	28	14	8	12	8	11	14	24	30
Died	1	1	0	2	0	1	1	2	0	3	1	3
Animals held for Quarantine	0	0	0	0	0	0	0	0	0	0	0	0

Over RTS

2007 Total Number of Animals Euthanized

2007	CANINE					FELINE					OTHER	MONTHLY
	A	H	S	O	TOTAL	A	H	S	O	TOTAL	ANIMALS	TOTALS
January	38	49	9	18	**114**	29	18	0	0	**47**	5	**166**
February	29	38	32	6	**105**	25	13	0	2	**40**	3	**148**
March	55	31	7	15	**108**	33	22	0	3	**58**	7	**173**
April	39	30	10	8	**87**	30	39	0	0	**69**	15	**171**
May	42	51	8	15	**116**	44	82	3	1	**130**	16	**262**
June	25	43	11	13	**92**	61	117	4	3	**185**	15	**292**
July	29	45	72	13	**159**	43	132	11	2	**188**	4	**351**
August	46	52	43	9	**150**	54	86	7	1	**148**	5	**303**
September	28	51	58	6	**143**	41	78	6	2	**127**	2	**272**
October	32	49	29	11	**121**	53	105	8	3	**169**	2	**292**
November	23	69	23	10	**125**	24	95	0	3	**122**	5	**252**
December	32	45	21	10	**108**	10	52	0	2	**64**	8	**180**
YTD	418	553	323	134	**1428**	447	839	39	22	**1347**	87	**2862**

411

Total Number of Animals Vaccinated That Were Euthanized

	Canine			Feline		MO TOT	MO TOT
	H	S	A	H	S	K-9	FEL.
January	4	1	3	3	0	8	3
February	6	3	1	2	2-adopt.	10	4
March	5	1	2	8	0	8	8
April	6	1	6	6	1-adopt.	13	7
May	4	0	2	7	2-adopt.	6	9
June	1	1	0	15	0	2	15
July	6	0	0	16	S=6 A=1	6	23
August	2	4	0	15	0	6	15
September	0	2	1	18	S=4 A=2	3	24
October	2	0	0	35	S=1	2	36
November	4	0	0	37	ESC. 1	4	38
December	6	1	0	17	A=1	7	18

owner
PTS

2008 Total Number of Animals Euthanized

2008	CANINE					FELINE					OTHER	MONTHLY
	A	H	S	O	TOTAL	A	H	S	O	TOTAL	ANIMALS	TOTALS
January	55	55	44	14	168	17	19	0	4	40	8	216
February	28	59	11	5	103	18	13	4	5	40	4	147
March	30	45	6	12	93	38	21	5	7	71	3	167
April	41	70	9	11	131	47	49	19	3	118	12	261
May	38	78	13	2	131	35	127	21	1	184	13	328
June	38	63	27	7	135	35	109	0	0	144	6	285
July	48	53	17	4	122	51	111	9	0	171	6	299
August	43	47	22	4	116	80	86	3	0	169	6	291
September	41	44	16	4	105	48	105	2	0	155	4	264
October	32	54	18	6	110	76	129	2	2	209	2	321
November	29	21	34	6	90	55	75	8	1	139	3	232
December	31	26	26	2	85	24	41	1	0	66	4	155
YTD	454	615	243	77	1389	524	885	74	23	1506	71	2966

Total Number of Animals Vaccinated That Were Euthanized

	Canine			MO TOT	Feline			MO TOT
	H	S	A	K-9	H	S	A	FEL.
January	4	2	2	8	8	0	1	9
February	6	0	3	9	2	2	1	4
March	5	7	0	12	2	5	0	7
April	29	2	11	42	13	3	7	23
May	35	3	8	46	20	13	5	38
June	18	16	1	36	61	0	5	66
July	24	0	4	28	48	0	4	52
August	11	3	2	16	41	3	3	47
September	13	5	5	23	29	3	0	32
October	5	11	3	19	76	0	5	81
November	4	5	2	11	37	7	4	48
December	1	2	0	3	10	0	0	10
YTD	155	56	41	253	347	36	35	417

For the Period: 7/1/2007 to 6/30/2008	Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund							
Expenditures							
Dept: 302 Code Enforcement							
725.000 Public Information	2,000.00	2,000.00	294.00	0.00	0.00	1,706.00	14.7
727.000 Grafitti Removal & Supplies	42,000.00	42,000.00	45,173.96	6,682.00	0.00	-3,173.96	107.6
730.704 Transfer - 704	0.00	0.00	-1,428.00	-1,428.00	0.00	1,428.00	0.0
732.000 Special Dept Supplies/Exp	5,500.00	5,500.00	4,403.40	4,222.01	0.00	1,096.60	80.1
740.000 Contract Services	20,000.00	20,000.00	50,432.49	5,465.00	0.00	-30,432.49	252.2
745.000 Legal Services	6,000.00	6,000.00	12,592.98	2,330.51	0.00	-6,592.98	209.9
760.000 Membership & Dues	1,000.00	1,000.00	1,265.00	195.00	0.00	-265.00	126.5
761.000 Meetings & Conferences	0.00	0.00	1,967.56	0.00	0.00	-1,967.56	0.0
763.000 Education & Training	6,500.00	6,500.00	65.00	0.00	0.00	6,435.00	1.0
801.000 Advertising	1,500.00	1,500.00	1,428.00	294.00	0.00	72.00	95.2
809.000 Gasoline, Diesel, Oil	24,000.00	24,000.00	28,931.10	5,990.25	0.00	-4,931.10	120.5
810.000 Vehicle Maintenance	15,000.00	15,000.00	11,383.05	47.91	0.00	3,616.95	75.9
813.000 Equipment Maintenance	1,500.00	1,500.00	306.46	306.46	0.00	1,193.54	20.4
839.000 Communications Equip	0.00	0.00	735.63	0.00	0.00	-735.63	0.0
840.000 Small Tools	1,000.00	1,000.00	1,032.80	203.42	0.00	-32.80	103.3
905.000 Capital Equipment	23,000.00	43,302.00	43,187.57	0.00	0.00	114.43	99.7
Code Enforcement	1,079,060.00	1,099,362.00	1,160,178.29	123,000.62	0.00	-60,816.29	105.5
Dept: 304 Animal Shelter							
701.000 Salaries Regular	306,500.00	306,500.00	317,850.38	35,402.55	0.00	-11,350.38	103.7
702.000 Salaries Part-Time	11,600.00	11,600.00	0.00	0.00	0.00	11,600.00	0.0
703.000 Overtime	2,000.00	2,000.00	700.37	100.95	0.00	1,299.63	35.0
710.000 Cafeteria Benefits	67,200.00	67,200.00	66,337.51	5,437.50	0.00	862.49	98.7
711.000 PERS	68,300.00	68,300.00	64,159.32	10,342.72	0.00	4,140.68	93.9
713.000 Medicare	4,641.00	4,641.00	4,913.57	539.17	0.00	-272.57	105.9
715.000 FICA	720.00	720.00	0.00	0.00	0.00	720.00	0.0
716.000 Uniform Expenses	1,500.00	1,500.00	1,671.91	113.14	0.00	-171.91	111.5
721.000 Office Supplies/Exp	2,000.00	2,000.00	255.94	143.68	0.00	1,744.06	12.8
722.000 Hardware/Software Supplies/Exp	1,600.00	1,600.00	761.77	566.77	0.00	838.23	47.6
723.000 Printing	2,000.00	2,000.00	632.00	12.93	0.00	1,368.00	31.6
724.000 Subscriptions	250.00	250.00	130.00	0.00	0.00	120.00	52.0
729.000 Miscellaneous Costs	0.00	0.00	142.43	142.43	0.00	-142.43	0.0
732.000 Special Dept Supplies/Exp	15,000.00	15,645.00	13,683.19	3,242.75	0.00	1,961.81	87.5
740.000 Contract Services	5,000.00	5,000.00	2,544.45	2,450.00	0.00	2,455.55	50.9
740.302 Drugs/Vaccinations	20,000.00	20,000.00	26,985.79	4,523.77	0.00	-6,985.79	134.9
740.303 Stiles Removal/D & D Removal	5,500.00	5,500.00	5,700.00	1,425.00	0.00	-200.00	103.6
740.305 Emergency Vet Service	6,000.00	6,000.00	3,918.00	348.67	0.00	2,082.00	65.3
740.306 Spay/Neuter Program	30,000.00	30,000.00	32,647.25	4,453.50	0.00	-2,647.25	108.8
760.000 Membership & Dues	250.00	250.00	119.00	0.00	0.00	131.00	47.6
761.000 Meetings & Conferences	0.00	0.00	81.63	71.63	0.00	-81.63	0.0
762.000 Mileage Exp/Allowance	0.00	0.00	95.75	95.75	0.00	-95.75	0.0
763.000 Education & Training	3,000.00	3,000.00	4,109.54	1,402.24	0.00	-1,109.54	137.0
801.000 Advertising	2,500.00	2,500.00	832.83	0.00	0.00	1,667.17	33.3
809.000 Gasoline, Diesel, Oil	0.00	0.00	964.61	181.25	0.00	-964.61	0.0
810.000 Vehicle Maintenance	0.00	0.00	39.00	0.00	0.00	-39.00	0.0
813.000 Equipment Maintenance	2,000.00	2,000.00	294.15	165.15	0.00	1,705.85	14.7
839.000 Communications Equip	0.00	0.00	286.70	198.36	0.00	-286.70	0.0
840.000 Small Tools	0.00	871.00	1,350.13	1,350.13	0.00	-479.13	155.0
855.000 Animal Food Supplies	10,000.00	10,000.00	10,203.02	2,337.29	0.00	-203.02	102.0
905.000 Capital Equipment	17,000.00	16,129.00	8,522.46	8,522.46	0.00	7,606.54	52.8
Animal Shelter	584,561.00	585,206.00	569,932.70	83,569.79	0.00	15,273.30	97.4
Dept: 401 Planning							
701.000 Salaries Regular	425,840.00	425,840.00	504,487.01	51,146.52	0.00	-78,647.01	118.5
702.000 Salaries Part-Time	26,800.00	26,800.00	16,441.40	2,551.10	0.00	10,358.60	61.3
710.000 Cafeteria Benefits	72,400.00	72,400.00	60,900.00	5,075.00	0.00	11,500.00	84.1
711.000 PERS	100,844.00	100,844.00	111,500.27	17,307.64	0.00	-10,656.27	110.6
713.000 Medicare	6,450.00	6,450.00	7,656.84	775.53	0.00	-1,206.84	118.7
714.000 Deferred Comp	9,300.00	9,300.00	10,891.03	919.09	0.00	-1,591.03	117.1
715.000 FICA	1,670.00	1,670.00	1,019.36	158.16	0.00	650.64	61.0
721.000 Office Supplies/Exp	1,500.00	1,500.00	1,310.02	0.00	0.00	189.98	87.3

	Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund							
Expenditures							
Dept: 303 Community Services							
763.000 Education & Training							
Education & Training	0.00	0.00	0.00	0.00	0.00	0.00	0.0
801.000 Advertising							
Advertising	0.00	0.00	0.00	0.00	0.00	0.00	0.0
813.000 Equipment Maintenance							
Equipment Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.0
889.000 Prior Year Activities							
Prior Year Activities	0.00	0.00	0.00	0.00	0.00	0.00	0.0
905.000 Capital Equipment							
Capital Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.0
906.000 Capital Projects							
Capital Projects	0.00	0.00	0.00	0.00	0.00	0.00	0.0
970.000 Prior Period Adjustment							
Prior Period Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Community Services	0.00	0.00	0.00	35.35	0.00	0.00	0.0

Dept: 304 Animal Shelter
701.000 Salaries Regular

07/01/2007	MS	JE 8 REVERSE ACCRUED SALARIES PAYABLE	AT 6/30/07	-6,281.02		
07/13/2007	PA	Adjustment	Pay Date: 07/13/2007	19.60		PA-Wrapup
07/13/2007	PA	Salaries Permanent	Pay Date: 07/13/2007	10,144.87		PA-Wrapup
07/13/2007	PA	Sick Earnings	Pay Date: 07/13/2007	263.33		PA-Wrapup
07/13/2007	PA	Vacation Earnings	Pay Date: 07/13/2007	1,385.84		PA-Wrapup
07/13/2007	PA	Salaries Permanent	Pay Date: 07/13/2007	748.40		PA-Wrapup
07/27/2007	PA	Comp (U)	Pay Date: 07/27/2007	206.15		PA-Wrapup
07/27/2007	PA	Salaries Permanent	Pay Date: 07/27/2007	10,705.00		PA-Wrapup
07/27/2007	PA	Sick Earnings	Pay Date: 07/27/2007	60.45		PA-Wrapup
07/27/2007	PA	Vacation Earnings	Pay Date: 07/27/2007	764.08		PA-Wrapup
07/27/2007	PA	Salaries Permanent	Pay Date: 07/27/2007	748.40		PA-Wrapup
08/10/2007	PA	Salaries Permanent	Pay Date: 08/10/2007	11,060.46		PA-Wrapup
08/10/2007	PA	Sick Earnings	Pay Date: 08/10/2007	342.74		PA-Wrapup
08/10/2007	PA	Vacation Earnings	Pay Date: 08/10/2007	322.40		PA-Wrapup
08/10/2007	PA	Salaries Permanent	Pay Date: 08/10/2007	748.40		PA-Wrapup
08/24/2007	PA	Comp (U)	Pay Date: 08/24/2007	131.31		PA-Wrapup
08/24/2007	PA	Salaries Permanent	Pay Date: 08/24/2007	10,491.31		PA-Wrapup
08/24/2007	PA	Sick Earnings	Pay Date: 08/24/2007	422.78		PA-Wrapup
08/24/2007	PA	Salaries Permanent	Pay Date: 08/24/2007	748.40		PA-Wrapup
09/07/2007	PA	Floating Holiday	Pay Date: 09/07/2007	161.20		PA-Wrapup
09/07/2007	PA	Salaries Permanent	Pay Date: 09/07/2007	9,812.24		PA-Wrapup
09/07/2007	PA	Sick Earnings	Pay Date: 09/07/2007	814.97		PA-Wrapup
09/07/2007	PA	Vacation Earnings	Pay Date: 09/07/2007	339.77		PA-Wrapup
09/21/2007	PA	Comp (U)	Pay Date: 09/21/2007	43.77		PA-Wrapup
09/21/2007	PA	Salaries Permanent	Pay Date: 09/21/2007	11,011.45		PA-Wrapup
09/21/2007	PA	Sick Earnings	Pay Date: 09/21/2007	29.18		PA-Wrapup
10/05/2007	PA	Comp (U)	Pay Date: 10/05/2007	47.95		PA-Wrapup
10/05/2007	PA	Floating Holiday	Pay Date: 10/05/2007	173.60		PA-Wrapup
10/05/2007	PA	Salaries Permanent	Pay Date: 10/05/2007	11,553.68		PA-Wrapup
10/05/2007	PA	Vacation Earnings	Pay Date: 10/05/2007	652.80		PA-Wrapup
10/19/2007	PA	Comp (U)	Pay Date: 10/19/2007	50.38		PA-Wrapup
10/19/2007	PA	Floating Holiday	Pay Date: 10/19/2007	233.44		PA-Wrapup
10/19/2007	PA	Salaries Permanent	Pay Date: 10/19/2007	10,235.55		PA-Wrapup

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
10/19/2007	PA	Sick Earnings	Pay Date: 10/19/2007			861.52				PA-Wrapup
10/19/2007	PA	Vacation Earnings	Pay Date: 10/19/2007			1,026.72				PA-Wrapup
11/02/2007	PA	Comp (U)	Pay Date: 11/02/2007			94.58				PA-Wrapup
11/02/2007	PA	Salaries Permanent	Pay Date: 11/02/2007			9,817.42				PA-Wrapup
11/02/2007	PA	Sick Earnings	Pay Date: 11/02/2007			939.26				PA-Wrapup
11/16/2007	PA	Comp (U)	Pay Date: 11/16/2007			97.24				PA-Wrapup
11/16/2007	PA	Salaries Permanent	Pay Date: 11/16/2007			11,813.76				PA-Wrapup
11/16/2007	PA	Sick Earnings	Pay Date: 11/16/2007			233.28				PA-Wrapup
11/16/2007	PA	Vacation Earnings	Pay Date: 11/16/2007			277.92				PA-Wrapup
11/30/2007	PA	Comp (U)	Pay Date: 11/30/2007			20.65				PA-Wrapup
11/30/2007	PA	Floating Holiday	Pay Date: 11/30/2007			161.20				PA-Wrapup
11/30/2007	PA	Salaries Permanent	Pay Date: 11/30/2007			11,469.40				PA-Wrapup
11/30/2007	PA	Sick Earnings	Pay Date: 11/30/2007			142.55				PA-Wrapup
11/30/2007	PA	Vacation Earnings	Pay Date: 11/30/2007			613.80				PA-Wrapup
12/14/2007	PA	Comp (U)	Pay Date: 12/14/2007			54.89				PA-Wrapup
12/14/2007	PA	Salaries Permanent	Pay Date: 12/14/2007			12,387.45				PA-Wrapup
12/28/2007	PA	Salaries Permanent	Pay Date: 12/28/2007			10,433.15				PA-Wrapup
12/28/2007	PA	Sick Earnings	Pay Date: 12/28/2007			2,053.65				PA-Wrapup
01/11/2008	PA	Floating Holiday	Pay Date: 01/11/2008			233.42				PA-Wrapup
01/11/2008	PA	Salaries Permanent	Pay Date: 01/11/2008			9,088.34				PA-Wrapup
01/11/2008	PA	Sick Earnings	Pay Date: 01/11/2008			233.42				PA-Wrapup
01/11/2008	PA	Vacation Earnings	Pay Date: 01/11/2008			1,384.08				PA-Wrapup
01/25/2008	PA	Comp (U)	Pay Date: 01/25/2008			414.87				PA-Wrapup
01/25/2008	PA	Floating Holiday	Pay Date: 01/25/2008			-158.58				PA-Wrapup
01/25/2008	PA	Salaries Permanent	Pay Date: 01/25/2008			10,728.91				PA-Wrapup
01/25/2008	PA	Sick Earnings	Pay Date: 01/25/2008			761.40				PA-Wrapup
02/08/2008	PA	Comp (U)	Pay Date: 02/08/2008			120.90				PA-Wrapup
02/08/2008	PA	Salaries Permanent	Pay Date: 02/08/2008			11,871.21				PA-Wrapup
02/08/2008	PA	Sick Earnings	Pay Date: 02/08/2008			571.45				PA-Wrapup
02/22/2008	PA	Comp (U)	Pay Date: 02/22/2008			459.77				PA-Wrapup
02/22/2008	PA	Floating Holiday	Pay Date: 02/22/2008			466.88				PA-Wrapup
02/22/2008	PA	Salaries Permanent	Pay Date: 02/22/2008			9,637.66				PA-Wrapup
02/22/2008	PA	Sick Earnings	Pay Date: 02/22/2008			809.43				PA-Wrapup
02/22/2008	PA	Vacation Earnings	Pay Date: 02/22/2008			389.03				PA-Wrapup
03/07/2008	PA	Comp (U)	Pay Date: 03/07/2008			55.88				PA-Wrapup
03/07/2008	PA	Salaries Permanent	Pay Date: 03/07/2008			9,917.64				PA-Wrapup
03/07/2008	PA	Sick Earnings	Pay Date: 03/07/2008			265.50				PA-Wrapup
03/07/2008	PA	Vacation Earnings	Pay Date: 03/07/2008			700.25				PA-Wrapup
03/21/2008	PA	Floating Holiday	Pay Date: 03/21/2008			165.20				PA-Wrapup
03/21/2008	PA	Salaries Permanent	Pay Date: 03/21/2008			9,890.80				PA-Wrapup
03/21/2008	PA	Sick Earnings	Pay Date: 03/21/2008			165.20				PA-Wrapup
03/21/2008	PA	Vacation Earnings	Pay Date: 03/21/2008			778.06				PA-Wrapup
04/04/2008	PA	Comp (U)	Pay Date: 04/04/2008			113.33				PA-Wrapup
04/04/2008	PA	Floating Holiday	Pay Date: 04/04/2008			364.80				PA-Wrapup
04/04/2008	PA	Salaries Permanent	Pay Date: 04/04/2008			10,762.19				PA-Wrapup
04/04/2008	PA	Sick Earnings	Pay Date: 04/04/2008			823.85				PA-Wrapup
04/04/2008	PA	Vacation Earnings	Pay Date: 04/04/2008			330.40				PA-Wrapup
04/18/2008	PA	Comp (U)	Pay Date: 04/18/2008			204.50				PA-Wrapup
04/18/2008	PA	Floating Holiday	Pay Date: 04/18/2008			207.16				PA-Wrapup
04/18/2008	PA	Salaries Permanent	Pay Date: 04/18/2008			11,696.87				PA-Wrapup
04/18/2008	PA	Sick Earnings	Pay Date: 04/18/2008			314.89				PA-Wrapup
04/18/2008	PA	Vacation Earnings	Pay Date: 04/18/2008			182.40				PA-Wrapup
05/02/2008	PA	Comp (U)	Pay Date: 05/02/2008			245.59				PA-Wrapup
05/02/2008	PA	Floating Holiday	Pay Date: 05/02/2008			142.48				PA-Wrapup
05/02/2008	PA	Salaries Permanent	Pay Date: 05/02/2008			12,028.42				PA-Wrapup
05/02/2008	PA	Sick Earnings	Pay Date: 05/02/2008			82.91				PA-Wrapup

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
05/02/2008	PA	Vacation Earnings	Pay Date: 05/02/2008			116.14			PA-Wrapup	
05/16/2008	PA	Comp (U)	Pay Date: 05/16/2008			272.37			PA-Wrapup	
05/16/2008	PA	Floating Holiday	Pay Date: 05/16/2008			142.48			PA-Wrapup	
05/16/2008	PA	Salaries Permanent	Pay Date: 05/16/2008			11,893.08			PA-Wrapup	
05/16/2008	PA	Sick Earnings	Pay Date: 05/16/2008			289.23			PA-Wrapup	
05/30/2008	PA	Comp (U)	Pay Date: 05/30/2008			51.07			PA-Wrapup	
05/30/2008	PA	Floating Holiday	Pay Date: 05/30/2008			274.80			PA-Wrapup	
05/30/2008	PA	Salaries Permanent	Pay Date: 05/30/2008			12,071.40			PA-Wrapup	
05/30/2008	PA	Sick Earnings	Pay Date: 05/30/2008			195.43			PA-Wrapup	
06/13/2008	PA	Comp (U)	Pay Date: 06/13/2008			30.01			PA-Wrapup	
06/13/2008	PA	Floating Holiday	Pay Date: 06/13/2008			297.52			PA-Wrapup	
06/13/2008	PA	Salaries Permanent	Pay Date: 06/13/2008			11,887.17			PA-Wrapup	
06/13/2008	PA	Sick Earnings	Pay Date: 06/13/2008			35.62			PA-Wrapup	
06/13/2008	PA	Vacation Earnings	Pay Date: 06/13/2008			364.80			PA-Wrapup	
06/27/2008	PA	Comp (U)	Pay Date: 06/27/2008			49.62			PA-Wrapup	
06/27/2008	PA	Floating Holiday	Pay Date: 06/27/2008			900.84			PA-Wrapup	
06/27/2008	PA	Salaries Permanent	Pay Date: 06/27/2008			12,319.10			PA-Wrapup	
06/27/2008	PA	Sick Earnings	Pay Date: 06/27/2008			380.22			PA-Wrapup	
06/27/2008	PA	Vacation Earnings	Pay Date: 06/27/2008			330.40			PA-Wrapup	
06/30/2008	MS	JE 106 TO ACCRUE SALARIES @ 6/30/08				8,807.25				
Salaries Regular				306,500.00	306,500.00	317,850.38	35,402.55	0.00	-11,350.38	103.7
702.000 Salaries Part-Time										
Salaries Part-Time				11,600.00	11,600.00	0.00	0.00	0.00	11,600.00	0.0
703.000 Overtime										
07/01/2007	MS	JE 8 REVERSE ACCRUED SALARIES PAYABLE	AT 6/30/07			-10.52				
07/13/2007	PA	Overtime (1.5x)	Pay Date: 07/13/2007			21.05			PA-Wrapup	
07/27/2007	PA	Overtime (1.5x)	Pay Date: 07/27/2007			7.02			PA-Wrapup	
09/07/2007	PA	Overtime (1.5x)	Pay Date: 09/07/2007			54.71			PA-Wrapup	
10/05/2007	PA	Overtime (1.5x)	Pay Date: 10/05/2007			116.89			PA-Wrapup	
10/19/2007	PA	Overtime (1.5x)	Pay Date: 10/19/2007			13.03			PA-Wrapup	
12/14/2007	PA	Overtime (1.5x)	Pay Date: 12/14/2007			7.74			PA-Wrapup	
12/28/2007	PA	Overtime (1.5x)	Pay Date: 12/28/2007			209.26			PA-Wrapup	
02/08/2008	PA	Overtime (1.5x)	Pay Date: 02/08/2008			7.02			PA-Wrapup	
02/22/2008	PA	Overtime (1.5x)	Pay Date: 02/22/2008			30.40			PA-Wrapup	
05/02/2008	PA	Overtime (1.5x)	Pay Date: 05/02/2008			77.16			PA-Wrapup	
05/16/2008	PA	Overtime (1.5x)	Pay Date: 05/16/2008			65.66			PA-Wrapup	
06/27/2008	PA	Overtime (1.5x)	Pay Date: 06/27/2008			100.95			PA-Wrapup	
Overtime				2,000.00	2,000.00	700.37	100.95	0.00	1,299.63	35.0
710.000 Cafeteria Benefits										
07/27/2007	PA	Balance of Town Benefit	Pay Date: 07/27/2007			2,499.97			PA-Wrapup	
07/27/2007	PA	Excess Life Insurance	Pay Date: 07/27/2007			51.34			PA-Wrapup	
07/31/2007	MS	JE 54 CAFETERIA COSTS FOR JULY 07				2,523.69				
08/24/2007	PA	Balance of Town Benefit	Pay Date: 08/24/2007			2,161.65			PA-Wrapup	
08/24/2007	PA	Excess Life Insurance	Pay Date: 08/24/2007			34.39			PA-Wrapup	
08/24/2007	PA	Balance of Town Benefit	Pay Date: 08/24/2007			105.23			PA-Wrapup	
08/31/2007	MS	JE 86 CAFETERIA COSTS AUGUST 2007				3,136.23				
09/21/2007	PA	Balance of Town Benefit	Pay Date: 09/21/2007			1,928.57			PA-Wrapup	
09/21/2007	PA	Excess Life Insurance	Pay Date: 09/21/2007			17.44			PA-Wrapup	
09/30/2007	MS	JE 61 CAFETERIA COSTS FOR SEPT 2007				3,491.49				
10/19/2007	PA	Balance of Town Benefit	Pay Date: 10/19/2007			1,928.56			PA-Wrapup	
10/19/2007	PA	Excess Life Insurance	Pay Date: 10/19/2007			23.09			PA-Wrapup	
10/31/2007	MS	JE 73 CAFETERIA COSTS FOR OCT 2007				3,485.85				
11/16/2007	PA	Balance of Town Benefit	Pay Date: 11/16/2007			1,928.57			PA-Wrapup	
11/16/2007	PA	Excess Life Insurance	Pay Date: 11/16/2007			23.09			PA-Wrapup	

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
11/30/2007	MS	JE 51 CAFETERIA COSTS FOR NOV. 2007				3,485.84				
12/28/2007	PA	Balance of Town Benefit	Pay Date: 12/28/2007			1,928.57			PA-Wrapup	
12/28/2007	PA	Excess Life Insurance	Pay Date: 12/28/2007			17.44			PA-Wrapup	
12/31/2007	MS	JE 85 CAFETERIA COSTS FOR DEC 2007				3,491.49				
01/25/2008	PA	Balance of Town Benefit	Pay Date: 01/25/2008			1,927.65			PA-Wrapup	
01/25/2008	PA	Excess Life Insurance	Pay Date: 01/25/2008			33.26			PA-Wrapup	
01/31/2008	MS	JE 66 CAFETERIA COST FOR JAN 2008				4,201.59				
02/22/2008	PA	Balance of Town Benefit	Pay Date: 02/22/2008			1,927.66			PA-Wrapup	
02/22/2008	PA	Excess Life Insurance	Pay Date: 02/22/2008			24.22			PA-Wrapup	
02/29/2008	MS	JE 64 CAFETERIA COSTS FOR FEB 2008				4,210.63				
03/21/2008	PA	Balance of Town Benefit	Pay Date: 03/21/2008			1,580.80			PA-Wrapup	
03/21/2008	PA	Excess Life Insurance	Pay Date: 03/21/2008			140.02			PA-Wrapup	
04/01/2008	MS	JE 10 CAFETERIA COSTS FOR MARCH 2008				3,716.68				
04/18/2008	PA	Balance of Town Benefit	Pay Date: 04/18/2008			1,580.80			PA-Wrapup	
04/18/2008	PA	Excess Life Insurance	Pay Date: 04/18/2008			140.02			PA-Wrapup	
04/30/2008	MS	JE77 CAFETERIA COSTS FOR APRIL 2008				3,716.68				
05/16/2008	PA	Balance of Town Benefit	Pay Date: 05/16/2008			1,932.27			PA-Wrapup	
05/16/2008	PA	Excess Life Insurance	Pay Date: 05/16/2008			140.02			PA-Wrapup	
05/31/2008	MS	JE 98 CAFETERIA COSTS FOR MAY 08				3,365.21				
06/27/2008	PA	Balance of Town Benefit	Pay Date: 06/27/2008			2,006.09			PA-Wrapup	
06/27/2008	PA	Excess Life Insurance	Pay Date: 06/27/2008			-168.78			PA-Wrapup	
06/30/2008	MS	JE 88 CAFETERIA COSTS FOR JUNE 2008				3,600.19				
Cafeteria Benefits				67,200.00	67,200.00	66,337.51	5,437.50	0.00	862.49	98.7
711.000 PERS										
07/09/2007	AP	P.E.R.S.	65022			-2,392.20	INV#: 6-2007-4		65022	
07/20/2007	AP	P.E.R.S.	6-30-07 PAYROLL			2,392.20	INV#: 6-2007-4		65634	
08/03/2007	AP	P.E.R.S.	7-27-07 PAYROLL			2,469.49	INV#: 7-2007-4		66020	
08/03/2007	AP	P.E.R.S.	7-13-07 PAYROLL			2,473.86	INV#: 7-2007-3		66021	
08/30/2007	AP	P.E.R.S.	PPE 8-18-07			2,469.49	INV#: 8-2007-4		66964	
08/30/2007	AP	P.E.R.S.	PPE 8-4-07			2,469.49	INV#: 8-2007-3		66965	
09/26/2007	AP	P.E.R.S.	PPE 9-1-07			2,469.49	INV#: 9-2007-3		67721	
09/27/2007	AP	P.E.R.S.	PPE 9-15-07			2,469.49	INV#: 9-2007-4		67844	
11/20/2007	AP	P.E.R.S.	PPE 9-29-07			2,469.49	INV#: 9-2007-5		69370	
11/20/2007	AP	P.E.R.S.	PPE 10-13-07			2,469.49	INV#: 10-2007-3		69371	
11/20/2007	AP	P.E.R.S.	PPE 10-27-07			2,122.75	INV#: 10-2007-4		69372	
12/06/2007	AP	P.E.R.S.	PPE 11-10-07			2,469.49	INV#: 11-2007-3		69841	
12/20/2007	AP	P.E.R.S.				2,469.49	INV#: 11-2007-4		70357	
12/20/2007	AP	P.E.R.S.				2,469.49	INV#: 12-2007-3		70358	
01/09/2008	AP	P.E.R.S.	PPE 12-22-07			2,487.14	INV#: 12-2007-4		70821	
01/17/2008	AP	P.E.R.S.	1-2008-3			2,142.36	INV#: 1-2008-3		70917	
02/19/2008	AP	P.E.R.S.	PPE 1-19-08			2,617.03	INV#: 1-2008-4		71918	
02/19/2008	AP	P.E.R.S.	PPE 2-2-08			2,783.90	INV#: 2-2008-3		71919	
04/09/2008	AP	P.E.R.S.	PPE 2-16-08			2,610.53	INV#: 2-2008-4		73490	
04/09/2008	AP	P.E.R.S.	PPE 3-1-08			2,204.62	INV#: 3-2008-3		73491	
04/30/2008	AP	P.E.R.S.	PPE 3-17-08			2,209.07	INV#: 3-2008-4		74297	
04/30/2008	AP	P.E.R.S.	ppe 3-29-08			2,466.59	INV#: 3-2008-5		74298	
04/30/2008	AP	P.E.R.S.	PPE 4-12-08			2,498.01	INV#: 4-2008-3		74299	
05/28/2008	AP	P.E.R.S.	PPE 4-26-08			2,505.84	INV#: 4-2008-4		74944	
06/18/2008	AP	P.E.R.S.	PPE 5-10-08			2,505.84	INV#: 5-2008-3		75649	
06/30/2008	AP	P.E.R.S.	PPE 5-24-08			2,505.84	INV#: 5-2008-4		75900	
06/30/2008	AP	P.E.R.S.	PPE 6-7-08			2,511.19	INV#: 6-2008-3		75901	
06/30/2008	AP	P.E.R.S.	PPE 6-21-08			2,819.85	INV#: 6-2008-4		75902	
PERS				68,300.00	68,300.00	64,159.32	10,342.72	0.00	4,140.68	93.9
713.000 Medicare										
07/01/2007	MS	JE 8 REVERSE ACCRUED SALARIES PAYABLE	AT 6/30/07			-89.99				

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
07/13/2007	PA	Medicare Cost	Pay Date: 07/13/2007			168.84			PA-Wrapup	
07/13/2007	PA	Medicare Cost	Pay Date: 07/13/2007			11.15			PA-Wrapup	
07/27/2007	PA	Medicare Cost	Pay Date: 07/27/2007			204.68			PA-Wrapup	
07/27/2007	PA	Medicare Cost	Pay Date: 07/27/2007			10.96			PA-Wrapup	
08/10/2007	PA	Medicare Cost	Pay Date: 08/10/2007			167.55			PA-Wrapup	
08/10/2007	PA	Medicare Cost	Pay Date: 08/10/2007			10.85			PA-Wrapup	
08/24/2007	PA	Medicare Cost	Pay Date: 08/24/2007			189.53			PA-Wrapup	
08/24/2007	PA	Medicare Cost	Pay Date: 08/24/2007			12.38			PA-Wrapup	
09/07/2007	PA	Medicare Cost	Pay Date: 09/07/2007			159.68			PA-Wrapup	
09/21/2007	PA	Medicare Cost	Pay Date: 09/21/2007			186.47			PA-Wrapup	
10/05/2007	PA	Medicare Cost	Pay Date: 10/05/2007			179.29			PA-Wrapup	
10/19/2007	PA	Medicare Cost	Pay Date: 10/19/2007			205.83			PA-Wrapup	
11/02/2007	PA	Medicare Cost	Pay Date: 11/02/2007			154.74			PA-Wrapup	
11/16/2007	PA	Medicare Cost	Pay Date: 11/16/2007			205.84			PA-Wrapup	
11/30/2007	PA	Medicare Cost	Pay Date: 11/30/2007			179.90			PA-Wrapup	
12/14/2007	PA	Medicare Cost	Pay Date: 12/14/2007			177.93			PA-Wrapup	
12/28/2007	PA	Medicare Cost	Pay Date: 12/28/2007			209.67			PA-Wrapup	
01/11/2008	PA	Medicare Cost	Pay Date: 01/11/2008			156.02			PA-Wrapup	
01/25/2008	PA	Medicare Cost	Pay Date: 01/25/2008			196.15			PA-Wrapup	
02/08/2008	PA	Medicare Cost	Pay Date: 02/08/2008			179.69			PA-Wrapup	
02/22/2008	PA	Medicare Cost	Pay Date: 02/22/2008			196.70			PA-Wrapup	
03/07/2008	PA	Medicare Cost	Pay Date: 03/07/2008			155.26			PA-Wrapup	
03/21/2008	PA	Medicare Cost	Pay Date: 03/21/2008			181.09			PA-Wrapup	
04/04/2008	PA	Medicare Cost	Pay Date: 04/04/2008			178.82			PA-Wrapup	
04/18/2008	PA	Medicare Cost	Pay Date: 04/18/2008			206.85			PA-Wrapup	
05/02/2008	PA	Medicare Cost	Pay Date: 05/02/2008			183.15			PA-Wrapup	
05/16/2008	PA	Medicare Cost	Pay Date: 05/16/2008			212.76			PA-Wrapup	
05/30/2008	PA	Medicare Cost	Pay Date: 05/30/2008			182.59			PA-Wrapup	
06/13/2008	PA	Medicare Cost	Pay Date: 06/13/2008			182.02			PA-Wrapup	
06/27/2008	PA	Medicare Cost	Pay Date: 06/27/2008			229.93			PA-Wrapup	
06/30/2008	MS	JE 106 TO ACCRUE SALARIES @ 6/30/08				127.22				
Medicare				4,641.00	4,641.00	4,913.57	539.17	0.00	-272.57	105.9
715.000 FICA										
FICA				720.00	720.00	0.00	0.00	0.00	720.00	0.0
716.000 Uniform Expenses										
09/05/2007	AP	PRINT-N-PLAY	15 POLO SHIRTS			339.42	INV#: 8-28-07		66999	
09/20/2007	AP	PHOENIX PRINTING & PROMOTION	JAMES NAME BADGE			11.85	INV#: 27855		67639	
09/27/2007	AP	I.M.P.A.C. GOVERNMENT SERVICES	AUG PURCHASES			368.84	INV#: 8-22-07		67845	
10/03/2007	AP	PRINT-N-PLAY	LOGOS ON SMOCKS			100.00	INV#: 9-19-07		67983	
11/07/2007	AP	U.S. BANK	SEPT PURCHASES			328.99	INV#: 9-24-07		68685	
11/27/2007	AP	U.S. BANK	OCT PURCHASES			15.99	INV#: 10-22-07		69569	
01/04/2008	AP	U.S. BANK	NOV. PURCHASES			-15.99	INV#: 11-24-07		70683	
01/08/2008	AP	PRINT-N-PLAY	5 SHIRTS			113.14	INV#: AC 24		70742	
01/17/2008	AP	PRINT-N-PLAY	LOGOS			10.00	INV#: 12-3-07		70965	
02/15/2008	AP	U.S. BANK	DECEMBER PURCHASES			161.53	INV#: 12-24-07		71913	
03/26/2008	AP	PRINT-N-PLAY	AC SHIRTS			125.00	INV#: 2-27-08		73037	
06/30/2008	MS	JE 157 ACCRUE LIABILITIES @ 6/30/08				113.14				
Uniform Expenses				1,500.00	1,500.00	1,671.91	113.14	0.00	-171.91	111.5
721.000 Office Supplies/Exp										
08/09/2007	AP	OFFICE MAX	ANIMAL CONTROL			12.41	INV#: 759528		66261	
10/17/2007	AP	OFFICE MAX	ANIMAL CONTROL			30.71	INV#: 884556		68282	
02/06/2008	AP	OFFICE DEPOT				26.64	INV#: 411916783-002		71440	
02/06/2008	AP	OFFICE DEPOT				34.22	INV#: 415265091-001		71441	
02/11/2008	AP	OFFICE DEPOT				8.28	INV#: 416143532-001		71658	

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
06/04/2008	AP	OFFICE MAX	ANIMAL CONTROL			110.54	INV#: 535769		75113	
06/11/2008	AP	OFFICE MAX	MUNICIPAL SERVICES			33.14	INV#: 027859		75500	
Office Supplies/Exp				2,000.00	2,000.00	255.94	143.68	0.00	1,744.06	12.8
721.100 ANIMAL FOOD SUPPLIES										
ANIMAL FOOD SUPPLIES				0.00	0.00	0.00	0.00	0.00	0.00	0.0
722.000 Hardware/Software Supplies/Exp										
02/01/2008	AP	ROSERUSH SERVICES LLC				195.00	INV#: 2008-1-92307		71320	
06/30/2008	MS	JE 182 ACCRUE LIABILITIES @ 6/30/08				566.77				
Hardware/Software Supplies/Exp				1,600.00	1,600.00	761.77	566.77	0.00	838.23	47.6
723.000 Printing										
10/25/2007	AP	TYPE-SET-GO	BUSINESS CARDS			51.72	INV#: 11391		68563	
11/09/2007	AP	TYPE-SET-GO	AC FORMS			343.73	INV#: 11424		69033	
01/03/2008	AP	PHOENIX PRINTING & LIQUID ART	4 NAME BADGES			12.37	INV#: 77490		70546	
01/17/2008	AP	PHOENIX PRINTING & LIQUID ART	NAME BADGES			37.15	INV#: 77489		71020	
02/20/2008	AP	TYPE-SET-GO	BUSINESS CARD MASTERS			95.90	INV#: 11169		72023	
05/29/2008	AP	MOJAVE COPY	EUTHANASIA LOGS			78.20	INV#: 74542		75083	
06/30/2008	AP	TYPE-SET-GO	BUSINESS CARDS			12.93	INV#: 11341		76291	
Printing				2,000.00	2,000.00	632.00	12.93	0.00	1,368.00	31.6
724.000 Subscriptions										
11/27/2007	AP	U.S. BANK	OCT PURCHASES			130.00	INV#: 10-22-07		69569	
Subscriptions				250.00	250.00	130.00	0.00	0.00	120.00	52.0
729.000 Miscellaneous Costs										
06/30/2008	MS	JE 182 ACCRUE LIABILITIES @ 6/30/08				142.43				
Miscellaneous Costs				0.00	0.00	142.43	142.43	0.00	-142.43	0.0
729.100 USE G/L CODE 855										
USE G/L CODE 855				0.00	0.00	0.00	0.00	0.00	0.00	0.0
732.000 Special Dept Supplies/Exp										
07/01/2007	MS	JE 66 REVERSE 6/30/07 USBANK ACCRUAL				-79.50				
07/01/2007	MS	JE 72 REVERSE JUNE ACCRUED EXPENSE				-92.38				
07/20/2007	AP	WAXIE SANITARY SUPPLY	DONNA			333.26	INV#: 70125267		65549	
08/02/2007	AP	WAL-MART				92.38	INV#: 027578		65867	
08/02/2007	AP	WAL-MART				57.36	INV#: 018152		65871	
08/02/2007	AP	WAL-MART				27.20	INV#: 011007		65876	
08/02/2007	AP	WAL-MART				44.52	INV#: 009489		65877	
08/03/2007	AP	LOWE'S				21.39	INV#: 10539		66029	
08/09/2007	AP	NATIONAL BAND & TAG CO.	5000 TAGS			594.63	INV#: 242775		66158	
08/22/2007	AP	I.M.P.A.C. GOVERNMENT SERVICES	JUNE PURCHASES			79.50	INV#: 6-22-07		66498	
08/22/2007	AP	WAXIE SANITARY SUPPLY	DONNA			553.34	INV#: 70179827		66685	
08/30/2007	AP	WAL-MART				49.75	INV#: 015124		66957	
08/30/2007	AP	WAL-MART				56.99	INV#: 007039		66961	
08/30/2007	AP	WAL-MART				46.53	INV#: 031043		66963	
09/12/2007	AP	4 IMPRINT	MAGNETS			150.99	INV#: 3343170		67209	
09/13/2007	AP	MWI VETERINARY SUPPLY	PET CADDIES			79.02	INV#: 3123519		67299	
09/13/2007	AP	LOWE'S				172.91	INV#: 11686		67319	
09/20/2007	AP	ANIMAL CARE & EQUIPMENT SVS.	CAT TONG			95.51	INV#: 1071635-IN		67640	
09/22/2007	AP	4 IMPRINT	67209			-150.99	INV#: 3343170		67209	
09/27/2007	AP	I.M.P.A.C. GOVERNMENT SERVICES	AUG PURCHASES			305.14	INV#: 8-22-07		67845	
10/03/2007	AP	WAL-MART				95.38	INV#: 014200		67892	
10/03/2007	AP	WAXIE SANITARY SUPPLY	DONNA			301.55	INV#: 70233889		67897	
10/03/2007	AP	WAL-MART				47.14	INV#: 004270		68061	
10/03/2007	AP	WAL-MART				78.18	INV#: 030651		68062	
10/03/2007	AP	WAL-MART				15.39	INV#: 023018		68064	

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
10/03/2007	AP	WAL-MART				29.33	INV#: 007193			68075
10/18/2007	AP	ANIMAL HEALTH & SANITARY	DEGREASER			149.22	INV#: 11883			68462
10/31/2007	MS	JE 90 TRANS WAXIE FR 304 TO 109				-1,188.15				
11/07/2007	AP	U.S. BANK	SEPT PURCHASES			1,713.91	INV#: 9-24-07			68685
11/08/2007	AP	BARR LUMBER				3.45	INV#: 08197341			68706
11/08/2007	AP	BARR LUMBER				6.26	INV#: 08197482			68733
11/08/2007	AP	AARDVARK PUMPING SERVICES, INC	PORTA POTTIES			276.76	INV#: 557754			68808
11/08/2007	AP	WAL-MART				26.91	INV#: 019543			68907
11/08/2007	AP	WAL-MART				97.75	INV#: 012729			68914
11/08/2007	AP	WAL-MART				65.32	INV#: 017535			68915
11/08/2007	AP	WAL-MART				38.67	INV#: 005254			68916
11/08/2007	AP	WAL-MART				80.71	INV#: 019073			68922
11/08/2007	AP	WAL-MART				41.32	INV#: 025386			68923
11/08/2007	AP	WAL-MART				20.57	INV#: 021608			68924
11/14/2007	AP	ANIMAL HEALTH & SANITARY				3,228.42	INV#: 11990			69298
11/20/2007	AP	MWI VETERINARY SUPPLY	PET CADDIES			79.02	INV#: 2918225			69536
11/27/2007	AP	U.S. BANK	OCT PURCHASES			12.20	INV#: 10-22-07			69569
11/27/2007	AP	DESERT FEED STORE	LAMP			16.86	INV#: 0109-25			69624
11/27/2007	AP	DESERT FEED STORE	LIGHT, MONKEY CHOW			10.77	INV#: 0109-27			69625
11/28/2007	AP	MC MASTER-CARR SUPPLY COMPANY	PADLOCKS			123.81	INV#: 75812734			69733
12/06/2007	AP	WAL-MART				33.23	INV#: 022284			69750
12/06/2007	AP	WAL-MART				39.68	INV#: 030796			69756
12/06/2007	AP	WAL-MART				14.97	INV#: 009579			69757
12/06/2007	AP	WAL-MART				37.20	INV#: 006830			69758
12/06/2007	AP	WAL-MART				88.89	INV#: 016925			69759
01/04/2008	AP	WAL-MART				199.24	INV#: 013268			70624
01/04/2008	AP	WAL-MART				101.91	INV#: 027007			70627
01/04/2008	AP	WAL-MART				20.43	INV#: 001521			70628
01/08/2008	AP	DESERT FEED STORE	LAMPS			33.80	INV#: 4026			70723
01/08/2008	AP	WAL-MART				57.29	INV#: 011198			70734
01/08/2008	AP	WAL-MART				47.52	INV#: 006150			70735
01/08/2008	AP	BARR LUMBER				5.20	INV#: 08199288			70764
01/08/2008	AP	BARR LUMBER				13.55	INV#: 08198792			70767
02/01/2008	AP	STERICYCLE				139.40	INV#: 0004255576			71321
02/06/2008	AP	WAL-MART				34.07	INV#: 008859			71395
02/06/2008	AP	WAL-MART				39.65	INV#: 002778			71396
02/06/2008	AP	WAL-MART				34.18	INV#: 015709			71397
02/06/2008	AP	WAL-MART				91.08	INV#: 016117			71398
02/06/2008	AP	WAL-MART				41.35	INV#: 019810			71399
02/06/2008	AP	WAL-MART				51.27	INV#: 026849			71403
02/07/2008	AP	KEEP AMERICA BEAUTIFUL INC.	CRAYONS, CLOCKS			152.76	INV#: 700353			71651
02/13/2008	AP	CASH	PA PETTY CASH			58.50	INV#: 2-5-08			71701
02/15/2008	AP	U.S. BANK	DECEMBER PURCHASES			87.66	INV#: 12-24-07			71913
02/26/2008	AP	LOWE'S	55861			-270.94	INV#: 14169			55861
02/29/2008	AP	LOWE'S				270.94	INV#: 014169			72127
03/05/2008	AP	WAL-MART				45.73	INV#: 024019			72376
03/06/2008	AP	WAL-MART				61.95	INV#: 012441			72505
03/13/2008	AP	DESERT FEED STORE	BULB			7.53	INV#: 9762-33			72612
04/02/2008	AP	WAL-MART				47.91	INV#: 011524			73282
04/02/2008	AP	WAL-MART				20.43	INV#: 011545			73283
04/02/2008	AP	WAL-MART				37.58	INV#: 029920			73287
04/02/2008	AP	WAL-MART				75.91	INV#: 021399			73292
04/02/2008	AP	DESERT FEED STORE	LIGHT			12.92	INV#: 4922-44			73435
04/10/2008	AP	U.S. BANK	FEB PURCHASES			76.70	INV#: 2-22-08			73601
04/30/2008	AP	WAL-MART				63.08	INV#: 015980			74238
04/30/2008	AP	WAL-MART				27.65	INV#: 010405			74239

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
04/30/2008	AP	WAL-MART				92.53	INV#: 002696		74243	
04/30/2008	AP	WAL-MART				72.78	INV#: 020024		74248	
04/30/2008	AP	WAL-MART				44.89	INV#: 025878		74249	
04/30/2008	AP	DESERT FEED STORE	LIGHT BULB			12.92	INV#: 7799-7		74259	
04/30/2008	AP	WAL-MART				141.46	INV#: 017039		74278	
05/07/2008	AP	U.S. BANK	MARCH PURCHASES			213.35	INV#: 3-24-08		74345	
05/08/2008	AP	LOWE'S				116.59	INV#: 13602		74448	
05/29/2008	AP	WAL-MART				37.40	INV#: 002837		75014	
06/04/2008	AP	BARR LUMBER				25.15	INV#: 08202936		75107	
06/04/2008	AP	WAL-MART				74.11	INV#: 015999		75108	
06/04/2008	AP	WAL-MART				69.10	INV#: 007619		75109	
06/04/2008	AP	DESERT FEED STORE	HEAT LAMP			31.22	INV#: 7632-37		75110	
06/04/2008	AP	ANIMAL HEALTH & SANITARY				350.95	INV#: 13119		75212	
06/04/2008	AP	ANIMAL HEALTH & SANITARY				1,671.24	INV#: 13066		75213	
06/30/2008	AP	WAL-MART				95.07	INV#: 017435		75968	
06/30/2008	AP	WAL-MART				21.89	INV#: 005859		75975	
06/30/2008	AP	WAL-MART				52.44	INV#: 011297		75977	
06/30/2008	AP	WAL-MART				3.64	INV#: 024691		75978	
06/30/2008	AP	WAL-MART				61.81	INV#: 020326		75979	
06/30/2008	AP	WAL-MART				16.63	INV#: 029062		75980	
06/30/2008	AP	WAL-MART				301.31	INV#: 13282		76006	
06/30/2008	AP	ANIMAL HEALTH & SANITARY				130.35				
06/30/2008	MS	JE 153 ACCRUE LIABILITIES @ 6/30/08				47.17				
06/30/2008	MS	JE 182 ACCRUE LIABILITIES @ 6/30/08				290.67				
06/30/2008	MS	JE 183 ACCRUE LIABILITIES @ 6/30/08								
Special Dept Supplies/Exp				15,000.00	15,645.00	13,683.19	3,242.75	0.00	1,961.81	87.5
737.000 Shelter Donation Expenditures										
Shelter Donation Expenditures				0.00	0.00	0.00	0.00	0.00	0.00	0.0
740.000 Contract Services										
11/28/2007	AP	CREDIT MANAGEMENT SERVICES	JOSHUA MONK			20.90	INV#: 3289521		69694	
05/08/2008	AP	CREDIT MANAGEMENT SERVICES	DAUBER, LOY			73.55	INV#: 3353764		74446	
06/30/2008	AP	TRANSWORLD SYSTEMS INC.	COLLECTION SERVICES			2,450.00	INV#: A23402-5383		76035	
Contract Services				5,000.00	5,000.00	2,544.45	2,450.00	0.00	2,455.55	50.9
740.301 County Public Health										
County Public Health				0.00	0.00	0.00	0.00	0.00	0.00	0.0
740.302 Drugs/Vaccinations										
07/01/2007	MS	JE 77 REVERSE JUNE ACCRUED EXPENSE				-248.21				
07/19/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 82426		65497	
07/19/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				246.30	INV#: 82530		65499	
07/20/2007	AP	MWI VETERINARY SUPPLY				847.16	INV#: 2797670		65550	
07/20/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				36.00	INV#: 286798		65555	
07/20/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				48.00	INV#: 286790		65556	
07/20/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 82957		65563	
07/20/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				15.00	INV#: 82781		65564	
08/03/2007	AP	MWI VETERINARY SUPPLY	TELAZOL			228.93	INV#: 1493849		66024	
08/03/2007	AP	MWI VETERINARY SUPPLY	HYDROCODONE			19.28	INV#: 1163171		66025	
08/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 83389		66078	
08/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 83171		66085	
08/03/2007	AP	IDEXX LABORATORIES	SNAP PARVO			495.87	INV#: 225968292		66086	
08/09/2007	AP	MWI VETERINARY SUPPLY				46.36	INV#: 2918138		66161	
08/09/2007	AP	MWI VETERINARY SUPPLY				8.73	INV#: 2918139		66162	
08/09/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 83845		66165	
08/09/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				36.00	INV#: 287882		66167	
08/09/2007	AP	AVID IDENTIFICATION SYSTEMS IN	FRIEND CHIPS			799.27	INV#: 211941		66177	

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
08/16/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				115.99	INV#: 83928			66393
08/16/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 83242			66396
08/22/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				12.00	INV#: 289131			66676
08/22/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				24.00	INV#: 289136			66677
08/22/2007	AP	MWI VETERINARY SUPPLY	SURGILUBE			4.85	INV#: 3021094			66680
08/22/2007	AP	MWI VETERINARY SUPPLY				7.18	INV#: 3036758			66681
08/22/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 84606			66682
08/22/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 84749			66684
08/22/2007	AP	MWI VETERINARY SUPPLY	ECLIPSE 3			103.44	INV#: 3024578			66716
08/30/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				12.00	INV#: 289708			66935
08/30/2007	AP	MWI VETERINARY SUPPLY	TELAZOL			238.11	INV#: 3021076			66943
09/05/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 85362			66982
09/05/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 85670			66983
09/05/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				12.00	INV#: 289670			67019
09/12/2007	AP	MWI VETERINARY SUPPLY				116.23	INV#: 3123397			67202
09/12/2007	AP	AVID IDENTIFICATION SYSTEMS IN	FRIENDCHIPS			1,864.95	INV#: 214936			67208
09/13/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				24.00	INV#: 290752			67324
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 84124			67447
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 85969			67451
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 86136			67454
09/20/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 86518			67638
09/20/2007	AP	IDEXX LABORATORIES	SNAP PARVO 5T			185.55	INV#: 226627271			67641
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 86788			67899
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 86873			67900
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 86946			67901
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				64.00	INV#: 87027			67902
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 87087			67903
10/03/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				24.00	INV#: 292627			67905
10/03/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				61.32	INV#: 292066			68034
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 87509			68079
10/17/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 88155			68283
10/17/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				36.00	INV#: 293639			68285
10/18/2007	AP	VORTECH PHARMACEUTICALS	FATAL PLUS POWDER			1,206.79	INV#: 075765			68405
10/18/2007	AP	MWI VETERINARY SUPPLY				159.55	INV#: 3341498			68459
10/18/2007	AP	MWI VETERINARY SUPPLY				222.03	INV#: 3342444			68460
10/18/2007	AP	MWI VETERINARY SUPPLY				11.64	INV#: 3341501			68461
10/25/2007	AP	MWI VETERINARY SUPPLY				53.51	INV#: 3506032			68489
10/25/2007	AP	MWI VETERINARY SUPPLY				447.49	INV#: 3474826			68490
10/25/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				26.14	INV#: 294607			68516
10/25/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				13.25	INV#: 294214			68518
10/25/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				13.25	INV#: 294242			68519
11/08/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				39.75	INV#: 295732			68757
11/08/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 89120			68766
11/08/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 89180			68767
11/08/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 89260			68768
11/08/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 89375			68769
11/08/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 89086			68770
11/08/2007	AP	MWI VETERINARY SUPPLY				93.41	INV#: 3509162			69007
11/08/2007	AP	MWI VETERINARY SUPPLY				6.52	INV#: 3508802			69008
11/08/2007	AP	MWI VETERINARY SUPPLY				24.43	INV#: 3423587			69009
11/08/2007	AP	MWI VETERINARY SUPPLY				35.97	INV#: 3423585			69010
11/09/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 88706			69036
11/14/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 89460			69313
11/20/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				22.00	INV#: 89740			69523
11/28/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 90657			69729
11/28/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 90533			69731

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
11/28/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 90396			69732
11/30/2007	MS	JE 49 TRANSFER AV ANIMAL HOSPITAL FROM	301 TO 304			82.85				
12/12/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 90886			70059
12/12/2007	AP	MWI VETERINARY SUPPLY				799.94	INV#: 3837759			70082
12/19/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				40.00	INV#: 298549			70192
12/19/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				31.04	INV#: 298550			70193
01/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 91825			70505
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 91484			70691
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 91934			70694
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 92460			70695
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 92171			70696
01/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				50.00	INV#: 299901			70697
01/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				33.25	INV#: 299333			70701
01/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				13.25	INV#: 296134			70713
01/08/2008	AP	IDEXX LABORATORIES	SNAP PARVO			168.09	INV#: 228039753			70722
01/08/2008	AP	AVID IDENTIFICATION SYSTEMS IN	FRIENDCHIP			799.27	INV#: 221689			70726
01/08/2008	AP	MWI VETERINARY SUPPLY	NEOPOLY BAC			15.58	INV#: 3897757			70727
01/09/2008	AP	MWI VETERINARY SUPPLY				55.76	INV#: 4016846			70789
01/09/2008	AP	MWI VETERINARY SUPPLY				77.58	INV#: 3887799			70790
01/09/2008	AP	MWI VETERINARY SUPPLY				8.31	INV#: 3888560			70791
01/17/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				64.50	INV#: 299323			71056
01/18/2008	AP	VCA VICTOR VALLEY ANIMAL HOSPI	CEPHALEXIN			22.00	INV#: 9670			71106
01/18/2008	AP	VCA VICTOR VALLEY ANIMAL HOSPI	FINANCE CHARGES			0.36	INV#: 11-26-07			71107
02/01/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				30.00	INV#: 301214			71302
02/06/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				30.00	INV#: 302045			71442
02/06/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				20.00	INV#: 301595			71444
02/06/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				10.00	INV#: 302635			71547
02/06/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				40.00	INV#: 303262			71555
02/06/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				20.00	INV#: 303263			71556
02/07/2008	AP	MWI VETERINARY SUPPLY				81.79	INV#: 4162235			71652
02/07/2008	AP	MWI VETERINARY SUPPLY				53.88	INV#: 4205082			71653
02/15/2008	AP	U.S. BANK	DECEMBER PURCHASES			1,206.73	INV#: 12-24-07			71913
02/20/2008	AP	MWI VETERINARY SUPPLY				2.07	INV#: 4299268			71974
02/20/2008	AP	MWI VETERINARY SUPPLY				21.91	INV#: 4294930			71975
02/20/2008	AP	MWI VETERINARY SUPPLY				220.06	INV#: 4294928			71976
02/20/2008	AP	MWI VETERINARY SUPPLY				956.02	INV#: 4298108			71977
02/20/2008	AP	MWI VETERINARY SUPPLY				238.11	INV#: 3474529			71978
02/20/2008	AP	MWI VETERINARY SUPPLY				257.39	INV#: 3887802			71979
02/20/2008	AP	MWI VETERINARY SUPPLY				71.12	INV#: 4018012			71980
02/20/2008	AP	MWI VETERINARY SUPPLY				39.51	INV#: 4163572			71981
02/20/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				60.00	INV#: 303853			72015
02/20/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				10.00	INV#: 304200			72022
03/03/2008	AP	IDEXX LABORATORIES	SNAP PARVO			175.04	INV#: 229003933			72285
03/03/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				30.00	INV#: 304794			72294
03/03/2008	AP	AVID IDENTIFICATION SYSTEMS IN	FRIENDCHIPS			1,432.11	INV#: 226682			72307
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 94388			72318
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				15.00	INV#: 94120			72321
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 94022			72323
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 93775			72324
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 93578			72327
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 93509			72328
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 93422			72329
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 93329			72331
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 93164			72332
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 92820			72333
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				47.60	INV#: 91780			72334

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
03/05/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				128.97	INV#: 94125		72497	
03/13/2008	AP	MWI VETERINARY SUPPLY				49.20	INV#: 4492199		72611	
03/19/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				40.00	INV#: 305585		72771	
03/19/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				20.00	INV#: 306208		72776	
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				15.00	INV#: 94720		72777	
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 94863		72778	
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				15.00	INV#: 95009		72780	
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 95407		72783	
03/26/2008	AP	MWI VETERINARY SUPPLY				20.73	INV#: 4618074		73038	
03/26/2008	AP	MWI VETERINARY SUPPLY				94.49	INV#: 4616090		73039	
03/26/2008	AP	AVID IDENTIFICATION SYSTEMS IN	MINI TRACKER			160.55	INV#: 225658		73040	
03/26/2008	AP	AVID IDENTIFICATION SYSTEMS IN	FRIENDCHIPS			1,065.69	INV#: 223905		73041	
04/02/2008	AP	MWI VETERINARY SUPPLY				29.88	INV#: 4674690		73403	
04/03/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				40.00	INV#: 307514		73430	
04/03/2008	AP	AVID IDENTIFICATION SYSTEMS IN	FRIENDCHIPS			2,664.22	INV#: 229283		73432	
04/16/2008	AP	MWI VETERINARY SUPPLY				703.35	INV#: 4783296		73771	
04/16/2008	AP	MWI VETERINARY SUPPLY				85.06	INV#: 4780462		73772	
04/16/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				50.00	INV#: 308601		73793	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 96746		73888	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 97328		73889	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 97402		73890	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 97489		73891	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 97640		73892	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 98013		73895	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 98223		73896	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				15.80	INV#: 98793		73900	
04/25/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				50.00	INV#: 309364		74002	
04/25/2008	AP	MWI VETERINARY SUPPLY				6.34	INV#: 4795060		74040	
04/25/2008	AP	MWI VETERINARY SUPPLY				36.16	INV#: 4803840		74041	
04/30/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				10.00	INV#: 303265		74270	
04/30/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				10.00	INV#: 303436		74271	
05/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				20.00	INV#: 310565		74431	
05/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				40.00	INV#: 310564		74432	
05/08/2008	AP	MWI VETERINARY SUPPLY				634.51	INV#: 4926600		74444	
05/08/2008	AP	MWI VETERINARY SUPPLY				242.57	INV#: 4927122		74445	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 99071		74621	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				27.50	INV#: 99464		74624	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				564.84	INV#: 99561		74625	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 99700		74626	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 100980		74628	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 100852		74629	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 100588		74634	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				22.00	INV#: 100389		74635	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 100269		74636	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 100017		74639	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 99824		74640	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				15.00	INV#: 99739		74641	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 99032		74642	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 993311		74645	
06/04/2008	AP	MWI VETERINARY SUPPLY				549.98	INV#: 5153388		75160	
06/04/2008	AP	MWI VETERINARY SUPPLY				64.05	INV#: 5079435		75161	
06/04/2008	AP	MWI VETERINARY SUPPLY				322.14	INV#: 5080968		75162	
06/04/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				10.00	INV#: 310980		75204	
06/04/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				20.00	INV#: 312538		75205	
06/04/2008	AP	AVID IDENTIFICATION SYSTEMS IN	MINI TRACKERS			330.64	INV#: 233042		75210	
06/11/2008	AP	IDEXX LABORATORIES	SNAP PARVO			182.80	INV#: 230905196		75495	

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
06/11/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				10.00	INV#: 313317		75504	
06/11/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				20.00	INV#: 313674		75507	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 101391		75577	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 101804		75580	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 101957		75581	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 102594		75584	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 102885		75586	
06/18/2008	AP	MWI VETERINARY SUPPLY				118.54	INV#: 5155588		75591	
06/18/2008	AP	MWI VETERINARY SUPPLY				6.21	INV#: 5157260		75592	
06/25/2008	AP	MWI VETERINARY SUPPLY				418.59	INV#: 5299932		75849	
06/25/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				30.00	INV#: 314498		75852	
06/25/2008	AP	BAYER HEALTH CARE	BAYTRIL			31.52	INV#: 102982489		75856	
06/30/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				40.00	INV#: 315651		76239	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 103743		76425	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				363.60	INV#: 104008		76426	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				12.00	INV#: 101104		76428	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				12.00	INV#: 104298		76429	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				6.00	INV#: 104424		76430	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				12.35	INV#: 105284		76437	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				6.00	INV#: 105347		76438	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				18.00	INV#: 105403		76439	
06/30/2008	AP	AVID IDENTIFICATION SYSTEMS IN				1,315.69	INV#: 236514		76440	
06/30/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				10.00	INV#: 315796		76449	
06/30/2008	MS	JE 49 TRANSFER IDEXX INVOICE FROM 301	TO 304			175.04				
06/30/2008	MS	JE 155 ACCRUE LIABILITIES @ 6/30/08				398.62				
Drugs/Vaccinations				20,000.00	20,000.00	26,985.79	4,523.77	0.00	-6,985.79	134.9
740.303 Stiles Removal/D & D Removal										
07/01/2007	MS	JE 76 REVERSE JUNE ACCRUED EXPENSE				-475.00				
07/20/2007	AP	D & D DISPOSAL INC.	JUNE DISPOSAL			475.00	INV#: 47315		65654	
08/16/2007	AP	D & D DISPOSAL INC.	JULY DISPOSAL			475.00	INV#: 50316		66399	
09/19/2007	AP	D & D DISPOSAL INC.	AUGUST DISPOSAL			475.00	INV#: 5022		67525	
10/18/2007	AP	D & D DISPOSAL INC.	SEPT DISPOSAL			475.00	INV#: 5709		68468	
11/20/2007	AP	D & D DISPOSAL INC.	OCT			475.00	INV#: 27730		69532	
01/08/2008	AP	D & D DISPOSAL INC.	NOV DISPOSAL			475.00	INV#: 18154		70719	
02/01/2008	AP	D & D DISPOSAL INC.				475.00	INV#: 40868		71322	
02/20/2008	AP	D & D DISPOSAL INC.	JAN SERVICE			475.00	INV#: 27558		71983	
03/27/2008	AP	D & D DISPOSAL INC.	FEB DISPOSAL			475.00	INV#: 33316		73193	
04/16/2008	AP	D & D DISPOSAL INC.	MARCH SVC			475.00	INV#: 34423		73682	
06/04/2008	AP	D & D DISPOSAL INC.	APRIL DISPOSAL			475.00	INV#: 22009		75211	
06/18/2008	AP	D & D DISPOSAL INC.	MAY DISPOSAL			475.00	INV#: 42389		75601	
06/30/2008	AP	D & D DISPOSAL INC.	JUNE DISPOSAL			475.00	INV#: 27543		76448	
Stiles Removal/D & D Removal				5,500.00	5,500.00	5,700.00	1,425.00	0.00	-200.00	103.6
740.305 Emergency Vet Service										
07/26/2007	AP	WRIGHT/SHANNON//	REIMBURSE MEDICAL FEES			429.00	INV#: 03-10-2007-2		65689	
08/16/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				179.80	INV#: 83654		66395	
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				334.17	INV#: 84496		67449	
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				137.70	INV#: 86438		67462	
09/20/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				158.61	INV#: 291666		67601	
11/20/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				31.25	INV#: 89740		69523	
11/30/2007	MS	JE TRANSFER ANIMAL EMERG. CLINIC FROM	301 TO 304			167.00				
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				107.10	INV#: 91030		70688	
02/20/2008	AP	ADVANCED EQUINE & SMALL	HORSE CALL			160.00	INV#: 2-6-08		72066	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				129.40	INV#: 94170		72320	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				400.00	INV#: 91741		72335	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				107.10	INV#: 91575		72336	

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				107.10	INV#: 90693		72337	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				193.75	INV#: 90523		72338	
03/19/2008	AP	ANIMAL EMERGENCY CLINIC				80.00	INV#: 65198		72728	
04/24/2008	AP	EDWARDS/DERITHE//	REIMBURSE EXPENSES			128.80	INV#: 02-07-2008 7-1		73861	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				39.00	INV#: 98952		73882	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				39.00	INV#: 98714		73883	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				205.10	INV#: 96932		73887	
04/24/2008	AP	EDWARDS/DERITHE//	ADOPTION REFUND			49.50	INV#: 02-07-2008 7-2		73948	
04/30/2008	AP	ANIMAL EMERGENCY CLINIC				70.00	INV#: 56842		74261	
04/30/2008	AP	ANIMAL EMERGENCY CLINIC				70.00	INV#: 50491		74262	
04/30/2008	AP	ANIMAL EMERGENCY CLINIC				70.00	INV#: 50733		74263	
05/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				81.95	INV#: 310568		74434	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				94.00	INV#: 101145		74627	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				174.40	INV#: 101552		75579	
06/30/2008	AP	ANIMAL EMERGENCY CLINIC				80.00	INV#: 66333		76007	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				94.27	INV#: 104595		76433	
Emergency Vet Service				6,000.00	6,000.00	3,918.00	348.67	0.00	2,082.00	65.3
740.306 Spay/Neuter Program										
07/19/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				40.00	INV#: 82426		65497	
07/19/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				35.00	INV#: 82526		65498	
07/19/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				90.00	INV#: 82237		65517	
07/19/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				45.00	INV#: 82328		65518	
07/20/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				62.70	INV#: 286847		65554	
07/20/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				254.00	INV#: 286798		65555	
07/20/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				325.20	INV#: 286790		65556	
07/20/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				111.30	INV#: 286677		65557	
07/20/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				25.80	INV#: 285978		65558	
07/20/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				55.00	INV#: 82957		65563	
07/20/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				185.00	INV#: 82781		65564	
08/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				110.00	INV#: 83389		66078	
08/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				55.00	INV#: 83171		66085	
08/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				30.00	INV#: 83532		66100	
08/09/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				55.00	INV#: 83845		66165	
08/09/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				40.00	INV#: 83621		66166	
08/09/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				234.25	INV#: 287882		66167	
08/09/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				55.65	INV#: 288081		66168	
08/09/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				116.95	INV#: 287874		66170	
08/09/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				98.49	INV#: 287617		66176	
08/16/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				197.15	INV#: 288463		66386	
08/16/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				110.00	INV#: 83242		66396	
08/16/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				90.00	INV#: 82615		66397	
08/22/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				142.60	INV#: 289131		66676	
08/22/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				236.60	INV#: 289136		66677	
08/22/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				55.65	INV#: 289281		66678	
08/22/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				225.00	INV#: 84606		66682	
08/22/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				95.00	INV#: 84749		66684	
08/22/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				179.00	INV#: 84886		66713	
08/30/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				229.65	INV#: 289708		66935	
08/30/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				86.95	INV#: 289481		66937	
08/30/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				166.70	INV#: 290070		66938	
08/30/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				30.00	INV#: 84969		66941	
08/30/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				87.00	INV#: 85280		66942	
09/05/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				75.00	INV#: 85362		66982	
09/05/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				140.00	INV#: 85670		66983	
09/05/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				209.15	INV#: 289670		67019	

			Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund									
Expenditures									
Dept: 304 Animal Shelter									
09/12/2007	AP	APPLE VALLEY ANIMAL HOSPITAL			98.95	INV#: 290535		67203	
09/12/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			60.00	INV#: 85769		67205	
09/12/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			120.00	INV#: 85135		67206	
09/12/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			65.00	INV#: 85032		67207	
09/13/2007	AP	APPLE VALLEY ANIMAL HOSPITAL			468.80	INV#: 290752		67324	
09/13/2007	AP	APPLE VALLEY ANIMAL HOSPITAL			55.65	INV#: 290545		67325	
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			87.00	INV#: 84124		67447	
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			120.00	INV#: 84389		67448	
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			55.00	INV#: 84756		67450	
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 85969		67451	
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			35.00	INV#: 86090		67452	
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			45.00	INV#: 86104		67453	
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			80.00	INV#: 86136		67454	
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			30.00	INV#: 86339		67455	
09/20/2007	AP	APPLE VALLEY ANIMAL HOSPITAL			290.95	INV#: 291671		67600	
09/20/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			75.00	INV#: 86518		67638	
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			65.00	INV#: 86239		67898	
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 86788		67899	
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			115.00	INV#: 86873		67900	
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			85.00	INV#: 86946		67901	
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			120.00	INV#: 87027		67902	
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			55.00	INV#: 87087		67903	
10/03/2007	AP	APPLE VALLEY ANIMAL HOSPITAL			55.65	INV#: 292253		67904	
10/03/2007	AP	APPLE VALLEY ANIMAL HOSPITAL			433.50	INV#: 292627		67905	
10/03/2007	AP	APPLE VALLEY ANIMAL HOSPITAL			156.88	INV#: 292066		68034	
10/03/2007	AP	APPLE VALLEY ANIMAL HOSPITAL			215.30	INV#: 293051		68078	
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			95.00	INV#: 87509		68079	
10/17/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 88155		68283	
10/17/2007	AP	APPLE VALLEY ANIMAL HOSPITAL			31.35	INV#: 293640		68284	
10/17/2007	AP	APPLE VALLEY ANIMAL HOSPITAL			420.60	INV#: 293639		68285	
10/25/2007	AP	APPLE VALLEY ANIMAL HOSPITAL			299.65	INV#: 294607		68516	
10/25/2007	AP	APPLE VALLEY ANIMAL HOSPITAL			29.40	INV#: 294396		68517	
10/25/2007	AP	APPLE VALLEY ANIMAL HOSPITAL			313.40	INV#: 294214		68518	
10/25/2007	AP	APPLE VALLEY ANIMAL HOSPITAL			86.95	INV#: 294242		68519	
10/25/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			155.00	INV#: 88605		68520	
10/25/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 88550		68521	
11/08/2007	AP	APPLE VALLEY ANIMAL HOSPITAL			215.70	INV#: 295732		68757	
11/08/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			90.00	INV#: 89120		68766	
11/08/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			92.00	INV#: 89180		68767	
11/08/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 89260		68768	
11/08/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 89375		68769	
11/09/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 88706		69036	
11/09/2007	AP	APPLE VALLEY ANIMAL HOSPITAL			149.65	INV#: 294867		69037	
11/14/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			90.00	INV#: 89547		69312	
11/14/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			55.00	INV#: 89460		69313	
11/20/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			110.00	INV#: 89740		69523	
11/28/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			30.00	INV#: 90731		69728	
11/28/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			110.00	INV#: 90657		69729	
11/28/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			30.00	INV#: 90586		69730	
11/28/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 90533		69731	
11/28/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 90396		69732	
12/06/2007	AP	APPLE VALLEY ANIMAL HOSPITAL			843.20	INV#: 297161		69903	
12/12/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			125.00	INV#: 90886		70059	
12/12/2007	AP	BEAR VALLEY ANIMAL HOSPITAL			70.00	INV#: 91123		70060	
12/19/2007	AP	APPLE VALLEY ANIMAL HOSPITAL			345.83	INV#: 298549		70192	
12/19/2007	AP	APPLE VALLEY ANIMAL HOSPITAL			539.25	INV#: 298553		70194	

			Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund									
Expenditures									
Dept: 304 Animal Shelter									
01/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			35.00	INV#: 87197		70497	
01/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			35.00	INV#: 87393		70499	
01/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			35.00	INV#: 87512		70500	
01/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			35.00	INV#: 89397		70502	
01/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			35.00	INV#: 91825		70505	
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			80.00	INV#: 91354		70689	
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 91404		70690	
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 91484		70691	
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			87.00	INV#: 91682		70692	
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			30.00	INV#: 91774		70693	
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			95.00	INV#: 91934		70694	
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			55.00	INV#: 92460		70695	
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			145.00	INV#: 92171		70696	
01/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			538.05	INV#: 299901		70697	
01/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			265.20	INV#: 299333		70701	
01/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			135.65	INV#: 299318		70711	
01/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			178.75	INV#: 296567		70712	
01/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			86.95	INV#: 296134		70713	
01/17/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			364.32	INV#: 299323		71056	
02/01/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			508.00	INV#: 301214		71302	
02/01/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			212.00	INV#: 301213		71303	
02/06/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			506.00	INV#: 302045		71442	
02/06/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			137.00	INV#: 301595		71444	
02/06/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			310.00	INV#: 302635		71547	
02/06/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			241.00	INV#: 303263		71556	
02/20/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			841.00	INV#: 303853		72015	
02/20/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			365.00	INV#: 304200		72022	
03/03/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			371.60	INV#: 304794		72294	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			185.00	INV#: 94653		72315	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			90.00	INV#: 94502		72316	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			35.00	INV#: 94430		72317	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			320.00	INV#: 94388		72318	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			30.00	INV#: 94242		72319	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			185.00	INV#: 94120		72321	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			30.00	INV#: 94091		72322	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			122.00	INV#: 94022		72323	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			55.00	INV#: 93775		72324	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			185.00	INV#: 93704		72325	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			140.00	INV#: 93699		72326	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			55.00	INV#: 93578		72327	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 93509		72328	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			87.00	INV#: 93422		72329	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			35.00	INV#: 93421		72330	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			80.00	INV#: 93329		72331	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			97.00	INV#: 93164		72332	
03/19/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			135.00	INV#: 301822		72768	
03/19/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			500.00	INV#: 305585		72771	
03/19/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			144.00	INV#: 306208		72776	
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			225.00	INV#: 94720		72777	
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			85.00	INV#: 94863		72778	
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			95.00	INV#: 94910		72779	
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			135.00	INV#: 95009		72780	
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			65.00	INV#: 95126		72781	
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			110.00	INV#: 95407		72783	
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			35.00	INV#: 95497		72785	
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			170.00	INV#: 95540		72786	

			Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund									
Expenditures									
Dept: 304 Animal Shelter									
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 96071		72787	
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			55.00	INV#: 96283		72788	
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			30.00	INV#: 96402		72790	
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			60.00	INV#: 96524		72791	
04/03/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			245.00	INV#: 306758		73426	
04/03/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			574.08	INV#: 307514		73430	
04/16/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			751.00	INV#: 308601		73793	
04/24/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			65.00	INV#: 309216		73864	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			35.00	INV#: 96665		73884	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			125.00	INV#: 96850		73885	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			105.00	INV#: 96930		73886	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			125.00	INV#: 96746		73888	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			130.00	INV#: 97328		73889	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 97402		73890	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			95.00	INV#: 97489		73891	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 97640		73892	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			75.00	INV#: 98013		73895	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			95.00	INV#: 98223		73896	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			60.00	INV#: 98388		73898	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 98485		73899	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			350.00	INV#: 98793		73900	
04/25/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			283.00	INV#: 309357		74001	
04/25/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			533.00	INV#: 309364		74002	
04/30/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			72.00	INV#: 303436		74271	
05/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			326.00	INV#: 310565		74431	
05/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			380.00	INV#: 310564		74432	
05/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			488.00	INV#: 310561		74433	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			39.00	INV#: 99464		74624	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			60.00	INV#: 99700		74626	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			55.00	INV#: 101145		74627	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			130.00	INV#: 100980		74628	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			90.00	INV#: 100852		74629	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			55.00	INV#: 100766		74630	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			30.00	INV#: 100660		74633	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			205.70	INV#: 100588		74634	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			95.00	INV#: 100389		74635	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			185.00	INV#: 100269		74636	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			35.00	INV#: 100194		74637	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			65.00	INV#: 100101		74638	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 100017		74639	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 99824		74640	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			135.00	INV#: 99739		74641	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			125.00	INV#: 99032		74642	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			65.00	INV#: 99163		74644	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			75.00	INV#: 993311		74645	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			95.00	INV#: 99563		74646	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			25.00	INV#: 99660		74647	
06/04/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			92.00	INV#: 310980		75204	
06/04/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			729.00	INV#: 312538		75205	
06/11/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			393.00	INV#: 313317		75504	
06/11/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			170.00	INV#: 313674		75507	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			145.00	INV#: 101391		75577	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			70.00	INV#: 101551		75578	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			165.00	INV#: 101804		75580	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			145.00	INV#: 101957		75581	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			96.25	INV#: 102464		75582	

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				95.00	INV#: 102594		75584	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				55.00	INV#: 102804		75585	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				55.00	INV#: 102885		75586	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				35.00	INV#: 103131		75588	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				40.00	INV#: 103371		75589	
06/25/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				516.00	INV#: 314498		75852	
06/30/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				78.00	INV#: 315404		76236	
06/30/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				390.00	INV#: 315651		76239	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				335.00	INV#: 103743		76425	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				30.00	INV#: 103832		76427	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				110.00	INV#: 101104		76428	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				95.00	INV#: 104298		76429	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				40.00	INV#: 104424		76430	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				130.00	INV#: 104469		76431	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				55.00	INV#: 104798		76434	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				35.00	INV#: 104874		76435	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				111.25	INV#: 104967		76436	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				40.00	INV#: 105347		76438	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				80.00	INV#: 105403		76439	
06/30/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				123.00	INV#: 315796		76449	
Spay/Neuter Program				30,000.00	30,000.00	32,647.25	4,453.50	0.00	-2,647.25	108.8
760.000 Membership & Dues										
11/27/2007	AP	U.S. BANK	OCT PURCHASES			119.00	INV#: 10-22-07		69569	
Membership & Dues				250.00	250.00	119.00	0.00	0.00	131.00	47.6
761.000 Meetings & Conferences										
07/20/2007	AP	GONZALES/CHRISTIE//	EXPENSE REIMBURSEMENT			10.00	INV#: 7-9-07		65638	
06/23/2008	AP	U.S. BANK	APRIL PURCHASES			71.63	INV#: 4-22-08		75684	
Meetings & Conferences				0.00	0.00	81.63	71.63	0.00	-81.63	0.0
762.000 Mileage Exp/Allowance										
06/24/2008	AP	WEAST/REBECCA//	EXPENSE REIMB.			95.75	INV#: 5-31-08		75742	
Mileage Exp/Allowance				0.00	0.00	95.75	95.75	0.00	-95.75	0.0
763.000 Education & Training										
09/20/2007	AP	ROCKHURST UNIVERSITY CONTINUIN	WRITING POLICIES & PROCEDURES			249.00	INV#: 400826013-001		67644	
01/18/2008	AP	JAMES/RONALD LEVI//	EDUCATION REIMBURSEMENT			1,498.30	INV#: 12-3-07		71104	
02/20/2008	AP	HUMANE BALANCE	AC TECH TRAINING			250.00	INV#: TRAINING 2-28		72027	
05/07/2008	AP	U.S. BANK	MARCH PURCHASES			710.00	INV#: 3-24-08		74345	
06/04/2008	AP	JAMES/RONALD LEVI//	EDUCATION REIMBURSEMENT			1,296.00	INV#: 4-28-08		75189	
06/23/2008	AP	U.S. BANK	APRIL PURCHASES			47.24	INV#: 4-22-08		75684	
06/30/2008	MS	JE 182 ACCRUE LIABILITIES @ 6/30/08				59.00				
Education & Training				3,000.00	3,000.00	4,109.54	1,402.24	0.00	-1,109.54	137.0
801.000 Advertising										
07/20/2007	AP	DAILY PRESS	JUNE ADS			183.84	INV#: 30633215		65533	
09/20/2007	AP	DAILY PRESS	AUG ADS			108.13	INV#: 30644442		67614	
09/20/2007	AP	DAILY PRESS	SHELTER AD			340.86	INV#: 30644969		67642	
10/18/2007	AP	CHARTER MEDIA	ADVERTISING			200.00	INV#: INV-390093		68466	
Advertising				2,500.00	2,500.00	832.83	0.00	0.00	1,667.17	33.3
802.000 Utilities										
Utilities				0.00	0.00	0.00	0.00	0.00	0.00	0.0
809.000 Gasoline, Diesel, Oil										
08/02/2007	AP	VOYAGER	JULY FUEL			83.42	INV#: 869064543707		65779	
09/05/2007	AP	VOYAGER	AUG FUEL			82.52	INV#: 869064543708		66988	
10/03/2007	AP	VOYAGER	SEPT FUEL			74.61	INV#: 869064543709		67988	

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
11/08/2007	AP	VOYAGER	FUEL PURCHASES OCT 07			82.37	INV#: 869064543710		68705	
12/06/2007	AP	VOYAGER	NOV FUEL			42.49	INV#: 869064543711		69857	
01/08/2008	AP	VOYAGER	DEC FUEL			75.41	INV#: 869064543712		70744	
03/19/2008	AP	VOYAGER	FEB FUEL			80.64	INV#: 869064543802		72722	
04/02/2008	AP	VOYAGER	MARCH FUEL			87.32	INV#: 869064543803		73299	
05/08/2008	AP	VOYAGER	APRIL FUEL PURCHASES			174.58	INV#: 869064543804		74451	
06/10/2008	AP	VOYAGER	MAY FUEL PURCHASES			181.25	INV#: 869064543805		75309	
Gasoline, Diesel, Oil				0.00	0.00	964.61	181.25	0.00	-964.61	0.0
810.000 Vehicle Maintenance										
11/28/2007	AP	WELDY ENTERPRISES LLC	SHELTER TRUCK			39.00	INV#: 84570		69726	
Vehicle Maintenance				0.00	0.00	39.00	0.00	0.00	-39.00	0.0
813.000 Equipment Maintenance										
11/07/2007	AP	U.S. BANK	SEPT PURCHASES			79.00	INV#: 9-24-07		68685	
11/27/2007	AP	U.S. BANK	OCT PURCHASES			50.00	INV#: 10-22-07		69569	
06/30/2008	MS	JE 188 ACCRUE LIABILITIES @ 6/30/08				165.15				
Equipment Maintenance				2,000.00	2,000.00	294.15	165.15	0.00	1,705.85	14.7
816.000 Safety & Security										
Safety & Security				0.00	0.00	0.00	0.00	0.00	0.00	0.0
818.000 Building Maintenance										
Building Maintenance				0.00	0.00	0.00	0.00	0.00	0.00	0.0
839.000 Communications Equip										
11/27/2007	AP	U.S. BANK	OCT PURCHASES			88.34	INV#: 10-22-07		69569	
06/30/2008	MS	JE 183 ACCRUE LIABILITIES @ 6/30/08				198.36				
Communications Equip				0.00	0.00	286.70	198.36	0.00	-286.70	0.0
840.000 Small Tools										
06/30/2008	AP	LOWE'S				382.26	INV#: 23520		75906	
06/30/2008	AP	LOWE'S				488.08	INV#: 23657		75907	
06/30/2008	MS	JE 182 ACCRUE LIABILITIES @ 6/30/08				479.79				
Small Tools				0.00	871.00	1,350.13	1,350.13	0.00	-479.13	155.0
855.000 Animal Food Supplies										
07/01/2007	MS	JE 76 REVERSE JUNE ACCRUED EXPENSE				-65.29				
07/09/2007	CR	Rcd From: PATRICIA D. SAADY	Ref ID: DOG FOOD			-52.72	Drawer: KATHY Type: MISC		9564	
07/10/2007	CR	Rcd From: APPLE VALLEY COMMUNI	Ref ID: SHELTER FOOD REBATE			-210.00	Drawer: KATHY Type: MISC		9587	
07/11/2007	CR	Rcd From: KAREN KELLEY	Ref ID: 604851713			-99.70	Drawer: NANCY Type: MISC		741	
07/20/2007	AP	HILL'S PET NUTRITION INC.	FOOD			107.75	INV#: 212095942		65547	
07/20/2007	AP	HILL'S PET NUTRITION INC.				271.11	INV#: 212095941		65548	
07/20/2007	AP	HILL'S PET NUTRITION INC.				107.75	INV#: 212064312		65569	
07/20/2007	AP	HILL'S PET NUTRITION INC.				41.61	INV#: 212064311		65570	
07/20/2007	AP	DESERT FEED STORE	PARAKEET FEED			5.87	INV#: 3591-14		65571	
08/03/2007	AP	HILL'S PET NUTRITION INC.	FOOD			80.82	INV#: 211977862		66022	
08/03/2007	AP	HILL'S PET NUTRITION INC.	CREDIT MEMO			-15.53	INV#: 211746585		66023	
08/03/2007	AP	HILL'S PET NUTRITION INC.				154.00	INV#: 212126607		66102	
08/03/2007	AP	HILL'S PET NUTRITION INC.				33.67	INV#: 212126606		66103	
08/09/2007	AP	HILL'S PET NUTRITION INC.	FOOD			40.40	INV#: 212158265		66266	
08/09/2007	AP	HILL'S PET NUTRITION INC.				135.12	INV#: 212162168		66267	
08/16/2007	AP	DESERT FEED STORE	MEALWORMS			3.98	INV#: 3499-31		66383	
08/16/2007	AP	HILL'S PET NUTRITION INC.	FOOD			121.22	INV#: 212187770		66384	
08/16/2007	AP	HILL'S PET NUTRITION INC.				60.77	INV#: 212187769		66385	
08/22/2007	AP	DESERT FEED STORE	PINKIES ON ICE			19.81	INV#: 3399-32		66692	
08/22/2007	AP	HILL'S PET NUTRITION INC.	FOOD			110.44	INV#: 212217119		66698	
08/30/2007	AP	DESERT FEED STORE	MONKEY CHOW			19.06	INV#: 2501.21		66944	
08/31/2007	CR	Rcd From: PATRICIA D. SAADY	Ref ID: 12 CASES DOG FOOD			-158.16	Drawer: KATHY Type: MISC		10821	

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
09/05/2007	AP	HILL'S PET NUTRITION INC.	FOOD			114.48	INV#: 212282545		66977	
09/05/2007	AP	HILL'S PET NUTRITION INC.				246.89	INV#: 212282546		66978	
09/05/2007	AP	HILL'S PET NUTRITION INC.				89.74	INV#: 212247563		66979	
09/05/2007	AP	HILL'S PET NUTRITION INC.				114.48	INV#: 212247562		66981	
09/06/2007	CR	Rcd From: KAREN KELLEY	Ref ID: DOG FOOD			-89.22	Drawer: DAWN Type: MISC		8443	
09/18/2007	AP	DESERT FEED STORE	ALFALFA			19.16	INV#: 4449-4		67440	
09/18/2007	AP	HILL'S PET NUTRITION INC.	FOOD			80.82	INV#: 212338871		67443	
09/18/2007	AP	HILL'S PET NUTRITION INC.				196.75	INV#: 212314644		67444	
09/18/2007	AP	HILL'S PET NUTRITION INC.				75.43	INV#: 212314643		67445	
10/03/2007	AP	HILL'S PET NUTRITION INC.	FOOD			80.82	INV#: 212370084		67893	
10/03/2007	AP	HILL'S PET NUTRITION INC.				80.82	INV#: 212404288		67894	
10/03/2007	AP	HILL'S PET NUTRITION INC.				159.65	INV#: 212370085		67895	
10/03/2007	AP	HILL'S PET NUTRITION INC.				47.20	INV#: 212404290		67896	
10/03/2007	AP	DESERT FEED STORE	MICE ON ICE			16.58	INV#: 1352-5		68073	
10/03/2007	AP	HILL'S PET NUTRITION INC.				136.37	INV#: 212438190		68080	
10/03/2007	AP	HILL'S PET NUTRITION INC.				161.63	INV#: 212438189		68081	
10/03/2007	CR	Rcd From: KAREN KELLEY	Ref ID: ANIMAL FOOD SUPPLIES			-29.61	Drawer: KATHY Type: MISC		11582	
10/12/2007	CR	Rcd From: PATTY SAADY	Ref ID: DOG FOOD			-52.72	Drawer: KATHY Type: MISC		11815	
10/16/2007	CR	Rcd From: BECKY WEAST	Ref ID: 1 CASE PRESCRIPTION DO			-14.77	Drawer: KATHY Type: MISC		11907	
10/30/2007	CR	Rcd From: PATTY SAADY	Ref ID: DOG FOOD			-52.72	Drawer: KATHY Type: MISC		12211	
11/08/2007	AP	HILL'S PET NUTRITION INC.				192.90	INV#: 212471589		68771	
11/08/2007	AP	HILL'S PET NUTRITION INC.				107.76	INV#: 212508825		68772	
11/08/2007	AP	HILL'S PET NUTRITION INC.				121.22	INV#: 212567714		68773	
11/09/2007	AP	HILL'S PET NUTRITION INC.	FOOD			121.22	INV#: 212535134		69034	
11/09/2007	AP	HILL'S PET NUTRITION INC.				193.58	INV#: 212535133		69035	
11/20/2007	AP	HILL'S PET NUTRITION INC.	FOOD			148.16	INV#: 212471588		69534	
11/20/2007	AP	HILL'S PET NUTRITION INC.				63.20	INV#: 212567715		69537	
11/27/2007	AP	DESERT FEED STORE	LIGHT, MONKEY CHOW			19.05	INV#: 0109-27		69625	
11/28/2007	AP	HILL'S PET NUTRITION INC.	FOOD			127.64	INV#: 212627879		69734	
12/03/2007	CR	Rcd From: PATRICIA D. SAADY	Ref ID: DOG FOOD			-61.51	Drawer: KATHY Type: MISC		12797	
12/12/2007	AP	HILL'S PET NUTRITION INC.	FOOD			308.72	INV#: 212686148		70083	
12/12/2007	AP	HILL'S PET NUTRITION INC.				94.28	INV#: 212708426		70084	
12/12/2007	AP	HILL'S PET NUTRITION INC.				148.15	INV#: 212686150		70085	
12/20/2007	CR	Rcd From: A V COMMUNITY RESOUR	Ref ID: SCIENCE DIET FOOD REBA			-242.50	Drawer: KATHY Type: MISC		13252	
01/08/2008	AP	HILL'S PET NUTRITION INC.	FOOD			312.45	INV#: 212803551		70687	
01/08/2008	AP	HILL'S PET NUTRITION INC.				133.06	INV#: 212741680		70710	
01/08/2008	CR	Rcd From: KAREN LEE KELLEY	Ref ID: DOG & CAT FOOD			-49.63	Drawer: KATHY Type: MISC		13498	
01/09/2008	AP	HILL'S PET NUTRITION INC.				148.16	INV#: 212741681		70792	
01/09/2008	AP	HILL'S PET NUTRITION INC.				148.16	INV#: 212773023		70793	
01/09/2008	AP	HILL'S PET NUTRITION INC.				40.40	INV#: 212803552		70794	
01/16/2008	CR	Rcd From: PATRICIA D. SAADY	Ref ID: DOG FOOD			-105.44	Drawer: KATHY Type: MISC		13715	
01/17/2008	AP	DESERT FEED STORE	POTBELLY PIG FOOD			12.49	INV#: 4949-27		70966	
02/01/2008	AP	DESERT FEED STORE				17.69	INV#: 4748-20		71308	
02/01/2008	AP	HILL'S PET NUTRITION INC.				40.40	INV#: 212823474		71313	
02/01/2008	AP	HILL'S PET NUTRITION INC.				16.76	INV#: 212848530		71314	
02/01/2008	AP	HILL'S PET NUTRITION INC.				40.40	INV#: 212848531		71315	
02/01/2008	AP	HILL'S PET NUTRITION INC.				181.34	INV#: 212879714		71316	
02/01/2008	AP	HILL'S PET NUTRITION INC.				110.44	INV#: 212879712		71317	
02/07/2008	AP	HILL'S PET NUTRITION INC.				163.29	INV#: 212941854		71654	
02/07/2008	AP	HILL'S PET NUTRITION INC.				40.40	INV#: 212941853		71655	
02/11/2008	AP	HILL'S PET NUTRITION INC.	FOOD			40.40	INV#: 212972498		71656	
02/11/2008	AP	HILL'S PET NUTRITION INC.				159.85	INV#: 212972500		71657	
02/19/2008	CR	Rcd From: PATTY SAADY	Ref ID: DOG FOOD			-52.72	Drawer: DAWN Type: MISC		9533	
02/20/2008	AP	HILL'S PET NUTRITION INC.	FOOD			82.94	INV#: 213001856		71984	
02/20/2008	AP	HILL'S PET NUTRITION INC.				107.74	INV#: 213001857		71985	
02/25/2008	CR	Rcd From: KAREN LEE KELLEY	Ref ID: PET FOOD			-65.29	Drawer: KATHY Type: MISC		14585	

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
02/29/2008	AP	U.S. BANK	JANUARY PURCHASES			277.92	INV#: 1-22-08		72081	
03/03/2008	AP	HILL'S PET NUTRITION INC.	FOOD			28.79	INV#: 213031525		72286	
03/03/2008	AP	HILL'S PET NUTRITION INC.				121.21	INV#: 213031523		72287	
03/05/2008	AP	HILL'S PET NUTRITION INC.	FOOD			242.44	INV#: 212922136		72382	
03/13/2008	AP	HILL'S PET NUTRITION INC.	FOOD			142.88	INV#: 213060890		72613	
03/13/2008	AP	HILL'S PET NUTRITION INC.				87.55	INV#: 213060889		72614	
03/13/2008	CR	Rcd From: PATTY SAADY	Ref ID: DOG FOOD			-52.72	Drawer: KATHY Type: MISC		15188	
03/19/2008	AP	HILL'S PET NUTRITION INC.	FOOD			61.95	INV#: 213123103		72765	
03/19/2008	AP	HILL'S PET NUTRITION INC.				117.07	INV#: 213092531		72766	
03/19/2008	AP	HILL'S PET NUTRITION INC.				20.20	INV#: 213092530		72767	
03/27/2008	AP	HILL'S PET NUTRITION INC.	FOOD			249.91	INV#: 213160866		73191	
03/27/2008	AP	HILL'S PET NUTRITION INC.				121.21	INV#: 213160867		73192	
04/03/2008	AP	HILL'S PET NUTRITION INC.	FOOD			129.83	INV#: 213191858		73433	
04/03/2008	AP	HILL'S PET NUTRITION INC.				141.42	INV#: 213191859		73434	
04/09/2008	CR	Rcd From: PATTY SAADY	Ref ID: DOG FOOD			-52.72	Drawer: DAWN Type: MISC		9908	
04/16/2008	AP	HILL'S PET NUTRITION INC.	FOOD			67.34	INV#: 213222914		73824	
04/16/2008	AP	HILL'S PET NUTRITION INC.				160.53	INV#: 213222913		73825	
04/16/2008	AP	HILL'S PET NUTRITION INC.				-29.55	INV#: 213260594		73826	
04/16/2008	AP	HILL'S PET NUTRITION INC.				-26.94	INV#: 213260592		73827	
04/29/2008	CR	Rcd From: PATTY SAADY	Ref ID: DOG FOOD			-52.72	Drawer: KATHY Type: MISC		16254	
04/30/2008	AP	HILL'S PET NUTRITION INC.	FOOD			94.28	INV#: 213281235		74272	
04/30/2008	AP	HILL'S PET NUTRITION INC.				94.28	INV#: 213253037		74273	
04/30/2008	AP	HILL'S PET NUTRITION INC.				95.41	INV#: 213253036		74274	
04/30/2008	AP	HILL'S PET NUTRITION INC.				178.35	INV#: 213313198		74275	
04/30/2008	AP	HILL'S PET NUTRITION INC.				179.15	INV#: 213313199		74276	
05/08/2008	AP	HILL'S PET NUTRITION INC.	FOOD			179.15	INV#: 213342500		74427	
05/08/2008	AP	HILL'S PET NUTRITION INC.				97.25	INV#: 213342499		74428	
05/08/2008	AP	HILL'S PET NUTRITION INC.				145.46	INV#: 213373298		74429	
05/08/2008	AP	HILL'S PET NUTRITION INC.				132.00	INV#: 213373299		74430	
05/22/2008	CR	Rcd From: PATTY SAADY	Ref ID: DOG FOOD			-52.72	Drawer: KATHY Type: MISC		16811	
05/29/2008	AP	WAL-MART				8.60	INV#: 002837		75014	
06/04/2008	AP	HILL'S PET NUTRITION INC.	FOOD			158.61	INV#: 213433208		75207	
06/04/2008	AP	HILL'S PET NUTRITION INC.				150.86	INV#: 213433209		75208	
06/04/2008	AP	HILL'S PET NUTRITION INC.				132.00	INV#: 213402586		75209	
06/05/2008	CR	Rcd From: KAREN LEE KELLEY	Ref ID: CAT/DOG FOOD			-129.16	Drawer: KATHY Type: MISC		17158	
06/10/2008	CR	Rcd From: PATTY SAADY	Ref ID: DOG FOOD			-39.54	Drawer: KATHY Type: MISC		17282	
06/18/2008	AP	HILL'S PET NUTRITION INC.	FOOD			222.37	INV#: 213515343		75594	
06/18/2008	AP	HILL'S PET NUTRITION INC.				150.86	INV#: 213515344		75595	
06/18/2008	AP	HILL'S PET NUTRITION INC.				132.00	INV#: 213462103		75596	
06/18/2008	AP	HILL'S PET NUTRITION INC.				290.90	INV#: 213462101		75597	
06/25/2008	AP	HILL'S PET NUTRITION INC.				254.42	INV#: 213544523		75847	
06/25/2008	AP	HILL'S PET NUTRITION INC.				169.72	INV#: 213544524		75848	
06/25/2008	AP	HILL'S PET NUTRITION INC.				132.00	INV#: 213484961		75850	
06/30/2008	AP	WAL-MART				4.83	INV#: 007263		75976	
06/30/2008	AP	HILL'S PET NUTRITION INC.	FOOD			182.63	INV#: 213484962		76013	
06/30/2008	AP	HILL'S PET NUTRITION INC.				147.64	INV#: 213572700		76014	
06/30/2008	AP	HILL'S PET NUTRITION INC.	FOOD			169.72	INV#: 213572701		76235	
06/30/2008	AP	HILL'S PET NUTRITION INC.	FOOD			207.43	INV#: 213599837		76441	
Animal Food Supplies				10,000.00	10,000.00	10,203.02	2,337.29	0.00	-203.02	102.0
905.000 Capital Equipment										
06/25/2008	AP	XPRESS TRAILER GROUP	HORSE TRAILER			4,043.00	INV#: 25502		75861	
06/30/2008	AP	LOWE'S				446.09	INV#: 14117-6-08		75905	
06/30/2008	AP	LOWE'S				356.06	INV#: 23520		75906	
06/30/2008	AP	ANIMAL CARE & EQUIPMENT SVS.	CAT RESTING SHELVES			1,026.66	INV#: 1090419		76243	
06/30/2008	MS	JE 182 ACCRUE LIABILITIES @ 6/30/08				2,650.66				

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
Capital Equipment				17,000.00	16,129.00	8,522.46	8,522.46	0.00	7,606.54	52.8
962.000 Vehicle & Equip Replacement										
Vehicle & Equip Replacement				0.00	0.00	0.00	0.00	0.00	0.00	0.0
Animal Shelter				584,561.00	585,206.00	569,932.70	83,569.79	0.00	15,273.30	97.4
Dept: 401 Planning										
701.000 Salaries Regular										
07/01/2007	MS	JE 8 REVERSE ACCRUED SALARIES PAYABLE	AT 6/30/07			-9,549.73				
07/13/2007	PA	Administrative Leave	Pay Date: 07/13/2007			40.79			PA-Wrapup	
07/13/2007	PA	Floating Holiday	Pay Date: 07/13/2007			37.88			PA-Wrapup	
07/13/2007	PA	Salaries Permanent	Pay Date: 07/13/2007			18,942.12			PA-Wrapup	
07/27/2007	PA	Salaries Permanent	Pay Date: 07/27/2007			18,995.52			PA-Wrapup	
08/10/2007	PA	Floating Holiday	Pay Date: 08/10/2007			1.37			PA-Wrapup	
08/10/2007	PA	Salaries Permanent	Pay Date: 08/10/2007			18,650.91			PA-Wrapup	
08/24/2007	PA	Salaries Permanent	Pay Date: 08/24/2007			19,117.61			PA-Wrapup	
09/07/2007	PA	Salaries Permanent	Pay Date: 09/07/2007			19,127.98			PA-Wrapup	
09/21/2007	PA	Salaries Permanent	Pay Date: 09/21/2007			19,127.98			PA-Wrapup	
10/05/2007	PA	Salaries Permanent	Pay Date: 10/05/2007			19,127.98			PA-Wrapup	
10/19/2007	PA	Salaries Permanent	Pay Date: 10/19/2007			18,683.18			PA-Wrapup	
10/19/2007	PA	Vacation Earnings	Pay Date: 10/19/2007			444.80			PA-Wrapup	
11/02/2007	PA	Salaries Permanent	Pay Date: 11/02/2007			19,127.98			PA-Wrapup	
11/16/2007	PA	Salaries Permanent	Pay Date: 11/16/2007			19,046.70			PA-Wrapup	
11/16/2007	PA	Vacation Earnings	Pay Date: 11/16/2007			111.20			PA-Wrapup	
11/21/2007	PA	Administrative Leave	Pay Date: 11/21/2007			1,243.00			PA-Wrapup	
11/30/2007	PA	Salaries Permanent	Pay Date: 11/30/2007			19,312.13			PA-Wrapup	
12/14/2007	PA	Salaries Permanent	Pay Date: 12/14/2007			19,312.13			PA-Wrapup	
12/28/2007	PA	Salaries Permanent	Pay Date: 12/28/2007			19,312.13			PA-Wrapup	
01/11/2008	PA	Salaries Permanent	Pay Date: 01/11/2008			19,312.13			PA-Wrapup	
01/25/2008	PA	Salaries Permanent	Pay Date: 01/25/2008			19,023.01			PA-Wrapup	
01/25/2008	PA	Sick Earnings	Pay Date: 01/25/2008			289.12			PA-Wrapup	
02/08/2008	PA	Salaries Permanent	Pay Date: 02/08/2008			18,888.57			PA-Wrapup	
02/08/2008	PA	Sick Earnings	Pay Date: 02/08/2008			489.28			PA-Wrapup	
02/22/2008	PA	Salaries Permanent	Pay Date: 02/22/2008			19,390.59			PA-Wrapup	
03/07/2008	PA	Salaries Permanent	Pay Date: 03/07/2008			19,390.59			PA-Wrapup	
03/21/2008	PA	Salaries Permanent	Pay Date: 03/21/2008			19,390.59			PA-Wrapup	
04/04/2008	PA	Salaries Permanent	Pay Date: 04/04/2008			19,190.43			PA-Wrapup	
04/04/2008	PA	Sick Earnings	Pay Date: 04/04/2008			200.16			PA-Wrapup	
04/18/2008	PA	Salaries Permanent	Pay Date: 04/18/2008			19,390.59			PA-Wrapup	
05/02/2008	PA	Salaries Permanent	Pay Date: 05/02/2008			19,390.59			PA-Wrapup	
05/16/2008	PA	Salaries Permanent	Pay Date: 05/16/2008			19,390.59			PA-Wrapup	
05/30/2008	PA	Salaries Permanent	Pay Date: 05/30/2008			19,390.59			PA-Wrapup	
06/13/2008	PA	Floating Holiday	Pay Date: 06/13/2008			200.16			PA-Wrapup	
06/13/2008	PA	Salaries Permanent	Pay Date: 06/13/2008			19,192.88			PA-Wrapup	
06/13/2008	PA	Sick Earnings	Pay Date: 06/13/2008			44.48			PA-Wrapup	
06/27/2008	PA	Salaries Permanent	Pay Date: 06/27/2008			19,433.85			PA-Wrapup	
06/27/2008	PA	Sick Earnings	Pay Date: 06/27/2008			33.36			PA-Wrapup	
06/30/2008	MS	JE 106 TO ACCRUE SALARIES @ 6/30/08				12,241.79				
Salaries Regular				425,840.00	425,840.00	504,487.01	51,146.52	0.00	-78,647.01	118.5
702.000 Salaries Part-Time										
07/27/2007	PA	Salaries Part Time	Pay Date: 07/27/2007			957.60			PA-Wrapup	
08/10/2007	PA	Salaries Part Time	Pay Date: 08/10/2007			1,008.00			PA-Wrapup	
08/24/2007	PA	Salaries Part Time	Pay Date: 08/24/2007			1,008.00			PA-Wrapup	
09/07/2007	PA	Salaries Part Time	Pay Date: 09/07/2007			554.40			PA-Wrapup	
09/21/2007	PA	Salaries Part Time	Pay Date: 09/21/2007			894.60			PA-Wrapup	

JE #	AJ #	Post Date	Debit	Credit	Journal Entry Desc Line 1 Journal Entry Desc Line 2 Journal Entry Desc Line 3	Source	Offsetting GL #
GL#: 406-502-906.129 Animal Shelter Facility/Land							
Journal Type: AP Accounts Payable							
259087	2	09/13/2007	12,854.89	0.00	WALD, RUHNKE & DOST ARCHITECTS JULY SVCS INV#: 0710801	67291	406-000-202.000
263744	19	10/25/2007	19,630.47	0.00	WALD, RUHNKE & DOST ARCHITECTS AUG SVCS INV#: 0710802	68504	406-000-202.000
266890	40	11/20/2007	23,183.49	0.00	WALD, RUHNKE & DOST ARCHITECTS SEPT SVCS INV#: 0710803	69527	406-000-202.000
268282	85	12/06/2007	34,072.81	0.00	WALD, RUHNKE & DOST ARCHITECTS SHELTER DESIGN INV#: 0710804	69926	406-000-202.000
272688	65	01/17/2008	116,561.16	0.00	WALD, RUHNKE & DOST ARCHITECTS AN. SHELTER FAC. INV#: 0710805	71081	406-000-202.000
275990	135	02/20/2008	70,099.61	0.00	WALD, RUHNKE & DOST ARCHITECTS ANIMAL SHELTER INV#: 0710806	72048	406-000-202.000
278378	28	03/13/2008	86,563.68	0.00	WALD, RUHNKE & DOST ARCHITECTS AC SHELTER INV#: 0710807	72539	406-000-202.000
278493	35	03/13/2008	2,250.00	0.00	THOMPSON APPRAISALS INC. AC APPRAISAL INV#: 08-04	72617	406-000-202.000
279206	27	03/19/2008	1,840.00	0.00	SO & ASSOCIATES- AC PROP SURVEY INV#: 135.0141-01	72747	406-000-202.000
280021	113	03/26/2008	1,000.00	0.00	THOMPSON APPRAISALS INC. APPRAISAL POWHATTAN & QUINN. INV#: 08-13	73097	406-000-202.000
282525	41	04/16/2008	30,037.24	0.00	WALD, RUHNKE & DOST ARCHITECTS AC FACILITY INV#: 0710808	73716	406-000-202.000
283527	101	04/24/2008	681.97	0.00	DICK LARSEN PROPERTY TAXES INV#: 0437212100000, 3087382190000	73957	COMPOUND
285598	1	05/14/2008	50.00	0.00	COUNTY OF SAN BERNARDINO NOTICE OF EXEMPTION INV#: ANIMAL SHELTER	74493	406-000-202.000
286015	111	05/15/2008	15,621.27	0.00	WALD, RUHNKE & DOST ARCHITECTS AC FACILITY INV#: 0710809	74605	406-000-202.000
287266	73	05/28/2008	82.64	0.00	APPLE VALLEY BLUEPRINT ATTN KAREN KELLEY INV#: 27004	74984	406-000-202.000
288089	64	06/04/2008	500.00	0.00	PATEL AND ASSOCIATES, INC. RETAINER FEE INV#: AC RETAINER	75170	406-000-202.000
288768	102	06/11/2008	3,500.00	0.00	J.E. MILLER & ASSOCIATES SURVEY AC SITE INV#: 1725	75384	406-000-202.000
288793	25	06/11/2008	420.00	0.00	SAN BERNARDINO COUNTY SURVEYOR RS MAP CHECKING FEE INV#: AC SHELTER	75409	406-000-202.000
288874	106	06/11/2008	2,300.00	0.00	PATEL AND ASSOCIATES, INC. SHELTER WORK INV#: 15820508	75490	406-000-202.000
289695	63	06/18/2008	11,198.51	0.00	WALD, RUHNKE & DOST ARCHITECTS APRIL SVCS INV#: 0710810	75576	406-000-202.000
289709	77	06/18/2008	22.79	0.00	APPLE VALLEY BLUEPRINT POWHATTAN / QUINNAULT INV#: 27268	75590	406-000-202.000
289788	57	06/18/2008	379.00	0.00	STATE WATER RESOURCES CONTROL CONSTRUCTION DISCHARGE INV#: AC FACILITY	75669	406-000-202.000

JE #	AJ #	Post Date	Debit	Credit	Journal Entry Desc Line 1 Journal Entry Desc Line 2 Journal Entry Desc Line 3	Source	Offsetting GL #
GL#: 406-502-906.129 Animal Shelter Facility/Land							
Journal Type: AP Accounts Payable							
292712	19	06/30/2008	59,152.01	0.00	WALD, RUHNKE & DOST ARCHITECTS SHELTER WORK MAY INV#: 0710811	76214	406-000-202.000
Accounts Payable			492,001.54	0.00			
Journal Type: CR Cash Receipts							
290973	3	06/25/2008	0.00	61.89	Rcd From: CIMARRON ESCROW Ref ID: QUINNAULT RD REFUND Drawer: DAWN Type: MISC	10347	406-000-001.000
Cash Receipts			0.00	61.89			
Journal Type: MS Miscellaneous							
291030	31	06/18/2008	865,226.93	0.00	JE 47 LAND PURCHASE FM QUINNAU BUSINESS CENTER		406-000-001.000
297678	2	06/30/2008	79,629.38	0.00	JE 153 ACCRUE LIABILITIES @ 6/		COMPOUND
298872	15	06/30/2008	600.00	0.00	JE 186 ACCRUE LIABILITIES @ 6/		COMPOUND
Miscellaneous			945,456.31	0.00			

Net Budget Adjustment: 0.00 Net Change in Encumbrance: 0.00 Net Change in YTD: 1,437,395.96

Darlene Drenk

From: LaVonda Pearson
Sent: Tuesday, January 06, 2009 12:57 PM
To: Darlene Drenk
Subject: RE: Shelter Facility costs?

This was approved on May 13, 2008.

I. Closed Session

On Agenda Item 1C: The Town Council unanimously approved an agreement with Quinnault Business Center, LLC, under which the Town is purchasing unimproved property located at Powhatan and Quinnault Roads, Apple Valley, identified as APNs 3087-391-01, and 02, for the total purchase price of $865,000. The property is intended to house the Town's animal control facilities. The approval of this agreement also includes provisions finding the purchase is exempt from CEQA, and is consistent with the Town's General Plan. A copy of the agreement is available for inspection in the town administrative offices.

From: Darlene Drenk
Sent: Tuesday, January 06, 2009 12:32 PM
To: LaVonda Pearson
Subject: RE: Shelter Facility costs?

Can you help me find the staff report regarding the purchase of land for the Animal Shelter on Quinnault – closing date was 6/18/08

Darlene Drenk, CPA
Accountant II, Town of Apple Valley
760-240-7000 ext.7703

From: Gina Schwin-Whiteside
Sent: Tuesday, January 06, 2009 12:25 PM
To: Darlene Drenk
Subject: RE: Shelter Facility costs?

It should have been a reportable item out of closed session a month or two prior to closing. Check with LaVonda.

-----CONFIDENTIAL COMMUNICATION-----

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Cimarron
ESCROW, INC

(760) 241-7204
13911 Park Avenue, Suite 110A, Victorville, CA 92392
www.cimarronescrow.com

Escrow No. 1-42060-LM
Reference: APN#3087-391-01 & 02 (QUINNAULT RD)
APPLE VALLEY, CA 92307

Estimated Close Date: June 16, 2008
Report Print Date: June 17, 2008

Buyer
ESTIMATED CLOSING STATEMENT

BUYER:
THE TOWN OF APPLE VALLEY
14955 DALE EVANS PARKWAY
APPLE VALLEY, CA 92307

	- - DEBITS - -	- - CREDITS - -
Consideration:		
Total Consideration	865,000.00	
Prorations:		
County Taxes-2nd 07/08 at $ 3713.38 per 6 months From 06/20/08 to 07/01/08	226.93	
		865,226.93
Balance Due Escrow	$ 865,226.93	$ 865,226.93
Totals		

NOTICE: This estimated closing statement is subject to changes, corrections or additions at the time of final computation of closing escrow statement.

Cimarron Escrow, Inc.

By:_____

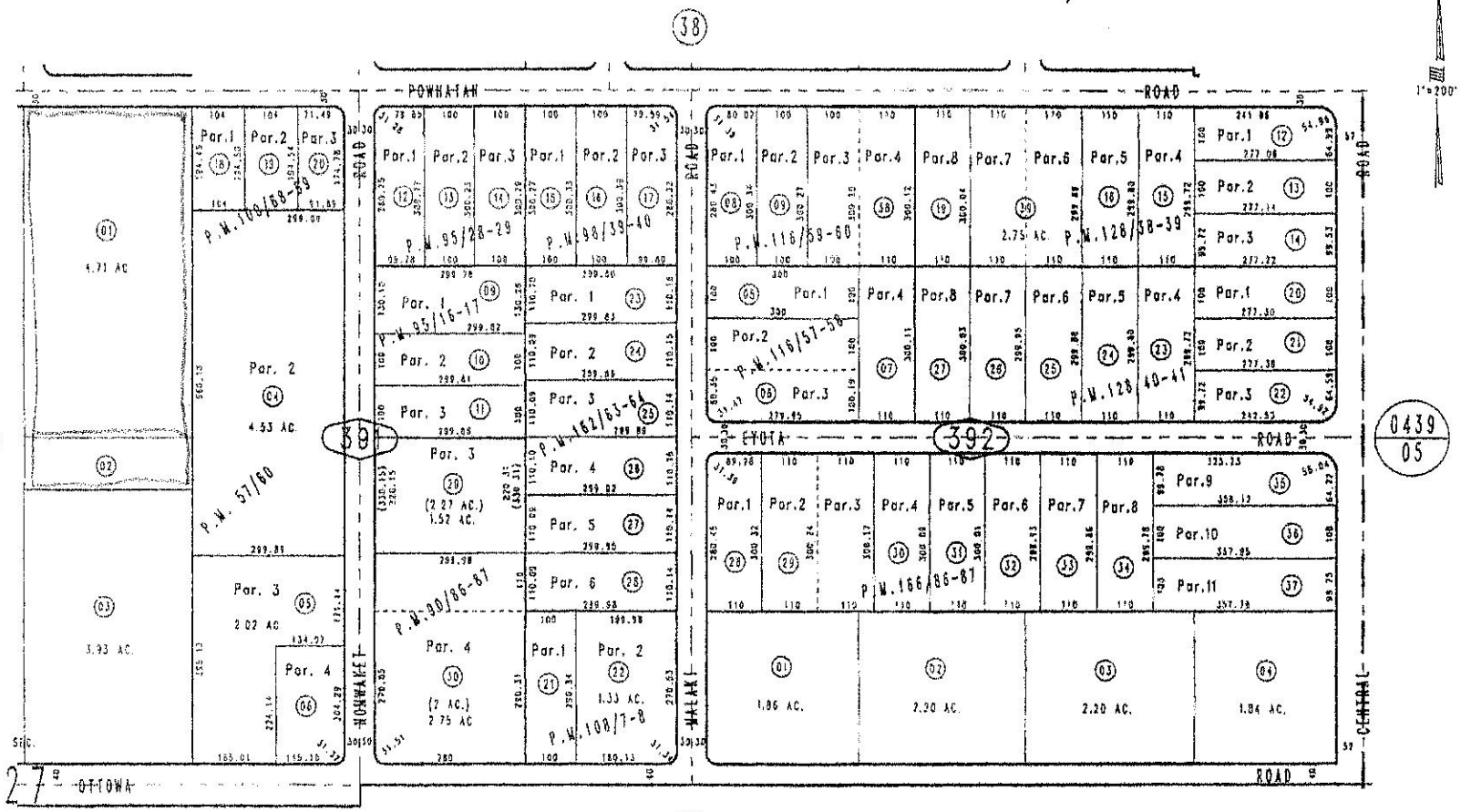
THIS MAP IS FOR THE PURPOSE OF AD VALOREM TAXATION ONLY

BILL POSTMUS, Assessor

S.1/2,N.E.1/4,Sec.27,T.5N.,R.3W.,S.B.M.

Apple Valley
Tax Rate Area
54053

3087 - 39



Parcel Map No. 9982, P.M.108/7-8
Parcel Map No. 9432, P.M.100/68-69
Parcel Map No. 8453, P.M.98/39-40
Parcel Map No. 9012, P.M.95/28-29
Parcel Map No. 9015, P.M.95/16-17
Plm. Parcel Map No. 8802, P.M.90/86-87
Plm. Parcel Map No. 5953, P.M.57/60

Parcel Map No. 11188, P.M.166/86-87
Parcel Map No. 10801, P.M.162/63-64
Parcel Map No 11038, P.M.128/40-41
Parcel Map No. 11037, P.M.128/38-39
Parcel Map No 10150, P.M.116/59-60
Parcel Map No. 10155, P.M.116/57-58

FEBRUARY 1999

Assessor's Map
Book 3087 Page 39
San Bernardino County

REVISED
02/28/08 GW
12/08/08 KA

TOWN OF
APPLE VALLEY, CALIFORNIA
APPLE VALLEY REDEVELOPMENT AGENCY
AGENDA MATTER

Subject Item:

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE TOWN OF APPLE VALLEY AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF THE AGENCY'S TAX ALLOCATION BONDS (APPLE VALLEY REDEVELOPMENT PROJECT AREA NO. 2) SERIES 2007; APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST, A BOND PURCHASE CONTRACT AND A CONTINUING DISCLOSURE AGREEMENT, AND APPROVING THE FORM OF A PRELIMINARY OFFICIAL STATEMENT; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

Summary Statement:

As previously discussed with the Town Council, and the Redevelopment Board of Directors, the tax increment generated by the Town's portion of the Redevelopment Agency of the Town of Apple Valley Project Area No. 2 is sufficient to provide funding for the improvements as outlined by the Deputy Town Manager at the February 16th Town Council Meeting. The proposed bonding is for a total not to exceed $43,500,000 to be repaid by the aforementioned tax increment. Projects to be funded with the bond proceeds include an animal care/control shelter and a public works facility.

The same item is on the Town of Apple Valley Financing Authority Agenda and the Town Council Agenda. It is staff recommendation that all three are discussed under the Redevelopment Agency, although each item must be presented and adopted independently by each body.

The Preliminary Official Statement, Indenture of Trust, Bond Purchase Contract, and a Continuing Disclosure Agreement are on file for review with the Town Clerk and have been submitted to the Council under separate cover.

Recommended Action:

Adopt Resolution No. 2007- 02, a resolution of the Redevelopment Agency of the Town of Apple Valley authorizing the issuance, sale and delivery of the Agency's Tax Allocation Bonds (Apple Valley Redevelopment Project Area No. 2) Series 2007; approving the execution and delivery of an Indenture of Trust, a Bond Purchase contract and a Continuing Disclosure Agreement and Approving the form of a Preliminary Official Statement; and authorizing certain other actions in connection therewith.

Proposed by: William Pattison, Finance Director/Treasurer **Item Number** 3R

T. M. Approval: _____ **Budgeted Item** ☐ Yes ☐ No ☒ N/A

RDA RESOLUTION No. 2007-02

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE TOWN OF APPLE VALLEY AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF THE AGENCY'S TAX ALLOCATION BONDS (APPLE VALLEY REDEVELOPMENT PROJECT AREA NO. 2) SERIES 2007; APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST, A BOND PURCHASE CONTRACT AND A CONTINUING DISCLOSURE AGREEMENT, AND APPROVING THE FORM OF A PRELIMINARY OFFICIAL STATEMENT; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Redevelopment Agency of the Town of Apple Valley (the "Agency") is a redevelopment agency duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law, being Section 33000 and following of the Health and Safety Code of the State of California, and the powers of the Agency include the power to issue bonds for any of its corporate purposes; and

WHEREAS, a redevelopment plan for a redevelopment project known as Apple Valley Redevelopment Project Area No. 2 (the "Project Area") has been adopted and approved and all requirements of law for, and precedent to, the adoption and approval of said plan have been duly complied with; and

WHEREAS, the Agency proposes to issue not to exceed $43,500,000 principal amount of its Tax Allocation Bonds (Apple Valley Redevelopment Project Area No. 2) Series 2007 (the "Bonds"), pursuant to and secured by an Indenture of Trust (the "Indenture") in the manner provided therein, the proceeds of which, among other things, will be used to finance certain redevelopment activities benefiting the Project Area, including the furtherance of the Agency's low and moderate income housing program; and

WHEREAS, it is desirable that the Bonds be so authorized and be offered for sale at this time; and

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE TOWN OF APPLE VALLEY DOES FIND, DETERMINE AND RESOLVE AS FOLLOWS:

Section 1. The Agency hereby authorizes the issuance of the Bonds in the aggregate principal amount not to exceed $33,500,000, all in accordance with the terms and conditions of the Indenture, substantially in the form annexed hereto, with such revisions, amendments and completions as shall be approved by the Chairperson, the Vice-Chairperson, the Executive Director or the Secretary of the Agency, and each of them, and any designee of any of them (each, an "Authorized Officer") with the advice of bond counsel to the Agency, such approval to be conclusively evidenced by the execution and delivery thereof by an Authorized Officer. The date, maturity dates, interest rate or rates, interest payment dates, denominations, forms, registration

privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 2. The Agency hereby approves the form of the Bond Purchase Contract by and among the Apple Valley Public Financing Authority (the "Authority"), the Agency and Kinsell, Newcomb & De Dios, Inc. (the "Underwriter"), substantially in the form annexed hereto, with such revisions, amendments and completions as shall be approved by an Authorized Officer with the advice of bond counsel to the Agency, such approval to be conclusively evidenced by the execution and delivery thereof by an Authorized Officer; provided, that the total principal amount of the Bonds shall not exceed $33,500,000, the Underwriter's discount (excluding original issue discount which does not constitute compensation to the Underwriter) does not exceed 2.0% and the interest rate on the Bonds shall not exceed 6.0%.

Section 3. The Agency hereby approves the form of Preliminary Official Statement relating to the Bonds, substantially in the form annexed hereto, with such additions, deletions or changes therein as shall be approved by an Authorized Officer, and the Agency hereby authorizes and directs the preparation of a Final Official Statement, for and in the name of the Agency, substantially in the form of the Preliminary Official Statement, with such changes therein, as such Authorized Officer may approve, such approval to be conclusively evidenced by the execution and delivery of such Final Official Statement. The Agency and the Underwriter are hereby directed to distribute copies of such Final Official Statement to all actual purchasers of the Bonds. Distribution by the Agency or the Underwriter of the Preliminary Official Statement relating to the Bonds is hereby approved and any one of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute a certificate confirming that such Preliminary Official Statement has been "deemed final" by the Agency for purposes of Securities and Exchange Commission Rule 15c2-12.

Section 4. The Agency hereby approves the form of Continuing Disclosure Agreement of the Agency related to the Bonds, substantially in the form annexed hereto, with such revisions, amendments and completions as shall be approved by an Authorized Officer with the advice of bond counsel to the Agency, such approval to be conclusively evidenced by the execution and delivery thereof by an Authorized Officer.

Section 5. The Agency hereby approves the designation of the law firm of Fulbright & Jaworski L.L.P., Los Angeles, California, to serve as Bond Counsel in connection with the issuance of the Bonds, pursuant to the terms of the engagement letter on file with the Secretary of the Agency.

Section 6. The Agency hereby approves the designation of the law firm of Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, to serve as Disclosure Counsel in connection with the issuance of the Bonds, pursuant to the terms of such firms proposal letter on file with the Secretary of the Agency.

Section 7. Any one of the Authorized Officers, and each of them, is hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable, including, without limitation, a commitment or commitments for one or more municipal bond insurance policies, in order to consummate the issuance, sale and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 8. This Resolution shall take effect immediately from and after its adoption.

_____
Chairperson of the Redevelopment Agency of the Town of Apple Valley

ATTEST:

_____
Secretary of the Redevelopment Agency of the Town of Apple Valley

I, LaVonda Pearson, Secretary of the Redevelopment Agency of the Town of Apple Valley hereby certify that the foregoing Resolution was duly adopted at a [special/regular] meeting of said agency held on the ____ day of _____ by the following vote, to wit:

AYES:
NOES:
ABSTAIN:
ABSENT:

_____

SECRETARY OF THE REDEVELOPMENT
AGENCY OF THE TOWN OF APPLE VALLEY

2. Public Facilities Priorities

Patty Saady, Deputy Town Manager, gave a power point presentation and stated that Apple Valley has experienced a population growth. Construction of Town Hall was completed in 2002. It was intended to house all existing staff and the police department, but is nearing capacity. Municipal Services has been relocated to the newly completed Police and Code Enforcement building. At the end of the calendar year, we anticipate that there will be no room for growth. The Town owns 2.2 acres at the southwest corner of Civic Center Park, stated Ms. Saady. The existing animal shelter was always a temporary solution. On Tuesday, the Council approved purchase of 7 acres of industrial property on Navajo Road that staff is considering for a new public works facility, and then we can use the existing public works for an animal shelter. Both the existing public works and animal shelter are located in RDA 2. The new land (public works facility) is in close proximity to RDA 2. Both facilities could be designed and constructed using RDA funds. It is critical to begin the Town Hall expansion process now and include funding in the 2007/08 budget cycle, or we will have to rent space. Financially, it makes sense to begin the process. Mayor Pro-Tem Jasper asked, and Ms. Saady replied, that we like to build facilities with a 20 year life that will provide for expansion. Staff would like to bring plans forward to the Council, prior to July 1, for adoption. Councilman Sagona asked, and Ms. Saady replied, that expansion of the existing Town Hall is not efficient. The building was not constructed with the idea of building up. Once we have hired an architect and are in the planning stage, Mayor Pro-Tem Jasper suggested setting up a Council ad hoc committee to provide guidance.

There is no funding currently available for a new Community Center, but there are plans on the shelf for a combined Community Center and Aquatics Center. Staff recommends combining into one multi-use building for savings in both construction and operation.

CONSENSUS: Council directed staff to proceed with an RFP for architectural design of Town Hall expansion, Public Works, Animal Shelter, Community/Aquatics Multi-Use Center and discuss formation of an ad hoc Council committee.

3. General Plan Overview

Lori Lamson, Assistant Director of Community Development stated that the General Plan is a legal requirement and an expression of what the community wants. It's also a guide to decision making and creates the future of the community. Council direction is needed on whether or not to annex or pre-zone sphere areas and proceed with a Habitat Conservation Plan. The first task is coming up with a preferred land plan. One way to alleviate problems with the County is to pre-zone land in our sphere of influence area, stated Ms. Lamson. Development is piece-meal in the sphere and staff feels this is an appropriate way to address issues county residents have. In response to Councilman Nassif's question, Ms. Lamson replied that if the County keeps to their policy it will honor pre-zoning. Mayor Roelle suggested a complete annexation of the Town's Sphere of Influence. Ms. Lamson replied that pre-zoning would protect densities and land use, as would annexing and providing services to that area. Mayor Pro-Tem Jasper questioned why we are not pre-zoning the entire sphere of influence. There is not that much development east of Milpass, stated Ms. Lamson and there is a lot of BLM property in the sphere area that will be protected one way or another. Mayor Pro-Tem Jasper still felt that everything but BLM property

TOWN OF
APPLE VALLEY, CALIFORNIA

AGENDA MATTER

Subject Item:

AWARD OF PROFESSIONAL SERVICES AGREEMENTS FOR DESIGN SERVICES TO DOUGHERTY & DOUGHERTY ARCHITECTS, LLP, FOR DESIGN OF THE TOWN HALL EXPANSION; ADRIAN GAUS ARCHITECTS, INC., (FOR AC-6 ARCHITECT COLLABORATIVE) FOR DESIGN OF THE PUBLIC WORKS FACILITY; AND, WALD, RUHNKE & DOST ARCHITECTS LLP FOR DESIGN OF THE ANIMAL SHELTER FACILITY

SUMMARY STATEMENT

At the 2007 edition of the Council/Staff strategic planning and goal-setting workshop, Council received a presentation from staff regarding the Town's future space needs. After extensive discussion, the Town Council took several related actions, including the following:

----Authorized staff to proceed with the development and issuance of a Request For Proposals/Request For Qualifications (RFP/RFQ) for the purpose of retaining architectural firms for the design of a Town Hall Expansion Facility, Public Works/Corporate Yard and new Animal Shelter Facility; and,

----Authorized staff to commence the process of issuing redevelopment tax allocation bonds for the Publics Works and Animal Shelter facilities and Certificates of Participation for the Town Hall expansion facility

As a result of the above actions and direction by Council, staff developed and issued on April 2, 2007 an RFP/RFQ document for all three facilities for the purpose of recruiting and recommending for selection architectural and engineering firms for all three facilities.

Recommended Action:

1. That the Town Council award the attached Professional Services Agreement for design services related to the Town Hall Expansion Facility to Dougherty & Dougherty Architects LLP in the amount of $810,560 and authorize its execution; and,
2. That the Town Council award the attached Professional Services Agreement for design services related the Public Works Facility to Adrian Gaus Architects, Inc., (for AC-6 Architect Collaborative) in the amount of $579,700 and authorize its execution; and
3. That the Town Council award the attached Professional Services Agreement for design services related to the Animal Shelter Facility to Wald, Ruhnke & Dost Architects LLP in the amount of $670,000 and authorize its execution.
4. That the Town Council authorize and direct staff to develop and issue a Request For Proposals/Request For Qualifications (RFP/RFQ) for construction management services for the Town Hall Expansion, Public Works/Corporate Yard Facility and Animal Shelter Facility as described herein.

Proposed by: Director of Economic & Community Development **Item Number** _____

T. M. Approval: _____ **Budgeted Item** ☒ **Yes** ☐ **No** ☐ **N/A**

Council Meeting Date: 07/10/07

15-1

The Town Council/Agency Board followed up this action on May 8, 2007 by approving the issuance of redevelopment tax allocation bonds in the amount of $13,500.000 for the public works and animal shelter facilities and $15,500,000 in Certificates of Participation for the Town Hall expansion facility. The seemingly never ending document preparation process is still under way but, for all intents and purposes, the required funds are available to begin the process of designing and constructing the above referenced facilities. It is noted that the Town has three years from July 11, 2007 to expend these funds. Failing to do so will require the time and expense of refunding these bonds and reducing the amount of funds available for facility design and construction.

The Town RFP/RFQ document was issued on April 2, 2007, with the document containing a submission deadline of April 27, 2007. As part of this process, staff sent out the RFP/RFQ document to 109 architectural firms and received 12 responses for the Town Hall expansion project, 9 responses for the public works facility and 8 responses from firms proposing design services for the animal shelter facility. The 29 responses received, including sealed envelopes containing the respondents' fee proposals, were then provided to a Review Panel consisting of the Deputy Town Manager, the Director of Public Services, the Director of Finance, the Director of Municipal Services and the Director of Economic and Community Development.

Each member of the Review Panel was required to independently review, evaluate and rate for further consideration the responses to the RFP/RFQ document. After this process was completed, the Review Panel convened to discuss the responses received, share and combine rating information and to determine which firms would be invited to face-to-face interviews. A total of 9 firms were invited to 10 interviews (some firms submitted responses for more than one facility) which took place on June 20, 21 and 22, respectively. Once the interview process was completed, the firms interviewed were, once again, rated to determine which firms would continue further in the competition. Subsequent to the interviews and the rating of same, the Review Panel opened the sealed fee proposals to further aid in selecting one or more firms for the proposed buildings in question.

After the interviews and evaluation of the fee proposals, three firms, Dougherty & Dougherty Architects LLP, AC-6 Architect Collaborative and Wald Ruhnke and Dost Architects LLP were invited to scheduled negotiation sessions with the Review Panel. These meetings took place on June 27 and 28, 2007. In addition to discussing the fee proposals and project budgets in detail, each of the three firms listed had been provided a copy of the Town of Apple Valley Professional Services Agreement boilerplate and insurance requirements so as to ensure, to the extent possible, these matters, and related documentation, could be placed on the Town Council's July 10, 2007 agenda (there will be no second regularly scheduled Town Council meeting for the month of July). Since time is of the essence, having the Council award the attached professional services agreements on July 10, 2007 rather than thirty-days later will greatly assist in keeping these projects on schedule.

As such, and based upon the foregoing, staff recommends adoption of form motions 1, 2 and 3.

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this 10th day of July, 2007, by and between THE TOWN OF APPLE VALLEY, a Municipal Corporation (hereinafter referred to as "TOWN") and Dougherty + Dougherty Architects LLP, (hereinafter referred to as "CONSULTANT").

WHEREAS, Town, desires to retain Consultant for the purpose of the design of a new Town Hall Facility and 3,500 square foot office/maintenance building pursuant to a Request for Proposals/Request for Qualifications (RFP/RFQ) issued by Town; and

WHEREAS, Consultant has represented to Town that Consultant has the knowledge, skills, resources and experience that qualify Consultant to provide said services for the Town, including related and accompanying studies, reports and all other matters described herein and any attachments hereto, including, but not limited to, the matters described in Request for Proposals/Request for Qualifications and Consultant's response to such RFP/RFQ (including but not limited to the Scope of Services and Schedule of Performance), contained in Exhibit A, attached hereto and incorporated herein by this reference; and

WHEREAS, based upon the representations of Consultant, Town desires to retain the services of Consultant which shall at all times faithfully, competently and to the best of its ability, experience, and talent, perform all tasks described herein in consideration for payment to Consultant of the fees herein described, contained in Exhibit B attached hereto and incorporated herein by this reference and in consideration of the further covenants, conditions and provisions hereinafter set forth: and,

NOW, THEREFORE, Town and Consultant mutually agree as follows:

1. The Town hereby retains Consultant to provide the services herein described, and Consultant hereby agrees to perform and be responsible for the performance of the professional services as set forth in the scope of services in Exhibit A, attached hereto.

2. Payment to Consultant by the Town of the fees described in Exhibit B for the work described in the scope of services shall be billed monthly for services and work completed. The Town will pay Consultant a fee not to exceed a maximum of eight-hundred, ten thousand, five hundred, sixty dollars ($810,560). Payment requested for work not within the scope of this Agreement will not be honored or paid unless such extra work and payment is authorized in writing by the Director of Economic and Community Development (hereinafter referred to as "Director"), subject to the provisions of Paragraph 6, hereof. Increases or decreases in task requirements, changes in product format or detail, or new task requirements shall be approved in advance in writing by the Director. The Town, through the Director, reserves the right to direct any changes in the order of performance of any of the task requirements referenced or set forth in the proposal and/or Scope of Services; and where deemed to

be in the best interests of the Town, the Director may direct termination of the performance of any task, or any portion thereof; in the event of such termination, Consultant shall be paid only for the work performed prior to the effective date of said termination. The provision in this paragraph shall not be construed to authorize the Director to approve payments for extra work which result in exceeding the total sum authorized by this contract without the prior approval of the Town Council.

3. Consultant shall invoice the Town monthly in accordance with a work and payment schedule, approved in advance by the Director. Said invoices shall include the work performed by task, rate, and a task progress status report in a form and with such additional information satisfactory to said Director. Payments to consultant for approved work and accepted submitted products shall not be unreasonably withheld and under no circumstance shall be delayed for work performed beyond 60 days from receipt of invoices without prior notification to Consultant of the reasons for withheld payments.

4. The Town has an interest in the qualifications of and capabilities of the person and entities who will fulfill the duties and obligations imposed upon Consultant by this Agreement. No assignment of this Agreement or of any rights hereunder, and no delegation of any performance or obligation of performance hereunder shall be made, either in whole or in part, by Consultant without the prior written consent of the Town. Consultant has or will provide all personnel required to perform services under this Agreement. All subcontractors or sub-consultants to be secured by Consultant must have the prior written approval of the Town through the Director. All of the services will be performed by Consultant, or under its supervision, and all personnel engaged in the work shall be fully qualified and shall be authorized and permitted under State and local laws to perform such services, and shall be subject to the written acceptance of the Director.

5. Upon completion of each phase of work, Consultant shall submit to the Town a status report on the services performed thus far. Consultant will also timely provide any "deliverables" completed during that phase.

6. Town may request Consultant to perform additional services not contemplated by the Scope of Services. Prior to the commencement of such additional services, the exact nature of such services and the cost to the Town thereof shall be set forth in a written agreement signed by the parties hereto.

7. Consultant shall complete the Scope of Services so as to allow for completion of the entire project. Consultant acknowledges, and the parties specifically agree that time is of the essence in the performance of the services required to be performed under this Agreement. Consultant will complete the task requirements to meet the schedule, which shall be provided thirty (30) days from the Effective Date of the Agreement signed by all parties. The schedule, when completed, will become part of this agreement and will be identified as Exhibit D, attached hereto, subject to such schedule alterations by the Director as are permitted herein.

8. At the completion or termination of this Agreement, all data, studies, and any other information, work products, memoranda, documents or writings, created or generated in connection with the performance of this Agreement belong to and shall be delivered to the Town for its keeping, by delivery of same to the Director. Consultant may retain copies of these materials for its use or purposes.

9. Consultant will perform the services set out in this Agreement, or will cause performance of said services to occur as contemplated herein in accordance with the generally accepted standards for performing similar professional services within the State. Town has relied on Consultant's representations for quality and professional work as an inducement to enter into this Agreement.

10. The Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Consultant is in default for cause under the terms of this Agreement, Town shall have no obligation or duty to continue compensating Consultant for any work performed after the date of default and can terminate this Agreement immediately by written notice to the Consultant. If such failure by the Consultant to make progress in the performance of work hereunder arises out of causes beyond the Consultant's control, and without fault or negligence of the Consultant, it shall not be considered a default.

If the Town Manager or his designee determines that the Consultant is in default in the performance of any of the terms or conditions of this Agreement, the Town Manager shall cause to be served upon the Consultant a written notice of the default. The Consultant shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that the Consultant fails to cure its default within such period of time, the Town shall have the right, notwithstanding any other provision of this Agreement to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

11. The failure of the Town to insist upon the strict performance of any of the provisions of this Agreement, or failure to exercise any other right, option or remedy hereby reserved or as permitted by law, shall not be construed as a waiver for the future of any such provisions, right, option, or remedy, or as a waiver of any subsequent breach thereof.

12. The Town may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the Town suspends or terminates a portion of this Agreement such suspension or termination shall not make void or invalidate the remainder of this Agreement.

In the event this Agreement is terminated pursuant to this Section, the Town shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to the Town. Upon termination of the Agreement pursuant to this Section, the Consultant will submit an invoice to the Town.

13. Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by Town that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of Town or its designees at reasonable times to such books and records; shall give Town the right to examine and audit said books and records; shall permit Town to make transcripts therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

14. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the Town and may be used, reused, or otherwise disposed of by the Town without the permission of the Consultant. With respect to computer files, Consultant shall make available to the Town, at the Consultant's office and upon reasonable written request by the Town, the necessary computer software and hardware for purposes of accessing, compiling, transferring, and printing computer files.

15. Consultant is and shall at all times remain as to the Town a wholly independent Consultant. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither Town nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the Town. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against Town, or bind Town in any manner.

16. No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, Town shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for Town. Town shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

17. Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as, but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that
party may later designate by notice:

Director of Economic and Community Development
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

Notice to Consultant shall be sufficient if sent to:

Dougherty + Dougherty Architects LLP
Betsey Olenick Dougherty, Partner in Charge
3194D Airport Loop
Costa Mesa, CA 92626

Each party hereto may change the address at which it receives written notice by so notifying the other party in writing.

18. The Director, or representative, shall represent the Town in all matters pertaining to the administration of this Agreement, including without limitation, attending all necessary meetings and conferences, and review and approval of all products submitted by Consultant, but not including the authority to enlarge the scope of work or increase the compensation due Consultant; although Consultant shall be responsible for coordination of all necessary meetings and conferences, and will coordinate all public information and participation activities.

19. No information, including photographs, public announcements or confirmation of same, or any part of the subject matter of this Agreement or any phase of any program hereunder shall be made public without prior approval of the Director.

20. It is agreed and understood that Consultant will not be engaged in private work projects in the project work area while Consultant is employed by the Town. The "project work area" for purposes of this paragraph includes the area of the proposed project and the surrounding vicinity which may be significantly impacted by the proposed work hereunder. In any event, Consultant shall not engage in any private work which would constitute a conflict of interest with respect to the services performed under this Agreement.

21. Consultant shall defend (with attorneys approved by Town), hold harmless and indemnify the Town, its officers, employees and agents against liability (whether bodily injury, including death, and/or property damage and/or any other losses, claims, damages, actions or judgments) including attorney's fees and costs arising or alleged to arise out of the wrongful, negligent, reckless acts, omission of or willful misconduct of Consultant or its officers, agents, employees, subcontractors or representatives in the performance of this Agreement.

22. As a condition precedent to the effectiveness of this Agreement, and in partial performance of Consultant's obligations hereunder, Consultant, at its expense, shall deliver to Town for approval, certificates or policies of insurance as required in Exhibit C, attached hereto.

The Town shall also be named as an additional insured under said policy or policies of liability insurance, which insurance shall be primary and not contributing with any other liability insurance available to the Town. Consultant and its insurance carrier shall be required to inform the Town in writing of any change, expiration, cancellation or renewal of any insurance policy or policies within 30 days prior to the effective date
thereof, and where applicable, an appropriate rider or addition shall be made to said policy relating thereto acceptable to the Town; and if any insurance required herein is cancelled or reduced in coverage, Consultant shall promptly provide replacement coverage acceptable to the Town.

23. Should any section or any part of this Agreement be rendered void, invalid or unenforceable by any court of law, any such final determination shall not render void, invalid or unenforceable any other sections or portions of this Agreement unless the Town determines in writing that its purpose cannot be accomplished by the remaining provisions not so invalidated.

24. This Agreement has been made and entered into in the State of California, and the laws of the State of California shall govern the validity and interpretation hereof and the performance hereunder.

25. This Agreement contains the entire understanding of the parties, and there are no further or other Agreements or understandings, written or oral, in effect between the parties hereto relating to the subject matter hereof, and any prior understanding or Agreement of the parties shall not be binding unless set forth herein, and, except to the extent expressly provided for herein, no amendments of this Agreement may be made without the written agreement signed by both parties hereto.

26. Should litigation or arbitration occur between the parties hereto relating to the provisions of this Agreement, all reasonable litigation or arbitration expenses and costs, including reasonable attorney's fees incurred by the prevailing party shall be paid by the non-prevailing party to the prevailing party.

27. Consultant represents that it has all personnel required in performing the services under this Agreement. All such personnel shall be fully qualified, and, where applicable, shall be licensed or otherwise authorized under State and local law to perform such services. The Consultant shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to the Agreement. The Consultant shall at all times observe and comply with all such laws and regulations. The Town and its officers and employees, shall not be liable at law or equity occasioned by failure of the Consultant to comply with this Section.

28. Consultant shall not be liable for delays in the performance of this Agreement caused solely by acts of God or similar events beyond the control of Consultant, unless said events could have been foreseen or said delay or any portion thereof could have been avoided.

29. Consultant shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, age or national origin. Consultant shall take appropriate action to ensure that applicants are employed and that employees are treated during their employment without regard to their race, religion, color, sex, age or national origin. Such action shall include, but not be limited to, employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Consultant shall comply with all applicable Federal laws and Executive Orders and relevant orders of the Secretary of Labor, with all State and local laws and affirmative action compliance programs and other applicable rules and regulations of all government and administrative agencies relating to any and all performance under this Agreement.

30. Consultant declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of the Town in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the Town will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the Town to any and all remedies at law or in equity.

31. No member, officer, or employee of Town, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

32. All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without

Town's prior written authorization. Consultant, its officers, employees, agents, or subconsultants, shall not without written authorization from the Town Manager or unless requested by the Town Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the Town. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives Town notice of such court order or subpoena.

33. Consultant shall promptly notify Town should Consultant, its officers, employees, agents, or subconsultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request, court order, or subpoena from any person or party regarding this Agreement and the work performed thereunder or with respect to any project or property located within the Town. Town retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing, or similar proceeding. Consultant agrees to cooperate fully with Town and to provide the opportunity to review any response to discovery requests provided by Consultant. However, Town's right to review any such response does not imply or mean the right by Town to control, direct, or rewrite said response.

34. The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the Town. Because of the personal nature of the services to be rendered pursuant to this Agreement, only Dougherty + Dougherty, Architects LLP shall perform the services described in this Agreement.

Dougherty + Dougherty, Architects LLP may use assistants, under its direct supervision, to perform some of the services under this Agreement. Consultant shall provide Town fourteen (14) days' notice prior to the departure of any employee subcontractor from Consultant's employ assigned to this agreement as of its Effective Date. Should he/she leave Consultant's employ, the Town shall have the option to immediately terminate this Agreement, within three (3) days of the close of said notice period. Upon termination of this Agreement, Consultant's sole compensation shall be payment for actual services performed up to, and including, the date of termination or as may be otherwise agreed to in writing between the Town and the Consultant.

35. This Agreement binds Consultant, and its successors and assigns, although this paragraph shall not be construed as permitting any assignment, subletting or transfer of any interest, rights or obligations of Consultant under this Agreement without the prior written consent of the Town. This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this

Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

36. Town and Consultant agree that time is of the essence in this Agreement. Town and Consultant further agree that Consultant's failure to perform on or at the times set forth in this Agreement will damage and injure Town, but the extent of such damage and injury is difficult or speculative to ascertain. Consequently, Town and Consultant agree that any failure to perform by Consultant at or within the times set forth herein shall result in liquidated damages of three-hundred dollars ($300) per day for each and every day such performance is late. Town and Consultant agree that such sum is reasonable and fair. A performance schedule will be provided to Town thirty (30) days from the Effective Date of the Agreement signed by all parties. Once agreed upon by all parties the performance schedule will become part of this Agreement. The schedule will be reviewed by all parties on a regular basis for update and approval. The liquidated damages will be tied to the regular review and updated schedule. Furthermore, Town and Consultant agree that this Agreement is subject to Government Code Section 53069.85 and that each party hereto is familiar with and understands the obligations of said Section of the Government Code.

37. The person or persons executing the Agreement on behalf of Consultant warrants and represents that he/she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties have executed this Agreement at Apple Valley, California, effective the day and year first above written.

TOWN OF APPLE VALLEY, CALIFORNIA

BY:_____
Honorable Richard Roelle, Mayor

ATTEST:

_____
Mrs. La Vonda M. Pearson Town Clerk

APPROVED AS TO FORM:

_____
Mr. Neal Singer, Town Attorney

APPROVED AS TO CONTENT:

_____
Mr. Bruce Williams, Town Manager

CONSULTANT
Dougherty + Dougherty Architects, LLP

_____
Betsey Olenick Dougherty
Partner in Charge

Council Meeting Date: 07/10/07

15-11

Town Hall Facility

Exhibit A

DOUGHERTY • DOUGHERTY ARCHITECTS LLP

Council Meeting Date: 07/10/07

15-12

B. Methodology

The following itemization details our basic services and methodology proposed for the Town Hall New Facility for Expansion for the Town of Apple Valley. It will be extremely important to engage a project committee, consisting of empowered representatives of each constituency. Opportunities for input will encourage an inclusionary process of Town personnel and vested interest representatives. Partners Betsey Olenick Dougherty and Brian Paul Dougherty contribute extensive experience in the facilitation of meetings and forums, and will be actively involved in this process.

Our proposed approach is as follows:

Pre-Design Coordination and Program Analysis
Staff Assigned:
Architect Principal
Architect Project Manager

The initial step in the design process for the new Town Hall Expansion will be to meet with the appropriate Town of Apple Valley representatives for the purpose of:

- Developing the scope of the program;
- Understanding the expectations and anticipated outcome;
- Developing a clear definition of the program, design criteria, program objectives and making subsequent recommendations;
- Refining a detailed project schedule, including the identification of critical dates and their relationship to design approvals and funding;
- Discussing budget limitations;
- Visiting the site, obtaining and reviewing all documentation of existing conditions with assistance from consulting engineers; and
- Evaluating the relationship of the new design to the adjacent facilities.

We believe the key to success is effective and thorough communication between the Town of Apple Valley and all members of the design team to identify issues and to enhance program development, thus allowing the necessary services to proceed effectively and responsively.

This pre-design/programming phase occurs at the beginning of schematic design and includes intensive coordination/interface and progressive regular meetings with Town of Apple Valley representatives. Initially, the meetings establish the guidelines and specific criteria to direct the team's efforts. Thereafter, these meetings provide a continuum to receive information, clarify input, inform project committee members of progress and direction, and allow the Town the opportunity for review and comment. The hours associated with this work are reflected within the Schematic Design fee.

Town of Apple Valley Provided Services

The Town of Apple Valley shall designate representatives, authorized to act in the Town's behalf with respect to the project. A representative committee will be empowered to make decisions on behalf of their respective constituent group. The Town shall also furnish the A/E team with all necessary reference data, which includes, but is not limited to the following:

- Site surveys including the location of all existing improvements, utilities and site features;
- Geotechnical Reports;
- Funding limitations; and,
- Overall schedule goals with critical dates.

The Town of Apple Valley shall be responsible for the review of all documents submitted and render decisions pertaining there to in a reasonably prompt manner, so as to avoid unreasonable delay in the orderly progress of services in order to meet schedule goals. These goals will establish a framework to develop an overall project schedule.

DOUGHERTY DOUGHERTY ARCHITECTS LLP

Schematic Design Phase
Staff Assigned:
Architect Principal
Architect Project Manager
Architectural Designer
Architectural Technical Support Staff
Consulting Engineers

Following initial meetings with committee members, we will discuss a design strategy and respond with optional conceptual plans for discussion. A series of meetings will follow in a collaborative effort to develop responsive designs. Graphic studies will depict alternative proposed design solutions that consider:

- Response of the new design to the existing Town Hall and surrounding community;
- Establishment of priorities in scope to wisely distribute expenditures;
- Examination of program space adjacencies;
- Creation of an imaginative program response;
- Provision of maximum utilization and support for users;
- Analysis of visibility, supervisory, security and life safety issues;
- Analysis of access compliance issues;
- Analysis of mechanical, electrical, technology and plumbing building systems;
- Compatibility with long-term use, maintenance procedures and schedules for utilization;
- Development of digital renderings and plans;
- Creation of a conceptual cost estimate; and,
- Creation of public media for use by the Town of Apple Valley in communicating the schematic design to the broader community.

These plans will be presented and reviewed at proposed Town of Apple Valley committee, commission and Council meetings to gather responses and make subsequent revisions. Reconciliation of the program and budget will be considered at this time. The final plans will serve as a basis for future design development. The initial LEED "Scorecard" will be submitted at the conclusion of this phase if the Town determines this is of benefit to the project.

Development Design Phase
Staff Assigned:
Architect Principal
Architect Project Manager
Architect Job Captain
Architectural Designer
Architectural Technical Support Staff
Cost Estimator
Civil Engineer and Staff
Structural Engineer and Staff
Mechanical/Plumbing Engineer and Staff
Electrical Engineer and Staff
Landscape Architect and Staff

This stage involves delineating the conceptual design into a refined vision, reflecting input from the project committee. Cost implications will be discussed in depth at this time. The architectural solution will illustrate:

- Inherent flexibility in new design and in infrastructure;
- Adjacencies and interior/exterior circulation patterns;
- Solutions to life safety issues;
- The aesthetic supportive articulation of space in response to Town Hall context;
- Potential fixture, furniture and equipment layouts;
- Long-term maintenance, durability and energy efficient design techniques;
- Visual and physical safety and security measures;
- Compliance with Title 24, ADA, and all regulatory requirements; and,
- Development of engineered building systems.

The design development documents will clearly delineate the design solution in three dimensions. They will be presented, along with a statement of probable construction costs, to the Town of Apple Valley representatives for final approval prior to the detailed development of construction documents.

DOUCHERTY DOUGHERTY ARCHITECTS LLP

Construction Documents Phase

Staff Assigned:

Architect Principal	Civil Engineer and Staff
Architect Project Manager	Structural Engineer and Staff
Architectural Job Captain	Mechanical/Plumbing Engineer and Staff
Architectural Technical Support Staff	Electrical Engineer and Staff
Cost Estimator	Landscape Architect and Staff

The construction document phase is a time of intense production on the part of the architectural, landscape architectural, and consulting engineering team. The scope of work is as follows:

- Integration and coordination of all engineered building systems;
- Meeting all code and regulatory requirements;
- Interim submittals for City review as required;
- 95% drawings, specifications, and calculations submitted for plancheck;
- Detailed estimates of probable construction cost submitted;
- LEED and/or Utility Company performance documents filed;
- 100% construction document back check and approval; and
- Preparation for bid.

Following approval, the Town will prepare for the bid period. Documents are anticipated to be distributed through the Town of Apple Valley for bidding.

Bidding Phase

Staff Assigned:

Architect Principal
Architect Project Manager
Architectural Technical Support Staff as Required
Consulting Engineers as Required for Inquiries and Addendums

Dougherty + Dougherty will assist the Town of Apple Valley in identifying and encouraging qualified contractors to bid. The architectural and engineering team will respond to questions during the bid or negotiation period and will issue addenda as required. Services include:

- Facilitation of a contractor pre-bid meeting;
- Response to telephone/FAX inquiries;
- Issuance of addenda as required;
- Attendance at the bid opening; and
- Assistance in assessing the bids.

We are experienced in a variety of project delivery methods, including working with construction managers on design-bid-build or multi-prime contracts, and are prepared to support the Town as the project progresses into the construction phase of the work.

DOUGHERTY + DOUGHERTY ARCHITECTS LLP

Construction Administration Phase

Staff Assigned:

Architect Principal
Architect Project Manager
Architectural Job Captain
Architectural Technical Support Staff

Civil Engineer and Staff
Structural Engineer and Staff
Mechanical/Plumbing Engineer and Staff
Electrical Engineer and Staff
Landscape Architect and Staff

The architect will provide the Town of Apple Valley with the full scope construction administration support services, Construction period services include:

- Attendance at regular meetings with minutes and task lists;
- Review of submittals and shop drawings;
- Review of and response to all RFI's/RFC's;
- Maintenance of all logs;
- Review of all Pay Requests, with the review of the maintenance of record drawings;
- Review and resolution of all construction related issues and changes to the work;
- Preparation of punch lists and punch list back check;
- Issuing of the Certificate of Substantial Completion; and
- Review and issuing of electronic and hard copy record drawings.

D+D will be actively involved in the review of proposed construction changes, and will represent the Town in contractor negotiations and construction contract resolution. We will also aggressively monitor the construction schedule and require updated schedules and maintained record drawings prior to the approval of contractor requests for payment. The Town will be provided with all warranties and guarantees, and all maintenance manuals, reviewed by the architect and engineers for conformance to the documents. We will be available to assist the Town of Apple Valley with move-in and mobilization, and will also be available for post-occupancy evaluation and warranty issue follow-up as required.

Interior Design Services Option

Dougherty + Dougherty is please to offer in-house services for interior design. The selection of finish materials, window covering and colors is a part of our basic services. Additional interior design services include:

- Selection and specification of fixtures, furniture and equipment;
- Development of furniture plans;
- Assistance in the development of purchase orders;
- Support during bid or for procurement contract piggy-back participation;
- Assistance with delivery and installation; and
- Assistance with move-in and mobilization.

The associated fees for this work will be a direct reflection of the scope as determined.

Dougherty + Dougherty is committed to being your collaborative partner form the beginning of the design and construction process to the delivery of the completed project. Our personal service includes the active participation of the Principals and Project Manager representing the firm. Please feel free to contact our previous clients to confirm this commitment. We look forward to the opportunity to provide this same level of service to the Town of Apple Valley.

DOUGHERTY + DOUGHERTY ARCHITECTS LLP

Town of Apple Valley

Town Hall Facility

Exhibit B

DOUGHERTY • DOUGHERTY ARCHITECTS LLP

Council Meeting Date: 07/10/07

15-17

A. ESTIMATED FEE PROPOSAL
Town of Apple Valley
Town Hall New Facility for Expansion
Architectural Design Services
Date: Revised June 29, 2007

D+D Proj. No. 20715.00

The following itemized cost proposal is prepared as a supplement to our proposal of April 27, 2007, revised June 29, 2007.

Hourly rates include direct personnel expense, overhead, and profit. The building is described to be 38,800 s.f. with an estimated Total Project Cost of $11 million dollars. The estimated ratio of the Total Project Budget to the Construction Budget recognizes a factor of 15%. Therefore, the Construction budget is assumed to be $9,350,000, implying the need for a budget/scope reconciliation to reduce the estimated square footage. This fee proposal is based upon the $9,350,000 of available funding, and is to be amended if additional funding becomes available, resulting in a larger project.

Schematic Design Phase (15%) (includes Pre-Design and Programing)

Architect Principal	40	hrs. x	$160 /hr. =	$6,400
Architect Project Manager	140	hrs. x	$130 /hr. =	$18,200
Architect Job Captain	180	hrs. x	$110 /hr. =	$19,800
Architectural Designer	180	hrs. x	$110 /hr. =	$19,800
Architect Technical	180	hrs. x	$95 /hr. =	$17,100
Civil Engineer	30	hrs. x	$160 /hr. =	$4,800
Structural Engineer	48	hrs. x	$160 /hr. =	$7,680
Mechanical/Plumbing Engineer	32	hrs. x	$140 /hr. =	$4,480
Electrical Engineer	40	hrs. x	$140 /hr. =	$5,600
Landscape Architect	20	hrs. x	$140 /hr. =	$2,800
Cost Estimator	42	hrs. x	$130 /hr. =	$5,460

Subtotal: $112,120

Design Development Phase (20%)

Architect Principal	20	hrs. x	$160 /hr. =	$3,200
Architect Project Manager	120	hrs. x	$130 /hr. =	$15,600
Architect Job Captain	160	hrs. x	$110 /hr. =	$17,600
Architectural Designer	160	hrs. x	$110 /hr. =	$17,600
Architect Technical	230	hrs. x	$95 /hr. =	$21,850
Civil Engineer	48	hrs. x	$160 /hr. =	$7,680
Civil Tech	48	hrs. x	$90 /hr. =	$4,320
Structural Engineer	70	hrs. x	$160 /hr. =	$11,200
Structural Technical	70	hrs. x	$90 /hr. =	$6,300
Mechanical/Plmbg. Engineer	48	hrs. x	$140 /hr. =	$6,720
Mechanical Technical	48	hrs. x	$90 /hr. =	$4,320
Electrical Engineer	56	hrs. x	$140 /hr. =	$7,840
Electrical Technical	56	hrs. x	$90 /hr. =	$5,040
Landscape Architect	36	hrs. x	$140 /hr. =	$5,040
Landscape Technical	40	hrs. x	$90 /hr. =	$3,600
Cost Estimating	90	hrs. x	$130 /hr. =	$11,700

Subtotal: $149,610

Construction Documents Phase (40%)

A. Preparation of Construction Plans and Specifications. (35%)

Architect Principal	12 hrs. x	$160 /hr. =	$1,920
Architect Project Manager	200 hrs. x	$130 /hr. =	$26,000
Architect Job Captain	400 hrs. x	$110 /hr. =	$44,000
Architect Technical	800 hrs. x	$90 /hr. =	$72,000
Civil Engineer	80 hrs. x	$160 /hr. =	$12,800
Civil Technical	100 hrs. x	$90 /hr. =	$9,000
Structural Engineer	120 hrs. x	$160 /hr. =	$19,200
Structural Technical	160 hrs. x	$90 /hr. =	$14,400
Mechanical/Plmbg. Engineer	90 hrs. x	$140 /hr. =	$12,600
Mechanical Technical	100 hrs. x	$90 /hr. =	$9,000
Electrical Engineer	100 hrs. x	$140 /hr. =	$14,000
Electrical Technical	120 hrs. x	$90 /hr. =	$10,800
Landscape Architect	60 hrs. x	$140 /hr. =	$8,400
Landscape Technical	60 hrs. x	$90 /hr. =	$5,400
Cost Estimating	120 hrs. x	$130 /hr. =	$15,600
Clerical (Specifications)	40 hrs. x	$80 /hr. =	$3,200
Subtotal:			$278,320

B. Planchecking/backchecking (5%)

Architect Project Manager	20 hrs. x	$130 /hr. =	$2,600
Architect Job Captain	60 hrs. x	$110 /hr. =	$6,600
Architect Technical	60 hrs. x	$90 /hr. =	$5,400
Civil Engineer	10 hrs. x	$160 /hr. =	$1,600
Structural Engineer	48 hrs. x	$160 /hr. =	$7,680
Mechanical Engineer	16 hrs. x	$140 /hr. =	$2,240
Electrical Engineer	24 hrs. x	$140 /hr. =	$3,360
Landscape Architect	6 hrs. x	$140 /hr. =	$840
Subtotal:			$30,320

Bidding Phase (5%)

A. Provide bidding support services, including response to inquiries, issue of addenda, attendance at bid opening, and evaluation of bids.

Architect Principal	4 hrs. x	$160 /hr. =	$640
Architect Project Manager	72 hrs. x	$130 /hr. =	$9,360
Architect Job Captain	60 hrs. x	$110 /hr. =	$6,600
Architect Technical	60 hrs. x	$90 /hr. =	$5,400
Engineering Support	60 hrs. x	$140 /hr. =	$8,400
Subtotal:			$30,400

Construction Administration Phase (20%)

A. Provide construction administration (Includes punchlist and as-builts)

Architect Principal	20 hrs. x	$160 /hr. =	$3,200
Architect Project Manager	380 hrs. x	$130 /hr. =	$49,400
Architect Job Captain	180 hrs. x	$110 /hr. =	$19,800
Architect Technical	173 hrs. x	$95 /hr. =	$16,150
Civil Engineer	54 hrs. x	$160 /hr. =	$8,640
Civil Technical	48 hrs. x	$90 /hr. =	$4,320
Structural Engineer	68 hrs. x	$160 /hr. =	$10,880
Structural Technical	54 hrs. x	$90 /hr. =	$4,860
Mechanical/Plmbg. Engineer	56 hrs. x	$140 /hr. =	$7,840
Mechanical Technical	48 hrs. x	$90 /hr. =	$4,320
Electrical Engineer	60 hrs. x	$140 /hr. =	$8,400
Electrical Technical	48 hrs. x	$90 /hr. =	$4,320
Landscape Architect	24 hrs. x	$140 /hr. =	$3,360
Landscape Technical	16 hrs. x	$90 /hr. =	$1,440

Subtotal: $146,930

Total Fee **$747,700**

Interior Design Option (no vested interest relationships with vendors)

Architect Principal/Interior Designer	120 hrs. x	$160 /hr. =	$19,200
Architect Project Manager	32 hrs. x	$130 /hr. =	$4,160
Architect Technical	100 hrs. x	$95 /hr. =	$9,500

Total Estimate (varies related to scope) $32,860

Notes:

1. Reimbursable expenses for submittals include reproduction and delivery at 1.10 x direct cost (not including reproduction for bid or construction plans). N.T.E. $30,000
2. Fee includes a virtual model, digital renderings, and photographic services.
3. Fee includes 100% electronic documents, plotting, fax, e-mail, and in-house printing for A/E use.
4. Other special consulting services, such as Hazardous Materials Consultant, Food Services Consultant, or Acoustical Consultant are available as additional services as required. It is assumed that the Town will provide contact personnel and contracted vendors for low-voltage technology, security and telephone systems.

EXHIBIT C

INSURANCE REQUIREMENTS

Prior to the beginning of and throughout the duration of the Work, Consultant will maintain insurance in conformance with the requirements set forth below. Consultant will use existing coverage to comply with these requirements. If that existing coverage does not meet the requirements set forth here, Consultant agrees to amend, supplement or endorse the existing coverage to do so. Consultant acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to Town in excess of the limits and coverage required in this agreement and which is applicable to a given loss, will be available to Town.

Consultant shall provide the following types and amounts of insurance:

Commercial General Liability Insurance using Insurance Services Office "Commercial General Liability" policy form CG 00 01 or the exact equivalent. Defense costs must be paid in addition to limits. There shall be no cross liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than $1,000,000 per occurrence.

Business Auto Coverage on ISO Business Auto Coverage form CA 00 01 including symbol 1 (Any Auto) or the exact equivalent. Limits are subject to review, but in no event to be less that $1,000,000 per accident. If Consultant owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If Consultant or Consultant's employees will use personal autos in any way on this project, Consultant shall provide evidence of personal auto liability coverage for each such person.

Workers Compensation on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than $1,000,000 per accident or disease.

Excess or Umbrella Liability Insurance (Over Primary) if used to meet limit requirements, shall provide coverage at least as broad as specified for the underlying coverages. Any such coverage provided under an umbrella liability policy shall include a drop down provision providing primary coverage above a maximum $25,000 self-insured retention for liability not covered by primary but covered by the umbrella. Coverage shall be provided on a "pay on behalf" basis, with defense costs payable in addition to policy limits. Policy shall contain a provision obligating insurer at the time insured's liability is determined, not requiring actual payment by the insured first. There shall be no cross liability exclusion precluding coverage for claims or suits by one insured against

another. Coverage shall be applicable to Town for injury to employees of Consultant, subconsultants or others involved in the Work. The scope of coverage provided is subject to approval of Town following receipt of proof of insurance as required herein. Limits are subject to review but in no event less than $1,000,000 per occurrence.

Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the consultant and "Covered Professional Services" as designated in the policy must specifically include work performed under this agreement. The policy limit shall be no less than $1,000,000 per claim and in the aggregate. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend. The policy retroactive date shall be on or before the effective date of this agreement.

Insurance procured pursuant to these requirements shall be written by insurers that are admitted carriers in the state of California and with an A.M. Bests rating of A- or better and a minimum financial size VII.

General conditions pertaining to provision of insurance coverage by Consultant. Consultant and Town agree to the following with respect to insurance provided by Consultant:

1. Consultant agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insureds Town, its officials, employees and agents, using standard ISO endorsement No. CG 2010 with an edition prior to 1992. Consultant also agrees to require all contractors, and subcontractors to do likewise.

2. No liability insurance coverage provided to comply with this Agreement shall prohibit Consultant, or Consultant's employees, or agents, from waiving the right of subrogation prior to a loss. Consultant agrees to waive subrogation rights against Town regardless of the applicability of any insurance proceeds, and to require all contractors and subcontractors to do likewise.

3. All insurance coverage and limits provided by Contractor and available or applicable to this agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to the Town or its operations limits the application of such insurance coverage.

4. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to Town and approved of in writing.

5. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any contractor or subcontractor.

6. All coverage types and limits required are subject to approval, modification and additional requirements by the Town, as the need arises. Consultant shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect Town's protection without Town's prior written consent.

7. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to Consultant's general liability policy, shall be delivered to Town at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, Town has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium. Any premium so paid by Town shall be charged to and promptly paid by Consultant or deducted from sums due Consultant, at Town option.

8. Certificate(s) are to reflect that the insurer will provide 30 days notice to Town of any cancellation of coverage. Consultant agrees to require its insurer to modify such certificates to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, or that any party will "endeavor" (as opposed to being required) to comply with the requirements of the certificate.

9. It is acknowledged by the parties of this agreement that all insurance coverage required to be provided by Consultant or any subcontractor, is intended to apply first and on a primary, non-contributing basis in relation to any other insurance or self insurance available to Town.

10. Consultant agrees to ensure that subcontractors, and any other party involved with the project who is brought onto or involved in the project by Consultant, provide the same minimum insurance coverage required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the project will be submitted to Town for review.

11. Consultant agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any contractor, subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of work on the project contemplated by this agreement to self-insure its obligations to Town. If Consultant's existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to the Town. At that time the Town shall review options with the Consultant, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.

12. The Town reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the Town will negotiate additional compensation proportional to the increased benefit to Town.

13. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.

14. Consultant acknowledges and agrees that any actual or alleged failure on the part of Town to inform Consultant of non-compliance with any insurance requirement in no way imposes any additional obligations on Town nor does it waive any rights hereunder in this or any other regard.

15. Consultant will renew the required coverage annually as long as Town, or its employees or agents face an exposure from operations of any type pursuant to this agreement. This obligation applies whether or not the agreement is canceled or terminated for any reason. Termination of this obligation is not effective until Town executes a written statement to that effect.

16. Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Consultant's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the

renewing or new coverage must be provided to Town within five days of the expiration of the coverages.

17. The provisions of any workers' compensation or similar act will not limit the obligations of Consultant under this agreement. Consultant expressly agrees not to use any statutory immunity defenses under such laws with respect to Town, its employees, officials and agents.

18. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.

19. These insurance requirements are intended to be separate and distinct from any other provision in this agreement and are intended by the parties here to be interpreted as such.

20. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

21. Consultant agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge Town or Consultant for the cost of additional insurance coverage required by this agreement. Any such provisions are to be deleted with reference to Town. It is not the intent of Town to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against Town for payment of premiums or other amounts with respect thereto.

Consultant agrees to provide immediate notice to Town of any claim or loss against Consultant arising out of the work performed under this agreement. Town assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve Town.

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this 10th day of July, 2007, by and between THE TOWN OF APPLE VALLEY, a Municipal Corporation (hereinafter referred to as "TOWN") and Adrian•Gaus Architects, Incorporated, (hereinafter referred to as "CONSULTANT").

WHEREAS, Town, desires to retain Consultant for the purpose of the design of a new purpose built Public Works Facility as defined in the Request for Proposals/Request for Qualifications issued by; and

WHEREAS, Consultant has represented to Town that Consultant has the knowledge, skills, resources and experience that qualify Consultant to provide said services for the Town, including related and accompanying studies, reports and all other matters described herein and any attachments hereto, including, but not limited to, the matters described in Request for Proposals/Request for Qualifications and Consultant's response to such RFP/RFQ (including but not limited to the Scope of Services and Schedule of Performance), contained in Exhibit A, attached hereto and incorporated herein by this reference; and

WHEREAS, based upon the representations of Consultant, Town desires to retain the services of Consultant which shall at all times faithfully, competently and to the best of its ability, experience, and talent, perform all tasks described herein in consideration for payment to Consultant of the fees herein described, contained in Exhibit B attached hereto and incorporated herein by this reference and in consideration of the further covenants, conditions and provisions hereinafter set forth: and,

NOW, THEREFORE, Town and Consultant mutually agree as follows:

1. The Town hereby retains Consultant to provide the services herein described, and Consultant hereby agrees to perform and be responsible for the performance of the professional services as set forth in the scope of services in Exhibit A, attached hereto.

2. Payment to Consultant by the Town of the fees described in Exhibit B for the work described in the Scope of Services shall be billed monthly for services and work completed. The Town will pay Consultant a fee not to exceed a maximum of five-hundred, forty-eight thousand, eight-hundred dollars ($548,800). Payment requested for work not within the scope of this Agreement will not be honored or paid unless such extra work and payment is authorized in writing by the Director of Public Services (hereinafter referred to as "Director"), subject to the provisions of Paragraph 6, hereof. Increases or decreases in task requirements, changes in product format or detail, or new task requirements shall be approved in advance in writing by the Director. The Town, through the Director, reserves the right to direct any changes in the order of performance of any of the task requirements referenced or set forth in the proposal and/or Scope of Services; and where deemed to be in the best interests of

the Town, the Director may direct termination of the performance of any task, or any portion thereof; in the event of such termination, Consultant shall be paid only for the work performed prior to the effective date of said termination. The provision in this paragraph shall not be construed to authorize the Director to approve payments for extra work which result in exceeding the total sum authorized by this contract without the prior approval of the Town Council.

3. Consultant shall invoice the Town monthly in accordance with a work and payment schedule, approved in advance by the Director. Said invoices shall include the work performed by task, rate, and a task progress status report in a form and with such additional information satisfactory to said Director. Payments to consultant for approved work and accepted submitted products shall not be unreasonably withheld and under no circumstance shall be delayed for work performed beyond 60 days from receipt of invoices without prior notification to Consultant of the reasons for withheld payments.

4. The Town has an interest in the qualifications of and capabilities of the person and entities who will fulfill the duties and obligations imposed upon Consultant by this Agreement. No assignment of this Agreement or of any rights hereunder, and no delegation of any performance or obligation of performance hereunder shall be made, either in whole or in part, by Consultant without the prior written consent of the Town. Consultant has or will provide all personnel required to perform services under this Agreement. All subcontractors or sub-consultants to be secured by Consultant must have the prior written approval of the Town through the Director. All of the services will be performed by Consultant or under its supervision, and all personnel engaged in the work shall be fully qualified and shall be authorized and permitted under State and local laws to perform such services, and shall be subject to the written acceptance of the Director.

5. Upon completion of each phase of work, Consultant shall submit to the Town a status report on the services performed thus far. Consultant will also timely provide any "deliverables" completed during that phase.

6. Town may request Consultant to perform additional services not contemplated by the Scope of Services. Prior to the commencement of such additional services, the exact nature of such services and the cost to the Town thereof shall be set forth in a written agreement signed by the parties hereto.

7. Consultant shall complete the Scope of Services so as to allow for completion of the entire project. Consultant acknowledges, and the parties specifically agree that time is of the essence in the performance of the services required to be performed under this Agreement. Consultant will complete the task requirements to meet the schedule, which shall be provided thirty (30) days from the Effective Date of the Agreement signed by all parties. The schedule, when completed, will become part of this Agreement and will be identified as Exhibit D, attached hereto, subject to such schedule alterations by the Director as are permitted herein.

8. At the completion or termination of this Agreement, all data, studies, and any other information, work products, memoranda, documents or writings, created or generated in connection with the performance of this Agreement belong to and shall be delivered to the Town for its keeping, by delivery of same to the Director. Consultant may retain copies of these materials for its use or purposes.

9. Consultant will perform the services set out in this Agreement or will cause performance of said services to occur as contemplated herein in accordance with the generally accepted standards for performing similar professional services within the State. Town has relied on Consultant's representations for quality and professional work as an inducement to enter into this Agreement.

10. The Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Consultant is in default for cause under the terms of this Agreement, Town shall have no obligation or duty to continue compensating Consultant for any work performed after the date of default and can terminate this Agreement immediately by written notice to the Consultant. If such failure by the Consultant to make progress in the performance of work hereunder arises out of causes beyond the Consultant's control, and without fault or negligence of the Consultant, it shall not be considered a default.

If the Town Manager or his designee determines that the Consultant is in default in the performance of any of the terms or conditions of this Agreement, the Town Manager shall cause to be served upon the Consultant a written notice of the default. The Consultant shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that the Consultant fails to cure its default within such period of time, the Town shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

11. The failure of the Town to insist upon the strict performance of any of the provisions of this Agreement, or failure to exercise any other right, option or remedy hereby reserved or as permitted by law, shall not be construed as a waiver for the future of any such provisions, right, option, or remedy, or as a waiver of any subsequent breach thereof.

12. The Town may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the Town suspends or terminates a portion of this Agreement, such suspension or termination shall not make void or invalidate the remainder of this Agreement.

In the event this Agreement is terminated pursuant to this Section, the Town shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to the Town. Upon termination of the Agreement pursuant to this Section, the Consultant will submit an invoice to the Town.

13. Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by Town that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of Town or its designees at reasonable times to such books and records; shall give Town the right to examine and audit said books and records; shall permit Town to make transcripts therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

14. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the Town and may be used, reused, or otherwise disposed of by the Town without the permission of the Consultant. With respect to computer files, Consultant shall make available to the Town, at the Consultant's office and upon reasonable written request by the Town, the necessary computer software and hardware for purposes of accessing, compiling, transferring, and printing computer files.

15. Consultant is and shall at all times remain as to the Town a wholly independent Consultant. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither Town nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the Town. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against Town, or bind Town in any manner.

16. No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, Town shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for Town. Town shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

17. Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as, but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that
party may later designate by notice:

Director of Public Services
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

Notice to Consultant shall be sufficient if sent to:

Adrian•Gaus Architects, Incorporated
Xavier Rene Adrian, Principal
300 East State Street, Suite 620
Redlands, CA 92373

Each party hereto may change the address at which it receives written notice by so notifying the other party in writing.

18. The Director, or representative, shall represent the Town in all matters pertaining to the administration of this Agreement, including without limitation, attending all necessary meetings and conferences, and review and approval of all products submitted by Consultant, but not including the authority to enlarge the scope of work or increase the compensation due Consultant; although Consultant shall be responsible for coordination of all necessary meetings and conferences, and will coordinate all public information and participation activities.

19. No information, including photographs, public announcements or confirmation of same, or any part of the subject matter of this Agreement or any phase of any program hereunder shall be made public without prior approval of the Director.

20. It is agreed and understood that Consultant will not be engaged in private work projects in the project work area while Consultant is employed by the Town. The "project work area" for purposes of this paragraph includes the area of the proposed project and the surrounding vicinity which may be significantly impacted by the proposed work hereunder. In any event, Consultant shall not engage in any private work which would constitute a conflict of interest with respect to the services performed under this Agreement.

21. Consultant shall defend (with attorneys approved by Town and Town's approval shall not be unreasonably withheld), hold harmless and indemnify the Town, its officers, employees and agents against liability (whether bodily injury, including death, and/or property damage and/or any other losses, claims, damages, actions or judgments) including attorney's fees and costs arising or alleged to arise out of the wrongful, negligent, reckless acts, omission of or willful misconduct of Consultant or its officers, agents, employees, subcontractors or representatives in the performance of this Agreement.

22. As a condition precedent to the effectiveness of this Agreement, and in partial performance of Consultant's obligations hereunder, Consultant, at its expense, shall deliver to Town for approval, certificates or policies of insurance as required in Exhibit C, attached hereto.

The Town shall also be named as an additional insured under said policy or policies of liability insurance, which insurance shall be primary and not contributing with any other liability insurance available to the Town. Consultant and its insurance carrier shall be required to inform the Town in writing of any change, expiration, cancellation or renewal of any insurance policy or policies within 30 days prior to the effective date
thereof, and where applicable, an appropriate rider or addition shall be made to said policy relating thereto acceptable to the Town; and if any insurance required herein is cancelled or reduced in coverage, Consultant shall promptly provide replacement coverage acceptable to the Town.

23. Should any section or any part of this Agreement be rendered void, invalid or unenforceable by any court of law, any such final determination shall not render void, invalid or unenforceable any other sections or portions of this Agreement unless the Town determines in writing that its purpose cannot be accomplished by the remaining provisions not so invalidated.

24. This Agreement has been made and entered into in the State of California, and the laws of the State of California shall govern the validity and interpretation hereof and the performance hereunder.

25. This Agreement contains the entire understanding of the parties, and there are no further or other Agreements or understandings, written or oral, in effect between the parties hereto relating to the subject matter hereof, and any prior understanding or Agreement of the parties shall not be binding unless set forth herein, and, except to the extent expressly provided for herein, no amendments of this Agreement may be made without the written agreement signed by both parties hereto.

26. Should litigation or arbitration occur between the parties hereto relating to the provisions of this Agreement, all reasonable litigation or arbitration expenses and costs, including reasonable attorney's fees incurred by the prevailing party shall be paid by the non-prevailing party to the prevailing party.

27. Consultant represents that it has all personnel required in performing the services under this Agreement. All such personnel shall be fully qualified, and, where applicable, shall be licensed or otherwise authorized under State and local law to perform such services. The Consultant shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to the Agreement. The Consultant shall at all times observe and comply with all such laws and regulations. The Town and its officers and employees, shall not be liable at law or equity occasioned by failure of the Consultant to comply with this Section.

28. Consultant shall not be liable for delays in the performance of this Agreement caused solely by acts of God or similar events beyond the control of Consultant, unless said events could have been foreseen or said delay or any portion thereof could have been avoided.

29. Consultant shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, age or national origin. Consultant shall take appropriate action to ensure that applicants are employed and that employees are treated during their employment without regard to their race, religion, color, sex, age or national origin. Such action shall include, but not be limited to, employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Consultant shall comply with all applicable Federal laws and Executive Orders and relevant orders of the Secretary of Labor, with all State and local laws and affirmative action compliance programs and other applicable rules and regulations of all government and administrative agencies relating to any and all performance under this Agreement.

30. Consultant declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of the Town in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the Town will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the Town to any and all remedies at law or in equity.

31. No member, officer, or employee of Town, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

32. All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without Town's prior written authorization. Consultant, its officers, employees, agents, or subconsultants, shall not without written authorization from the Town Manager or unless requested by the Town Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the Town. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives Town notice of such court order or subpoena.

33. Consultant shall promptly notify Town should Consultant, its officers, employees, agents, or subconsultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request, court order, or subpoena from any person or party regarding this Agreement and the work performed thereunder or with respect to any project or property located within the Town. Town retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing, or similar proceeding. Consultant agrees to cooperate fully with Town and to provide the opportunity to review any response to discovery requests provided by Consultant. However, Town's right to review any such response does not imply or mean the right by Town to control, direct, or rewrite said response.

34. The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the Town. Because of the personal nature of the services to be rendered pursuant to this Agreement, only Adrian•Gaus Architects, Incorporated shall perform the services described in this Agreement.

Adrian•Gaus Architects, Incorporated may use assistants, under its direct supervision, to perform some of the services under this Agreement. Consultant shall provide Town fourteen (14) days' notice prior to the departure of any employee or subcontractor from Consultant's employ assigned to this Agreement as of its Effective Date. Should he/she leave Consultant's employ, the Town shall have the option to immediately terminate this Agreement, within three (3) days of the close of said notice period. Upon termination of this Agreement, Consultant's sole compensation shall be payment for actual services performed up to, and including, the date of termination or as may be otherwise agreed to in writing between the Town and the Consultant.

35. This Agreement binds Consultant, and its successors and assigns, although this paragraph shall not be construed as permitting any assignment, subletting or transfer of any interest, rights or obligations of Consultant under this Agreement without the prior written consent of the Town. This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this

Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

36. Town and Consultant agree that time is of the essence in this Agreement. Town and Consultant further agree that Consultant's failure to perform on or at the times set forth in this Agreement will damage and injure Town, but the extent of such damage and injury is difficult or speculative to ascertain. Consequently, Town and Consultant agree that any failure to perform by Consultant at or within the times set forth herein shall result in liquidated damages of three-hundred dollars ($300) per day for each and every day such performance is late. Town and Consultant agree that such sum is reasonable and fair. A performance schedule will be provided to Town thirty (30) days from the Effective Date of the Agreement signed by all parties. Once agreed upon by all parties the performance schedule will become part of this Agreement. Furthermore, Town and Consultant agree that this Agreement is subject to Government Code Section 53069.85 and that each party hereto is familiar with and understands the obligations of said Section of the Government Code.

37. The person or persons executing the Agreement on behalf of Consultant warrants and represents that he/she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties have executed this Agreement at Apple Valley, California, effective the day and year first above written.

TOWN OF APPLE VALLEY, CALIFORNIA

BY:_____
Honorable Richard Roelle, Mayor

ATTEST:

_____
Mrs. La Vonda M. Pearson Town Clerk

APPROVED AS TO FORM:

_____
Mr. Neal Singer, Town Attorney

APPROVED AS TO CONTENT:

_____
Mr. Bruce Williams, Town Manager

CONSULTANT
Adrian•Gaus Architects, Incorporated

_____
Herta Maria Gaus, President

_____
Xavier Rene Adrian, Secretary

Town of Apple Valley

Public Works Facility

Exhibit A

Adrian • Gaus Architects

Council Meeting Date: 07/10/07

15-36

Armentrout Architects
Adrian · Gaus Architects
Beaney Architects
Mc Naughton Architects

April 27, 2007

Town of Apple Valley
Office of the Deputy Town Manager
14955 Dale Evans Parkway
Apple Valley, CA 92307

Attention: Patty Saady, Deputy Town Manger

Regarding: Proposed Architectural Fee for
Architectural and Engineering Services for the
New Public Works Facility

Dear Ms. Saady:

Once the program has been defined, it will be easier to assess the scope of services required and determine a corresponding fee. At this time we are basing our proposed fee on an estimated construction cost of seven million five hundred dollars and the fee calculation on the old State Fee Schedule (see Attachments A and B).

- Construction Estimate $7,500,000
- Architectural/ Engineering Fees $537,500
- Reimbursables not to exceed: $11,300

We will be happy to work with the Town in negotiating a final fee once the scope has been defined.

Sincerely yours,

Xavier Adrian
Principal
Adrian•Gaus Architects, Inc.

300 east state street , suite 620, redlands, california, 92373
phone 909.748.0444 fax 909.748.0559 www.ac-6architects.com

ATTACHMENT A

ARCHITECT'S FEE SCHEDULE
(New Construction)

1. Nine percent (9%) of the first Five Hundred Thousand Dollars ($500,000) of computed cost.
2. Eight and one-half percent (8½%) of the next Five Hundred Thousand Dollars ($500,000) of computed cost.
3. Eight percent (8%) of the next One Million Dollars ($1,000,000) of computed cost.
4. Seven percent (7%) of the next Four Million Dollars ($4,000,000) of computed cost.
5. Six percent (6%) of the next Four Million Dollars ($4,000,000) of computed cost.
6. Five Percent (5%) of computed cost in excess of Ten Million Dollars ($10,000,000).

COMPUTED COST
The total award from the initial construction contract(s), plus the cost of all approved additive contract change orders with the exception of items resulting from errors and omissions on the part of the architect unless such Change Order results in value added to the project to the extent that such item or component would have been otherwise valued at bid time. In addition, the computed cost will include General Conditions and related Construction management fees for CM/Multiple Prime Contracts.

ARCHITECT'S FEE SCHEDULE
(Modernization/Reconstruction)

1. Twelve percent (12%) of the first Five Hundred Thousand Dollars ($500,000) of compute cost.
2. Eleven and one half percent (11½%) of the next Five Hundred Thousand Dollars ($500,000) of computed cost.
3. Eleven percent (11%) of the next One Million Dollars ($1,000,000) of computed cost.
4. Ten percent (10%) of the next Four Million Dollars ($4,000,000) of computed cost.
5. Nine percent (9%) of the next Four Million Dollars ($4,000,000) of computed cost.
6. Eight percent (8%) of computed cost in excess of Ten Million Dollars ($10,000,000).

COMPUTED COST
The total award from the initial construction contract(s), plus the cost of all approved additive contract change orders with the exception of items resulting from errors and omissions on the part of the architect unless such Change Order results in value added to the project to the extent that such item or component would have been otherwise valued at bid time. In addition, the computed cost will include General Conditions and related Construction management fees for CM/Multiple Prime Contracts.

ac-6
FeeSchedDa.doc
23 June 2005

ATTACHMENT B

BASIS OF COMPENSATION For
A/E Services for
Apple Valley Public Works Facility

	STATE FEE SCHEDULE	FEE BREAKDOWN	FEE BREAKDOWN IN DOLLARS
1.	Nine percent (9%) of the first Five Hundred Thousand Dollars ($500,000) of computed cost.	0.09 x 500,000	45,000
2.	Eight and one-half percent (8½%) of the next Five Hundred Thousand Dollars ($500,000) of computed cost.	0.085 x 500,000	42,500
3.	Eight percent (8%) of the next One Million Dollars ($1,000,000) of computed cost.	0.08 x 1,000,000	80,000
4.	Seven percent (7%) of the next Four Million Dollars ($4,000,000) of computed cost.	0.07 x 4,000,000	280,000
5.	Six percent (6%) of the next Four Million Dollars ($4,000,000) of computed cost.	0.06 x 1,500,000	90,000
6.	Five Percent (5%) of computed cost in excess of Ten Million Dollars ($10,000,000).	0	0
TOTAL		**7,500,000**	**$537,500**

dc-6
FeeCalcB-final

Town of Apple Valley

Public Works Facility

Exhibit B

Adrian • Gaus Architects

Council Meeting Date: 07/10/07

15-40

COST ESTIMATE – SUBMITTED BY ADRIAN GAUS ARCHITECTS, INC

As required by Section II. B. Cost Estimate – Site cost estimates must provide significant detail and encompass the cost of on and off-site infrastructure and planned improvements to the site. To standardize the Town's review of proposals eligible for additional consideration, please provide costs and detailed explanation of costs for the following categories:

I. **Needs Assessment**
- Forecasting facility needs for 5, 10 and 20 year planning horizons.

II. **Schematic Design including Pre-Design and Programming**
- Developing a clear definition of the program, design criteria, program objectives and making subsequent recommendations.
- Refining a detailed project schedule, including the identification of critical dates and their relationship to design approvals and funding.
- Discussing budget limitations.
- Visiting the site, obtaining and reviewing all documentation of existing conditions with assistance from consulting engineers.
- Evaluating the relationship of the new design to the adjacent facilities, as applicable.
- Discuss design strategy and provide optional conceptual plans for discussion.
- Establishment of priorities in scope to wisely distribute expenditures.
- Examination of program space adjacencies.
- Creation of an imaginative program response.
- Provision of maximum utilization and support for users;
- Analysis of visibility, supervisory, security and life safety issues.
- Analysis of access compliance issues.
- Analysis of mechanical, electrical, technology and plumbing building systems.
- Compatibility with long-term use, maintenance procedures and schedules for utilization.
- Development of digital renderings and plans.
- Creation of a conceptual cost estimate.
- Creation of public media for use by the Town of Apple Valley in communicating the schematic design to the broader community.
- Reconciliation of the program and budget will be considered at this time.
- The final plans will serve as a basis for future design development.
- A LEED Evaluation will be submitted at this time to determine if we can benefit from this at this time.

III. **Design Development**
- Cost implications should be considered at this stage.
- Evaluate adjacencies and interior/exterior circulation patterns.
- Solutions to life safety issues.
- Potential fixture, furniture and equipment layouts and designs.

- Long-term maintenance, durability and energy efficient design techniques.
- Visual and physical safety and security measures.
- Compliance with Title 24, ADA, and all regulatory requirements.
- Development of engineered building systems.

IV. **Preparation of Construction Plans and Specifications**
- Construction documents, including plans and specifications that include architectural, landscape architectural and engineering considerations.
- Integration and coordination of all engineered building systems.
- Meeting all code and regulatory requirements.
- Interim submittals for Town review.
- 95% drawings, specifications and calculations submitted for plan check.
- Detailed estimates of probable construction cost submitted.
- LEED and/or Utility Company performance documents filed with Town.
- 100% construction document back check and approval.
- Preparation for bid.

V. **Bidding Support Services including responding to inquiries, issuance of addenda, attendance at bid opening and evaluation of bids.**
- Facilitation of a contractor pre-bid meeting.
- Response to telephone/FAX inquiries.
- Issuance of addenda as required.
- Attendance at the bid opening.
- Assistance in assessing the bids.

VI. **Construction Administration**
- Architect will provide the full scope of construction administration support.
- Architect will attend all regular meetings and prepare minutes and task lists.
- Review of submittals and shop drawings.
- Review of and response to all RFI's.
- Maintenance of all logs.
- Review of all Pay Requests, with the review of the maintenance of record drawings.
- Review and resolution of all construction related issues and changes to the work.
- Prepare punch lists and punch list back check.
- Issuing of the Certificate of Substantial Completion.
- Review and issuing of electronic and hard copy record drawings.
- Along with the construction manager, represent the Town in contractor negotiations and construction contract resolution.
- Monitor the construction schedule and require updated schedules and maintain record drawings prior to the approval of all contractor requests payment.
- Provide copy of all warranties and guarantees, and all maintenance manuals, reviewed by the architect and engineers for conformance to the documents.

VII. Furniture, fixtures and equipment

- Provide recommendations and detailed information on proposed furniture, fixtures and equipment for the project.

VIII. Reimbursable Expenses

- This should be actual expenses as documented and should also provide a not to exceed amount.

SUMMARY OF COST ESTIMATE BY CATEGORY:

I.	Needs Assessment	$ Included
II.	Schematic Design including Pre-Design and Programming	$ Included
III.	Design Development	$ Included
IV.	Preparation of Construction Plans and Specifications	$ Included
V.	Bidding Support Services	$ Included
VI.	Construction Administration	$ Included
VII.	Furniture, fixtures and equipment	$ Included
VIII.	Reimbursable Expenses (Not to Exceed)	$ 11,300
	TOTAL COST ESTIMATE	$548,800

EXPLANATION OF ANY ITEMS NOT INCLUDED IN COST ESTIMATE ABOVE:

Surveys

Geotechnical Reports

SUBMITTED BY: Xavier R. Adrian, Principal

Town of Apple Valley

Public Works Facility

Exhibit C

Adria • Gaus Architects

Council Meeting Date: 07/10/07

15-44

EXHIBIT C

INSURANCE REQUIREMENTS

Prior to the beginning of and throughout the duration of the Work, Consultant will maintain insurance in conformance with the requirements set forth below. Consultant will use existing coverage to comply with these requirements. If that existing coverage does not meet the requirements set forth here, Consultant agrees to amend, supplement or endorse the existing coverage to do so. Consultant acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to Town in excess of the limits and coverage required in this agreement and which is applicable to a given loss, will be available to Town.

Consultant shall provide the following types and amounts of insurance:

Commercial General Liability Insurance using Insurance Services Office "Commercial General Liability" policy form CG 00 01 or the exact equivalent. Defense costs must be paid in addition to limits. There shall be no cross liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than $1,000,000 per occurrence.

Business Auto Coverage on ISO Business Auto Coverage form CA 00 01 including symbol 1 (Any Auto) or the exact equivalent. Limits are subject to review, but in no event to be less that $1,000,000 per accident. If Consultant owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If Consultant or Consultant's employees will use personal autos in any way on this project, Consultant shall provide evidence of personal auto liability coverage for each such person.

Workers Compensation on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than $1,000,000 per accident or disease.

Excess or Umbrella Liability Insurance (Over Primary) if used to meet limit requirements, shall provide coverage at least as broad as specified for the underlying coverages. Any such coverage provided under an umbrella liability policy shall include a drop down provision providing primary coverage above a maximum $25,000 self-insured retention for liability not covered by primary but covered by the umbrella. Coverage shall be provided on a "pay on behalf" basis, with defense costs payable in addition to policy limits. Policy shall contain a provision obligating insurer at the time insured's liability is determined, not requiring actual payment by the insured first. There shall be no cross liability exclusion precluding coverage for claims or suits by one insured against

another. Coverage shall be applicable to Town for injury to employees of Consultant, subconsultants or others involved in the Work. The scope of coverage provided is subject to approval of Town following receipt of proof of insurance as required herein. Limits are subject to review but in no event less than $1,000,000 per occurrence.

Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the consultant and "Covered Professional Services" as designated in the policy must specifically include work performed under this agreement. The policy limit shall be no less than $1,000,000 per claim and in the aggregate. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend. The policy retroactive date shall be on or before the effective date of this agreement.

Insurance procured pursuant to these requirements shall be written by insurers that are admitted carriers in the state of California and with an A.M. Bests rating of A- or better and a minimum financial size VII.

General conditions pertaining to provision of insurance coverage by Consultant. Consultant and Town agree to the following with respect to insurance provided by Consultant:

22. Consultant agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insureds Town, its officials, employees and agents, using standard ISO endorsement No. CG 2010 with an edition prior to 1992. Consultant also agrees to require all contractors, and subcontractors to do likewise.

23. No liability insurance coverage provided to comply with this Agreement shall prohibit Consultant, or Consultant's employees, or agents, from waiving the right of subrogation prior to a loss. Consultant agrees to waive subrogation rights against Town regardless of the applicability of any insurance proceeds, and to require all contractors and subcontractors to do likewise.

24. All insurance coverage and limits provided by Contractor and available or applicable to this agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to the Town or its operations limits the application of such insurance coverage.

25. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to Town and approved of in writing.

26. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any contractor or subcontractor.

27. All coverage types and limits required are subject to approval, modification and additional requirements by the Town, as the need arises. Consultant shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect Town's protection without Town's prior written consent.

28. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to Consultant's general liability policy, shall be delivered to Town at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, Town has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium. Any premium so paid by Town shall be charged to and promptly paid by Consultant or deducted from sums due Consultant, at Town option.

29. Certificate(s) are to reflect that the insurer will provide 30 days notice to Town of any cancellation of coverage. Consultant agrees to require its insurer to modify such certificates to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, or that any party will "endeavor" (as opposed to being required) to comply with the requirements of the certificate.

30. It is acknowledged by the parties of this agreement that all insurance coverage required to be provided by Consultant or any subcontractor, is intended to apply first and on a primary, non-contributing basis in relation to any other insurance or self insurance available to Town.

31. Consultant agrees to ensure that subcontractors, and any other party involved with the project who is brought onto or involved in the project by Consultant, provide the same minimum insurance coverage required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the project will be submitted to Town for review.

32. Consultant agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any contractor, subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of work on the project contemplated by this agreement to self-insure its obligations to Town. If Consultant's existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to the Town. At that time the Town shall review options with the Consultant, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.

33. The Town reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the Town will negotiate additional compensation proportional to the increased benefit to Town.

34. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.

35. Consultant acknowledges and agrees that any actual or alleged failure on the part of Town to inform Consultant of non-compliance with any insurance requirement in no way imposes any additional obligations on Town nor does it waive any rights hereunder in this or any other regard.

36. Consultant will renew the required coverage annually as long as Town, or its employees or agents face an exposure from operations of any type pursuant to this agreement. This obligation applies whether or not the agreement is canceled or terminated for any reason. Termination of this obligation is not effective until Town executes a written statement to that effect.

37. Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Consultant's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the

renewing or new coverage must be provided to Town within five days of the expiration of the coverages.

38. The provisions of any workers' compensation or similar act will not limit the obligations of Consultant under this agreement. Consultant expressly agrees not to use any statutory immunity defenses under such laws with respect to Town, its employees, officials and agents.

39. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.

40. These insurance requirements are intended to be separate and distinct from any other provision in this agreement and are intended by the parties here to be interpreted as such.

41. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

42. Consultant agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge Town or Consultant for the cost of additional insurance coverage required by this agreement. Any such provisions are to be deleted with reference to Town. It is not the intent of Town to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against Town for payment of premiums or other amounts with respect thereto.

Consultant agrees to provide immediate notice to Town of any claim or loss against Consultant arising out of the work performed under this agreement. Town assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve Town.

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this 10th day of July, 2007, by and between THE TOWN OF APPLE VALLEY, a Municipal Corporation (hereinafter referred to as "TOWN") and Wald, Ruhnke & Dost Architects a limited liability partnership, (hereinafter referred to as "CONSULTANT").

WHEREAS, Town, desires to retain Consultant for the purpose of the design of a new purpose built Municipal Services Animal Shelter pursuant to a Request for Proposals/Request for Qualifications (RFP/RFQ) defined in the request for Proposals/Request for Qualifications issued by Town; and

WHEREAS, in addition, the Town desires to retain Consultant for the design of an expansion of the Municipal Services Animal Shelter Facility based on potential contracts with outside government agencies as part of this Agreement; and

WHEREAS, Consultant has represented to Town that Consultant has the knowledge, skills, resources and experience that qualify Consultant to provide said services for the Town, including related and accompanying studies, reports and all other matters described herein and any attachments hereto, including, but not limited to, the matters described in Request for Proposals/Request for Qualifications and Consultant's response to such RFP/RFQ (including but not limited to the Scope of Services and Schedule of Performance), contained in Exhibit A, attached hereto and incorporated herein by this reference; and

WHEREAS, based upon the representations of Consultant, Town desires to retain the services of Consultant which shall at all times faithfully, competently and to the best of its ability, experience, and talent, perform all tasks described herein in consideration for payment to Consultant of the fees herein described, contained in Exhibit B attached hereto and incorporated herein by this reference and in consideration of the further covenants, conditions and provisions hereinafter set forth: and,

NOW, THEREFORE, Town and Consultant mutually agree as follows:

1. The Town hereby retains Consultant to provide the services herein described, and Consultant hereby agrees to perform and be responsible for the performance of the professional services as set forth in the scope of services in Exhibit A, attached hereto.

2. Payment to Consultant by the Town of the fees described in Exhibit B for the work described in the Scope of Services shall be billed monthly for services and work completed. The Town will pay Consultant a fee not to exceed a maximum of six-hundred and seventy thousand dollars ($670,000). Payment requested for work not within the scope of this Agreement will not be honored or paid unless such extra work and payment is authorized in writing by the Director of Municipal Services (hereinafter referred to as "Director"), subject to the provisions of Paragraph 6, hereof. Increases

or decreases in task requirements, changes in product format or detail, or new task requirements shall be approved in advance in writing by the Director. The Town, through the Director, reserves the right to direct any changes in the order of performance of any of the task requirements referenced or set forth in the proposal and/or Scope of Services; and where deemed to be in the best interests of the Town, the Director may direct termination of the performance of any task, or any portion thereof; in the event of such termination, Consultant shall be paid only for the work performed prior to the effective date of said termination. The provision in this paragraph shall not be construed to authorize the Director to approve payments for extra work which result in exceeding the total sum authorized by this contract without the prior approval of the Town Council.

3. Consultant shall invoice the Town monthly in accordance with a work and payment schedule, approved in advance by the Director. Said invoices shall include the work performed by task, rate, and a task progress status report in a form and with such additional information satisfactory to said Director. Payments to consultant for approved work and accepted submitted products shall not be unreasonably withheld and under no circumstance shall be delayed for work performed beyond 60 days from receipt of invoices without prior notification to Consultant of the reasons for withheld payments.

4. The Town has an interest in the qualifications of and capabilities of the person and entities who will fulfill the duties and obligations imposed upon Consultant by this Agreement. No assignment of this Agreement or of any rights hereunder, and no delegation of any performance or obligation of performance hereunder shall be made, either in whole or in part, by Consultant without the prior written consent of the Town. Consultant has or will provide all personnel required to perform services under this Agreement. All subcontractors or sub-consultants to be secured by Consultant must have the prior written approval of the Town through the Director. All of the services will be performed by Consultant or under its supervision, and all personnel engaged in the work shall be fully qualified and shall be authorized and permitted under State and local laws to perform such services, and shall be subject to the written acceptance of the Director.

5. Upon completion of each phase of work, Consultant shall submit to the Town a status report on the services performed thus far. Consultant will also timely provide any "deliverables" completed during that phase.

6. Town may request Consultant to perform additional services not contemplated by the Scope of Services. Prior to the commencement of such additional services, the exact nature of such services and the cost to the Town thereof shall be set forth in a written agreement signed by the parties hereto.

7. Consultant shall complete the scope of services so as to allow for completion for the entire project. Consultant acknowledges, and the parties specifically agree that time is of the essence in the performance of the services required to be performed under this Agreement. Consultant will complete the task requirements to meet the schedule, which shall be provided thirty (30) days from the

Effective Date of the Agreement signed by all parties. The schedule, when completed, will become part of this Agreement and will be identified as Exhibit D, attached hereto, subject to such schedule alterations by the Director as are permitted herein.

8. At the completion or termination of this Agreement, all data, studies, and any other information, work products, memoranda, documents or writings, created or generated in connection with the performance of this Agreement belong to and shall be delivered to the Town for its keeping, by delivery of same to the Director. Consultant may retain copies of these materials for its use or purposes.

9. Consultant will perform the services set out in this Agreement or will cause performance of said services to occur, as contemplated herein, in accordance with the generally accepted standards for performing similar professional services within the State. Town has relied on Consultant's representations for quality and professional work as an inducement to enter into this Agreement.

10. The Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Consultant is in default for cause under the terms of this Agreement, Town shall have no obligation or duty to continue compensating Consultant for any work performed after the date of default and can terminate this Agreement immediately by written notice to the Consultant. If such failure by the Consultant to make progress in the performance of work hereunder arises out of causes beyond the Consultant's control, and without fault or negligence of the Consultant, it shall not be considered a default.

If the Town Manager or his designee determines that the Consultant is in default in the performance of any of the terms or conditions of this Agreement, the Town Manager shall cause to be served upon the Consultant a written notice of the default. The Consultant shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that the Consultant fails to cure its default within such period of time, the Town shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

11. The failure of the Town to insist upon the strict performance of any of the provisions of this Agreement, or failure to exercise any other right, option or remedy hereby reserved or as permitted by law, shall not be construed as a waiver for the future of any such provisions, right, option, or remedy, or as a waiver of any subsequent breach thereof.

12. The Town may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the Town suspends or terminates a portion of this Agreement

such suspension or termination shall not make void or invalidate the remainder of this Agreement.

In the event this Agreement is terminated pursuant to this Section, the Town shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to the Town. Upon termination of the Agreement pursuant to this Section, the Consultant will submit an invoice to the Town.

13. Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by Town that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of Town or its designees at reasonable times to such books and records; shall give Town the right to examine and audit said books and records; shall permit Town to make transcripts therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

14. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the Town and may be used, reused, or otherwise disposed of by the Town without the permission of the Consultant. With respect to computer files, Consultant shall make available to the Town, at the Consultant's office and upon reasonable written request by the Town, the necessary computer software and hardware for purposes of accessing, compiling, transferring, and printing computer files.

15. Consultant is and shall at all times remain as to the Town a wholly independent Consultant. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither Town nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the Town. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against Town, or bind Town in any manner.

16. No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, Town shall not pay salaries, wages, or other compensation to

Consultant for performing services hereunder for Town. Town shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

17. Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as, but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that
party may later designate by notice:

Director of Municipal Services
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

Notice to Consultant shall be sufficient if sent to:

Wald, Ruhnke & Dost Architects, LLP
Henry Ruhnke, Principal
2340 Garden Road Suite 100
Monterey, CA 93940-5347

Each party hereto may change the address at which it receives written notice by so notifying the other party in writing.

18. The Director, or representative, shall represent the Town in all matters pertaining to the administration of this Agreement, including without limitation, attending all necessary meetings and conferences, and review and approval of all products submitted by Consultant, but not including the authority to enlarge the scope of work or increase the compensation due Consultant; although Consultant shall be responsible for coordination of all necessary meetings and conferences, and will coordinate all public information and participation activities.

19. No information, including photographs, public announcements or confirmation of same, or any part of the subject matter of this Agreement or any phase of any program hereunder shall be made public without prior approval of the Director.

20. It is agreed and understood that Consultant will not be engaged in private work projects in the project work area while Consultant is employed by the Town. The "project work area" for purposes of this paragraph includes the area of the proposed project and the surrounding vicinity which may be significantly impacted by the proposed work hereunder. In any event, Consultant shall not engage in any

private work which would constitute a conflict of interest with respect to the services performed under this Agreement.

21. Consultant shall defend (with attorneys approved by Town and Town's approval shall not be unreasonably withheld), hold harmless and indemnify the Town, its officers, employees and agents against liability (whether bodily injury, including death, and/or property damage and/or any other losses, claims, damages, actions or judgments) including attorney's fees and costs arising or alleged to arise out of the wrongful, negligent, reckless acts, omission of or willful misconduct of Consultant or its officers, agents, employees, subcontractors or representatives in the performance of this Agreement.

22. As a condition precedent to the effectiveness of this Agreement, and in partial performance of Consultant's obligations hereunder, Consultant, at its expense, shall deliver to Town for approval, certificates or policies of insurance as required in Exhibit C, attached hereto.

The Town shall also be named as an additional insured under said policy or policies of liability insurance, which insurance shall be primary and not contributing with any other liability insurance available to the Town. Consultant and its insurance carrier shall be required to inform the Town in writing of any change, expiration, cancellation or renewal of any insurance policy or policies within 30 days prior to the effective date
thereof, and where applicable, an appropriate rider or addition shall be made to said policy relating thereto acceptable to the Town; and if any insurance required herein is cancelled or reduced in coverage, Consultant shall promptly provide replacement coverage acceptable to the Town.

23. Should any section or any part of this Agreement be rendered void, invalid or unenforceable by any court of law, any such final determination shall not render void, invalid or unenforceable any other sections or portions of this Agreement unless the Town determines in writing that its purpose cannot be accomplished by the remaining provisions not so invalidated.

24. This Agreement has been made and entered into in the State of California, and the laws of the State of California shall govern the validity and interpretation hereof and the performance hereunder.

25. This Agreement contains the entire understanding of the parties, and there are no further or other Agreements or understandings, written or oral, in effect between the parties hereto relating to the subject matter hereof, and any prior understanding or Agreement of the parties shall not be binding unless set forth herein, and, except to the extent expressly provided for herein, no amendments of this Agreement may be made without the written agreement signed by both parties hereto.

26. Should litigation or arbitration occur between the parties hereto relating to the provisions of this Agreement, all reasonable litigation or arbitration expenses and costs, including reasonable attorney's fees incurred by the prevailing party shall be paid by the non-prevailing party to the prevailing party.

27. Consultant represents that it has all personnel required in performing the services under this Agreement. All such personnel shall be fully qualified, and, where applicable, shall be licensed or otherwise authorized under State and local law to perform such services. The Consultant shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to the Agreement. The Consultant shall at all times observe and comply with all such laws and regulations. The Town and its officers and employees, shall not be liable at law or equity occasioned by failure of the Consultant to comply with this Section.

28. Consultant shall not be liable for delays in the performance of this Agreement caused solely by acts of God or similar events beyond the control of Consultant, unless said events could have been foreseen or said delay or any portion thereof could have been avoided.

29. Consultant shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, age or national origin. Consultant shall take appropriate action to ensure that applicants are employed and that employees are treated during their employment without regard to their race, religion, color, sex, age or national origin. Such action shall include, but not be limited to, employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Consultant shall comply with all applicable Federal laws and Executive Orders and relevant orders of the Secretary of Labor, with all State and local laws and affirmative action compliance programs and other applicable rules and regulations of all government and administrative agencies relating to any and all performance under this Agreement.

30. Consultant declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of the Town in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the Town will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the Town to any and all remedies at law or in equity.

31. No member, officer, or employee of Town, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during his/her tenure or for one year thereafter, shall have any interest,

direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

32. All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without Town's prior written authorization. Consultant, its officers, employees, agents, or subconsultants, shall not without written authorization from the Town Manager or unless requested by the Town Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the Town. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives Town notice of such court order or subpoena.

33. Consultant shall promptly notify Town should Consultant, its officers, employees, agents, or subconsultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request, court order, or subpoena from any person or party regarding this Agreement and the work performed thereunder or with respect to any project or property located within the Town. Town retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing, or similar proceeding. Consultant agrees to cooperate fully with Town and to provide the opportunity to review any response to discovery requests provided by Consultant. However, Town's right to review any such response does not imply or mean the right by Town to control, direct, or rewrite said response.

34. The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the Town. Because of the personal nature of the services to be rendered pursuant to this Agreement, only Wald Ruhnke & Dost Architects, LLP shall perform the services described in this Agreement.

Wald Ruhnke & Dost Architects, LLP may use assistants, under its direct supervision, to perform some of the services under this Agreement. Consultant shall provide Town fourteen (14) days' notice prior to the departure of Shelter Planners of America or any employee or other subcontractor from Consultant's employ assigned to this Agreement as of its Effective Date. Should he/she leave Consultant's employ, the Town shall have the option to immediately terminate this Agreement, within three (3) days of the close of said notice period. Upon termination of this Agreement, Consultant's sole compensation shall be payment for actual services performed up to, and including, the date of termination or as may be otherwise agreed to in writing between the Town and the Consultant.

35. This Agreement binds Consultant, and its successors and assigns, although this paragraph shall not be construed as permitting any assignment, subletting or transfer of any interest, rights or obligations of Consultant under this

Agreement without the prior written consent of the Town. This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

36. Town and Consultant agree that time is of the essence in this Agreement. Town and Consultant further agree that Consultant's failure to perform on or at the times set forth in this Agreement will damage and injure Town, but the extent of such damage and injury is difficult or speculative to ascertain. Consequently, Town and Consultant agree that any failure to perform by Consultant at or within the times set forth herein shall result in liquidated damages of three-hundred dollars ($300) per day for each and every day such performance is late. Town and Consultant agree that such sum is reasonable and fair. A performance schedule will be provided to Town thirty (30) days from the Effective Date of the Agreement signed by all parties. Once agreed upon by all parties the performance schedule will become part of this agreement. Furthermore, Town and Consultant agree that this Agreement is subject to Government Code Section 53069.85 and that each party hereto is familiar with and understands the obligations of said Section of the Government Code.

37. The person or persons executing the Agreement on behalf of Consultant warrants and represents that he/she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties have executed this Agreement at Apple Valley, California, effective the day and year first above written.

TOWN OF APPLE VALLEY, CALIFORNIA

BY: _____
Honorable Richard Roelle, Mayor

ATTEST:

_____
Mrs. La Vonda M. Pearson Town Clerk

APPROVED AS TO FORM:

_____
Mr. Neal Singer, Town Attorney

APPROVED AS TO CONTENT:

_____
Mr. Bruce Williams, Town Manager

CONSULTANT
Wald Ruhnke & Dost, LLP

_____
Henry Ruhnke, Principal

Town of Apple Valley

Municipal Services Animal Shelter Facility

Exhibit A

WALD RUHNKE & DOST
ARCHITECTS LLP

Council Meeting Date: 07/10/07

15-59

WALD RUHNKE & DOST
ARCHITECTS LLP

2340 Garden Road, Suite 100
Monterey, CA 93940-5367
T: (831) 649-1642
F: (831) 649-3530
www.wrdarch.com

April 26, 2007

Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA
Phone: 760-240-7000, X7051

Attn: Patty Saady
Deputy Town Manager

Re: Apple Valley Animal Shelter
Apple Valley, CA
WRD Project Number 07108

Dear Ms. Saady:

Thank you for the opportunity to provide the following proposal. Below is our proposal for the planning and design of the Apple Valley Animal Shelter, in Apple Valley, CA.

PROJECT DESCRIPTION

The planning and design of a new animal shelter of approximately 20,000 square feet located in Apple Valley, CA.

SCOPE OF SERVICES

Preliminary Design Plans
(3) Meetings with owner and shelter planner to review project scope
Prepare preliminary design plans, consisting of:
- Site plan
- Floor plan
- Exterior elevations

(2) Meetings with owner to refine preliminary plans
Prepare presentation plans for City Planning Commission
Attend (1) hearings for Planning Commission

Schematic Design / Planning Approval
(2) Meetings with owner
Prepare Schematic plans, consisting of:
- Site plan
- Floor plan
- Exterior elevations
- Building sections
- Roof plan

(1) Meeting with owner to refine plans

Design Development / Planning Submittal
(1) Meetings with planning staff and owner
Prepare design drawings required for planning department submittal, consisting of:

Monterey
Davis / Fresno
Salinas

Site plan
Building floor plan
Exterior elevations
Color front elevation
Project data
Attend Planning Commission hearing
Assist in assembling required applications & submittal materials
Coordinate work of other consultants for incorporation in planning package

Construction Documents
Refine existing preliminary plans based on owner's input
Prepare construction documents consisting of:
Cover sheet/project information
Civil engineering drawings
SWPPP drawings
Architectural site plan
Site details
Floor plans
Roof plan
Exterior elevations
Exterior details
Building sections
Interior details
Interior elevations at common toilets and lobby areas
Reflected ceiling plans
Door and window schedules/details
Structural drawings
Plumbing drawings
Mechanical drawings
Electrical drawings
Fire Protection drawings
Communication system drawings
Handicapped compliance details
Room finish schedule
Submit plans to Building Department
Respond to plan check comments
(2) Meetings with owners to review project progress
Coordinate design/build consultants
Prepare outline material specifications

Bidding
Attend pre-bid conferences
Assist with coordination of pre-bid packages
Assist with responding to contractor questions and issuing addenda
Assist with bid evaluation

Construction Administration
(Assumes (8) month construction, timeline & bi-weekly meetings)
Respond to contractor questions
Site visits as requested
Prepare supplemental drawings as required

Review shop drawings and submittals as requested
Site observation
Attend pre-construction conferences
Respond to R.F.I./R.F.C.
Assist with evaluation of change orders
Assist with payment review
Process shop drawings and submittals
Assist with project close-out

FEE

The above services can be provided for the following fee:

Civil engineering	$51,000
Architectural	$300,000
Structural engineering	$25,000
Mechanical engineering	$34,000
Electrical engineering	$34,000
Fire protection	$7,000
Communication systems	$7,000
Construction administration	$34,000
Geotechnical	$8,000
Shelter Planner	$120,000
Cost Estimate	$25,000
TOTAL	**$645,000**

Additional services can be provided at our billable rates in effect at the time services are rendered. (See attached rate sheet for our current rates.)

EXCLUDED ITEMS

Services other than identified above
* ~~Feasibility Study~~
* ~~Site survey~~
* ~~Landscape consultant~~
Environmental Consultant
Value engineering
Government agency fees
Reproductions
Reimbursable expenses

ASSUMPTIONS

Client to provide existing drawings/historical documents

The following Terms and Conditions shall be incorporated into the architectural Fee Proposal and become effective upon proceeding with the Scope of Work.

* INCLUDED IN FEE PROPOSAL AS DEFINED BY WALD RUHNKE & DOST ON JUNE 27, 2007.

If you have any questions, please contact Henry Ruhnke at 831-649-4642.

Sincerely,

Henry Ruhnke for
Wald, Ruhnke & Dost Architects, LLP

HR/dj
Attachment

Approved by:

Client

Date

Town of Apple Valley

Municipal Services Animal Shelter Facility

Exhibit B

WALD RUHNKE & DOST
ARCHITECTS LLP

Council Meeting Date: 07/10/07

15-64

COST ESTIMATE – SUBMITTED BY WALD, RUHNKE & DOST ARCHITECTS, LLP

As required by Section II. B. Cost Estimate – Site cost estimates must provide significant detail and encompass the cost of on and off-site infrastructure and planned improvements to the site. To standardize the Town's review of proposals eligible for additional consideration, please provide costs and detailed explanation of costs for the following categories:

I. **Needs Assessment**
- Forecasting facility needs for 5, 10 and 20 year planning horizons.

II. **Schematic Design including Pre-Design and Programming**
- Developing a clear definition of the program, design criteria, program objectives and making subsequent recommendations.
- Refining a detailed project schedule, including the identification of critical dates and their relationship to design approvals and funding.
- Discussing budget limitations.
- Visiting the site, obtaining and reviewing all documentation of existing conditions with assistance from consulting engineers.
- Evaluating the relationship of the new design to the adjacent facilities, as applicable.
- Discuss design strategy and provide optional conceptual plans for discussion.
- Establishment of priorities in scope to wisely distribute expenditures.
- Examination of program space adjacencies.
- Creation of an imaginative program response.
- Provision of maximum utilization and support for users;
- Analysis of visibility, supervisory, security and life safety issues.
- Analysis of access compliance issues.
- Analysis of mechanical, electrical, technology and plumbing building systems.
- Compatibility with long-term use, maintenance procedures and schedules for utilization.
- Development of digital renderings and plans.
- Creation of a conceptual cost estimate.
- Creation of public media for use by the Town of Apple Valley in communicating the schematic design to the broader community.
- Reconciliation of the program and budget will be considered at this time.
- The final plans will serve as a basis for future design development.
- A LEED Evaluation will be submitted at this time to determine if we can benefit from this at this time.

III. **Design Development**
- Cost implications should be considered at this stage.
- Evaluate adjacencies and interior/exterior circulation patterns.
- Solutions to life safety issues.
- Potential fixture, furniture and equipment layouts and designs.

- Long-term maintenance, durability and energy efficient design techniques.
- Visual and physical safety and security measures.
- Compliance with Title 24, ADA, and all regulatory requirements.
- Development of engineered building systems.

IV. Preparation of Construction Plans and Specifications

- Construction documents, including plans and specifications that include architectural, landscape architectural and engineering considerations.
- Integration and coordination of all engineered building systems.
- Meeting all code and regulatory requirements.
- Interim submittals for Town review.
- 95% drawings, specifications and calculations submitted for plan check.
- Detailed estimates of probable construction cost submitted.
- LEED and/or Utility Company performance documents filed.
- 100% construction document back check and approval.
- Preparation for bid.

V. Bidding Support Services including responding to inquiries, issuance of addenda, attendance at bid opening and evaluation of bids.

- Facilitation of a contractor pre-bid meeting.
- Response to telephone/FAX inquiries.
- Issuance of addenda as required.
- Attendance at the bid opening.
- Assistance in assessing the bids.

VI. Construction Administration

- Architect will provide the full scope of construction administration support.
- Architect will attend all regular meetings and prepare minutes and task lists.
- Review of submittals and shop drawings.
- Review of and response to all RFI's.
- Maintenance of all logs.
- Review of all Pay Requests, with the review of the maintenance of record drawings.
- Review and resolution of all construction related issues and changes to the work.
- Prepare punch lists and punch list back check.
- Issuing of the Certificate of Substantial Completion.
- Review and issuing of electronic and hard copy record drawings.
- Along with the construction manager, represent the Town in contractor negotiations and construction contract resolution.
- Monitor the construction schedule and require updated schedules and maintain record drawings prior to the approval of all contractor requests payment.
- Provide all warranties and guarantees, and all maintenance manuals, reviewed by the architect and engineers for conformance to the documents.

VII. Furniture, fixtures and equipment

- Provide recommendations and detailed information on proposed furniture, fixtures and equipment for the project.

VIII. Reimbursable Expenses

- This should be actual expenses as documented and should also provide a not to exceed amount.

SUMMARY OF COST ESTIMATE BY CATEGORY:

I.	Needs Assessment	$ 12,000
II.	Schematic Design including Pre-Design and Programming	$ 90,000
III.	Design Development	$ 100,000
IV.	Preparation of Construction Plans and Specifications	$ 291,000
V.	Bidding Support Services	$ 32,000
VI.	Construction Administration	$ 112,000
VII.	Furniture, fixtures and equipment	$ 8,000
VIII.	Reimbursable Expenses	$ 25,000
	TOTAL COST ESTIMATE	$ 670,000

EXPLANATION OF ANY ITEMS NOT INCLUDED IN COST ESTIMATE ABOVE:

Government Agency Fees, Shelter In Excess of 23,000 square feet (Current cost is based on 20,000 square feet but will include up to 23,000 square feet shelter size). Reproductions used for contractor bidding, contractor construction sets used by contractor and their subcontractors. Major changes to project after owner approval of each category of work.

SUBMITTED BY: _____

Municipal Services Animal Shelter Facility

Exhibit C

WALD RUHNKE & DOST
ARCHITECTS LLP

Council Meeting Date: 07/10/07

15-68

EXHIBIT C

INSURANCE REQUIREMENTS

Prior to the beginning of and throughout the duration of the Work, Consultant will maintain insurance in conformance with the requirements set forth below. Consultant will use existing coverage to comply with these requirements. If that existing coverage does not meet the requirements set forth here, Consultant agrees to amend, supplement or endorse the existing coverage to do so. Consultant acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to Town in excess of the limits and coverage required in this agreement and which is applicable to a given loss, will be available to Town.

Consultant shall provide the following types and amounts of insurance:

Commercial General Liability Insurance using Insurance Services Office "Commercial General Liability" policy form CG 00 01 or the exact equivalent. Defense costs must be paid in addition to limits. There shall be no cross liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than $1,000,000 per occurrence.

Business Auto Coverage on ISO Business Auto Coverage form CA 00 01 including symbol 1 (Any Auto) or the exact equivalent. Limits are subject to review, but in no event to be less that $1,000,000 per accident. If Consultant owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If Consultant or Consultant's employees will use personal autos in any way on this project, Consultant shall provide evidence of personal auto liability coverage for each such person.

Workers Compensation on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than $1,000,000 per accident or disease.

Excess or Umbrella Liability Insurance (Over Primary) if used to meet limit requirements, shall provide coverage at least as broad as specified for the underlying coverages. Any such coverage provided under an umbrella liability policy shall include a drop down provision providing primary coverage above a maximum $25,000 self-insured retention for liability not covered by primary but covered by the umbrella. Coverage shall be provided on a "pay on behalf" basis, with defense costs payable in addition to policy limits. Policy shall contain a provision obligating insurer at the time insured's liability is determined, not requiring actual payment by the insured first. There shall be no cross liability exclusion precluding coverage for claims or suits by one insured against

another. Coverage shall be applicable to Town for injury to employees of Consultant, subconsultants or others involved in the Work. The scope of coverage provided is subject to approval of Town following receipt of proof of insurance as required herein. Limits are subject to review but in no event less than $1,000,000 per occurrence.

Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the consultant and "Covered Professional Services" as designated in the policy must specifically include work performed under this agreement. The policy limit shall be no less than $1,000,000 per claim and in the aggregate. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend. The policy retroactive date shall be on or before the effective date of this agreement.

Insurance procured pursuant to these requirements shall be written by insurers that are admitted carriers in the state of California and with an A.M. Bests rating of A- or better and a minimum financial size VII.

General conditions pertaining to provision of insurance coverage by Consultant. Consultant and Town agree to the following with respect to insurance provided by Consultant:

43. Consultant agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insureds Town, its officials, employees and agents, using standard ISO endorsement No. CG 2010 with an edition prior to 1992. Consultant also agrees to require all contractors, and subcontractors to do likewise.

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44. No liability insurance coverage provided to comply with this Agreement shall prohibit Consultant, or Consultant's employees, or agents, from waiving the right of subrogation prior to a loss. Consultant agrees to waive subrogation rights against Town regardless of the applicability of any insurance proceeds, and to require all contractors and subcontractors to do likewise.

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45. All insurance coverage and limits provided by Contractor and available or applicable to this agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to the Town or its operations limits the application of such insurance coverage.

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46. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to Town and approved of in writing.

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47. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any contractor or subcontractor.

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48. All coverage types and limits required are subject to approval, modification and additional requirements by the Town, as the need arises. Consultant shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect Town's protection without Town's prior written consent.

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49. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to Consultant's general liability policy, shall be delivered to Town at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, Town has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium. Any premium so paid by Town shall be charged to and promptly paid by Consultant or deducted from sums due Consultant, at Town option.

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50. Certificate(s) are to reflect that the insurer will provide 30 days notice to Town of any cancellation of coverage. Consultant agrees to require its insurer to modify such certificates to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, or that any party will "endeavor" (as opposed to being required) to comply with the requirements of the certificate.

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51. It is acknowledged by the parties of this agreement that all insurance coverage required to be provided by Consultant or any subcontractor, is intended to apply first and on a primary, non-contributing basis in relation to any other insurance or self insurance available to Town.

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52. Consultant agrees to ensure that subcontractors, and any other party involved with the project who is brought onto or involved in the project by Consultant, provide the same minimum insurance coverage required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the project will be submitted to Town for review.

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53. Consultant agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any contractor, subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of work on the project contemplated by this agreement to self-insure its obligations to Town. If Consultant's existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to the Town. At that time the Town shall review options with the Consultant, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.

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54. The Town reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the Town will negotiate additional compensation proportional to the increased benefit to Town.

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55. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.

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56. Consultant acknowledges and agrees that any actual or alleged failure on the part of Town to inform Consultant of non-compliance with any insurance requirement in no way imposes any additional obligations on Town nor does it waive any rights hereunder in this or any other regard.

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57. Consultant will renew the required coverage annually as long as Town, or its employees or agents face an exposure from operations of any type pursuant to this agreement. This obligation applies whether or not the agreement is canceled or terminated for any reason. Termination of this obligation is not effective until Town executes a written statement to that effect.

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58. Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Consultant's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the

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renewing or new coverage must be provided to Town within five days of the expiration of the coverages.

59. The provisions of any workers' compensation or similar act will not limit the obligations of Consultant under this agreement. Consultant expressly agrees not to use any statutory immunity defenses under such laws with respect to Town, its employees, officials and agents.

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60. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.

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61. These insurance requirements are intended to be separate and distinct from any other provision in this agreement and are intended by the parties here to be interpreted as such.

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62. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

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63. Consultant agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge Town or Consultant for the cost of additional insurance coverage required by this agreement. Any such provisions are to be deleted with reference to Town. It is not the intent of Town to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against Town for payment of premiums or other amounts with respect thereto.

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Consultant agrees to provide immediate notice to Town of any claim or loss against Consultant arising out of the work performed under this agreement. Town assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve Town.

CRS

Claim for Payment
Pursuant to Government Code Section 17561
ANIMAL ADOPTION

For State Controller Use Only	
(19) Program Number: 00213	Program 213
(20) Date Filed ___/___/___	
(21) LRS Input ___/___/___	

(01) Claimant Identification Number	9836022
(02) Claimant Name	Town of Apple Valley
Mailing Address	Box 429
Street Address or P.O. Box	
City	Apple Valley
State CA	Zip Code 92307

Type of Claim	Estimated Claim	Reimbursement Claim
	(03) Estimated ☐	(09) Reimbursement ☒
	(04) Combined ☐	(10) Combined ☐
	(05) Amended ☐	(11) Amended ☐
Fiscal Year of Cost	(06)	(12) 2007-08
Total Claimed	(07)	(13) $278,649
Less: 10% Late Penalty, but not to exceed $1,000 (if applicable)		(14)
Less: Estimated Claim Payment Received		(15)
Net Claimed Amount		(16) $278,649
Due from State	(08)	(17) $278,649
Due to State	(09)	(18)

(22) AA-1 (04)(A)(1)(f)	
(23) AA-1 (04)(A)(2)(f)	
(24) AA-1 (04)(A)(3)(f)	
(25) AA-1 (04)(B)(1)(f)	150,107
(26) AA-1 (04)(B)(2)(f)	
(27) AA-1 (04)(B)(3)(f)	68,010
(28) AA-1 (04)(B)(4)(f)	2,965
(29) AA-1 (04)(B)(5)(f)	57,566
(30) AA-1 (04)(B)(6)(f)	
(31) AA-1 (04)(B)(7)(f)	
(32) AA-1 (04)(B)(8)(f)	
(33) AA-1 (04)(B)(9)(f)	
(34) AA-1 (04)(B)(10)(f)	
(35) AA-1 (06)	

(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 this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application for nor any grant or payment received, other that from the claimant, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documents currently maintained by the claimant.

The amount for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statement. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Representative — **Date**

Kaye Reynolds — 2/11/09

Kaye Reynolds
Type of Print Name

Assistant Finance Director
Title

Name of Contact Person for Claim	Telephone Number	E-Mail Address
Annette S. Chinn (CRS)	*(916) 939-7901*	*AChinnCRS@aol.com*

Chapters 752/98

Form FAM-27

760-247-3885 Line 1 02-11-2009 17:46:06 2/2

Claim for Payment
Pursuant to Government Code Section 17561
ANIMAL ADOPTION

For State Controller Use Only	
(19) Program Number: 00213	Program
(20) Date Filed ___/___/___	213
(21) LRS Input ___/___/___	

(01) Claimant Identification Number	9836022
(02) Claimant Name	Town of Apple Valley
Mailing Address	Box 429
Street Address or P.O. Box	
City	Apple Valley
State CA	Zip Code 92307

Type of Claim	Estimated Claim		Reimbursement Claim	
	(03) Estimated	☐	(09) Reimbursement	X
	(04) Combined	☐	(10) Combined	☐
	(05) Amended	☐	(11) Amended	☐
Fiscal Year of Cost	(06)		(12) 2007-08	
Total Claimed	(07)		(13) $278,649	
Less: 10% Late Penalty, but not to exceed $1,000 (if applicable)			(14)	
Less: Estimated Claim Payment Received			(15)	
Net Claimed Amount			(16) $278,649	
Due from State	(08)		(17) $278,649	
Due to State	(09)		(18)	

(22) AA-1 (04)(A)(1)(f)	
(23) AA-1 (04)(A)(2)(f)	
(24) AA-1 (04)(A)(3)(f)	
(25) AA-1 (04)(B)(1)(f)	150,107
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(30) AA-1 (04)(B)(6)(f)	
(31) AA-1 (04)(B)(7)(f)	
(32) AA-1 (04)(B)(8)(f)	
(33) AA-1 (04)(B)(9)(f)	
(34) AA-1 (04)(B)(10)(f)	
(35) AA-1 (06)	

(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 this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application for nor any grant or payment received, other that from the claimant, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documents currently maintained by the claimant.

The amount for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statement. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Representative **Date**

Kaye Reynolds — Type of Print Name

Assistant Finance Director — Title

Name of Contact Person for Claim	Telephone Number	E-Mail Address
Annette S. Chinn (CRS)	*(916) 939-7901*	*AChinnCRS@aol.com*

Chapters 752/98

Form FAM-27

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-1

(01) Claimant
Town of Apple Valley

(02) Type of Claim
Reimbursement [X]
Estimated [ ]

Fiscal Year
2007-08
(see FAM-27 for estimate)

Claim Statistics

(03) Department: **Animal Shelter**

Direct Costs — Object Accounts

(04) Reimbursable Components	(a) Salaries	(b) Benefits	(c & d) Services and Supplies	(e) Fixed Assets	(f) Travel and Training	(g) Total
A. ONE-TIME COSTS						
1. Policies and Procedures						
2. Training						
3. Computer Software						
B. ON-GOING COSTS						
1. Acquiring Space / Facilities			$150,107			$150,107
2. Renovating Facilities						
3. Care of Dogs and Cats			$68,010			$68,010
4. Care of Other Animals			$2,965			$2,965
5. Holding Period			$57,566			$57,566
6. Feral Cats						
7. Lost and Found Lists						
8. Non-Medical Records						
9. Veterinary Care						
10. Procuring Equipment						
(05) Total Direct Costs			$278,649			$278,649

Indirect Costs

(06) Indirect Cost Rate (applied to salaries)	(from ICRP) (Applied to Salaries)	
(07) Total Indirect Costs	Line (06) x line (05)(a) or line(06) x [line (05)(a) + line(05)(b)]	
(08) Total Direct and Indirect Costs	Line (05)(d) + line (07)	$278,649

Cost Reductions

(09) Less: Offsetting Savings, if applicable		
(10) Less: Other Reimbursements, if applicable		
(11) Total Claimed Amount	Line (08)- (line(09) + Line(10)]	**$278,649**

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: Town of Apple Valley **(02) Fiscal Year Costs Were Incurred:** 2007-08

(03) Reimbursable Components: Check only one box per form to identify the component being claimed

A. One-Time Costs

- [ ] Policies and Procedures
- [ ] Training
- [ ] Computer Software

B. On-Going Costs

- [X] **Acquiring Space / Facilities**
- [ ] Care of Other Animals
- [ ] Lost and Found Lists
- [ ] Procuring Equipment
- [ ] Renovating Facilities
- [ ] Holding Period
- [ ] Non-Medical Records
- [ ] Care of Dogs & Cats
- [ ] Feral Cats
- [ ] Veterinary Care

(04) Description of Expenses: Complete columns (a) through (f)

(a) Employee Names, Job Class., Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	Benefit Rate	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f & g) Services and Supplies	(h) Fixed Assets	(i) Travel and Training	Total Salaries & Benefits
New Facility Architectural and Land Acquisition costs									
In FY 2005-06, the Town of Apple Valley took over and established it's own animal shelter/facility. Until March of 2005, the Town had contracted for animal shelter services with the City of Hesperia. After the transition, temporary capital improvements were made to allow for the housing of animals in their jurisdiction.									
This year the City paid for the following cost to design and begin construction of the new shelter facility :									
Land acquisition costs = $ 865,000									
Facility costs incurred = $ 572,231									
Total incurred this FY = $ 1,437,231									
(Phase 1 - facility design & land purchase)									
Since this building will house offices for Code Enforcement and Animal Control, a portion of the cost are deducted, to only claim for costs related specifically to the shelter. The city estimates that approximately 83% of the space is for SHELTER.									
Percentaged billed for shelter = 83%									
Net costs attibutable to shelter $ 1,192,902									
Percentage of Stray/euthanized animal/days to total population animal days =									
5,998 / 47,666 = 12.6%									
12.6% x $1,192,902 =						$150,107			
(05) Total						**$150,107**			

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: Town of Apple Valley **(02) Fiscal Year Costs Were Incurred:** 2007-08

(03) Reimbursable Components: Check only one box per form to identify the component being claimed

A. One-Time Costs

- ☐ Policies and Procedures
- ☐ Training
- ☐ Computer Software

B. On-Going Costs

- ☐ Acquiring Space / Facilities
- ☐ Care of Other Animals
- ☐ Lost and Found Lists
- ☐ Procuring Equipment
- ☐ Renovating Facilities
- ☐ Holding Period
- ☐ Non-Medical Records
- ☒ **Care of Dogs & Cats**
- ☐ Feral Cats
- ☐ Veterinary Care

(04) Description of Expenses: Complete columns (a) through (f)

(a) Employee Names, Job Class., Functions Performed and Description of Expenses		(b) Hourly Rate or Unit Cost	Benefit Rate	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f & g) Services and Supplies	(h) Fixed Assets	(i) Travel and Training	Total Salaries & Benefits
Total Dogs Held =	3,167									
Total Cats Held =	1,927									
Total Other Animals Held =	292									
at an average daily census of	47,666									
Total STRAY Dogs Euthanized =	1,460						$34,914			
Total STRAY Cats Euthanized =	1,384						$33,096			
(mandate added 2 extra holding days)										
TOTAL SHELTER COSTS										
(Amount related to Shelter =	**$569,933**									
Shelter Dept. Actual Expend. = $	569,933									
less ineligible costs										
+ plus Overhead										
+40% of M.S. Director $	73,263									
- - Spay/Neuter Program $	(32,647)									
Total Annual Shelter Costs = $	610,549									
Cost per animal =	$105.82									
Cost per animal/per day =	$11.96									
Total Mandate Related Costs =	$569,933									
Eligible Pop. Extra Days										
or 5,998 / 47,666	Extra Stray/Euth. Days / Total Days of Service									
= 12.6%	of total Shelter Costs *relate to eligible* mandated costs.									
(05) Total							**$68,010**			

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: Town of Apple Valley

(02) Fiscal Year Costs Were Incurred: 2007-08

(03) Reimbursable Components: Check only one box per form to identify the component being claimed

A. One-Time Costs

- ☐ Policies and Procedures
- ☐ Training
- ☐ Computer Software

B. On-Going Costs

- ☐ Acquiring Space / Facilities
- ☐ Renovating Facilities
- ☐ Care of Dogs & Cats
- ☒ **Care of Other Animals**
- ☐ Holding Period
- ☐ Feral Cats
- ☐ Lost and Found Lists
- ☐ Non-Medical Records
- ☐ Veterinary Care
- ☐ Procuring Equipment

(04) Description of Expenses: Complete columns (a) through (f)

(a) Employee Names, Job Class., Functions Performed and Description of Expenses		(b) Hourly Rate or Unit Cost	Benefit Rate	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f & g) Services and Supplies	(h) Fixed Assets	(i) Travel and Training	Total Salaries & Benefits
Total Dogs Held =	3,167									
Total Cats Held =	1,927									
Total Other Animals Held =	292									
at an average daily census of	47,666									
Total OTHER Animals Euthanized	62						$2,965			
(mandate added 4 extra holding days)										
Other Euthanasia Rate =										
TOTAL SHELTER COSTS										
(Amount related to Shelter =	**$569,933**									
Cost per animal =	$105.82									
Cost per animal/per day =	$11.96									
(05) Total							$2,965			

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: Town of Apple Valley

(02) Fiscal Year Costs Were Incurred: 2007-08

(03) Reimbursable Components: Check only one box per form to identify the component being claimed

A. One-Time Costs

- ☐ Policies and Procedures
- ☐ Training
- ☐ Computer Software

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- ☐ Acquiring Space / Facilities
- ☐ Care of Other Animals
- ☐ Lost and Found Lists
- ☐ Procuring Equipment
- ☐ Renovating Facilities
- ☒ **Holding Period**
- ☐ Non-Medical Records
- ☐ Care of Dogs & Cats
- ☐ Feral Cats
- ☐ Veterinary Care

(04) Description of Expenses: Complete columns (a) through (f)

(a) Employee Names, Job Class., Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	Benefit Rate	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f & g) Services and Supplies	(h) Fixed Assets	(i) Travel and Training	Total Salaries & Benefits
Cost of increasing hours of operation per Hayden Bill									
Number of additional hours facility operating hours pursuant to Hayden Bill = 6 additional hrs/week									
Total Shelter Costs = $ 537,285									
Total hours of facility ops.= 2,912									
Additional Hours mandated = 312									
Cost per hour = $185						$57,566			
Cost of Addit. Hours mandated : $57,566									
(the city keeps it's facility open Saturday from 9-3 to the public to comply with the Hayden Bill state mandate)									
(05) Total						$57,566			

Chapters 752/98

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-1

(01) Claimant	(02) Type of Claim	Fiscal Year
Town of Apple Valley	Reimbursement [X]	2007-08
	Estimated [ ]	(see FAM-27 for estimate)

Claim Statistics

(03) Department: **Animal Shelter**

Direct Costs — **Object Accounts**

(04) Reimbursable Components	(a) Salaries	(b) Benefits	(c & d) Services and Supplies	(e) Fixed Assets	(f) Travel and Training	(g) Total
A. ONE-TIME COSTS						
1. Policies and Procedures						
2. Training						
3. Computer Software						
B. ON-GOING COSTS						
1. Acquiring Space / Facilities			$180,852			$180,852
2. Renovating Facilities						
3. Care of Dogs and Cats			$68,010			$68,010
4. Care of Other Animals			$2,965			$2,965
5. Holding Period			$57,566			$57,566
6. Feral Cats						
7. Lost and Found Lists						
8. Non-Medical Records						
9. Veterinary Care						
10. Procuring Equipment						
(05) Total Direct Costs			$309,394			$309,394

Indirect Costs

(06) Indirect Cost Rate (applied to salaries)	(from ICRP) (Applied to Salaries)	
(07) Total Indirect Costs	Line (06) x line (05)(a) or line(06) x [line (05)(a) + line(05)(b)]	
(08) Total Direct and Indirect Costs	Line (05)(d) + line (07)	$309,394

Cost Reductions

(09) Less: Offsetting Savings, if applicable		
(10) Less: Other Reimbursements, if applicable		
(11) Total Claimed Amount	Line (08)- (line(09) + Line(10)]	**$309,394**

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: Town of Apple Valley

(02) Fiscal Year Costs Were Incurred: 2007-08

(03) Reimbursable Components: Check only one box per form to identify the component being claimed

A. One-Time Costs

- ☐ Policies and Procedures
- ☐ Training
- ☐ Computer Software

B. On-Going Costs

- ☒ **Acquiring Space / Facilities**
- ☐ Care of Other Animals
- ☐ Lost and Found Lists
- ☐ Procuring Equipment
- ☐ Renovating Facilities
- ☐ Holding Period
- ☐ Non-Medical Records
- ☐ Care of Dogs & Cats
- ☐ Feral Cats
- ☐ Veterinary Care

(04) Description of Expenses: Complete columns (a) through (f)

(a) Employee Names, Job Class., Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	Benefit Rate	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f & g) Services and Supplies	(h) Fixed Assets	(i) Travel and Training	Total Salaries & Benefits
New Facility Architectural and Land Acquisition costs In FY 2005-06, the Town of Apple Valley took over and established it's own animal shelter/facility. Until March of 2005, the Town had contracted for animal shelter services with the City of Hesperia. After the transition, temporary capital improvements were made to allow for the housing of animals in their jurisdiction. This year the City authorized the costs for design of a new shelter facility. Land acquisition costs = $ 865,000.00 Total Capital Expenditures in this FY = $572,231 (Phase 1 - facility design & land purchase) Percentage of eligible costs billed = Percentage of Stray/euthanized animal/days to total population animal days = 5,998 / 47,666 = 12.6% 12.6% x $1,437,231 =						$180,852			
(05) Total						**$180,852**			

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: **Town of Apple Valley**

(02) Fiscal Year Costs Were Incurred: 2007-08

(03) Reimbursable Components: Check only one box per form to identify the component being claimed

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Chapters 752/98

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: Town of Apple Valley

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MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: Town of Apple Valley

(02) Fiscal Year Costs Were Incurred: 2007-08

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Additional Hours mandated = 312									
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Cost of Addit. Hours mandated : $57,566						$57,566			
(the city keeps it's facility open Saturday from 9-3 to the public to comply with the Hayden Bill state mandate)									
(05) Total						**$57,566**			

Chapters 752/98

2007/2008	July 2007	Aug 2007	Sep 2007	Oct 2007	Nov 2007	Dec 2007	Jan 2008	Feb 2008	March 2008	April 2008	May 2008	June 2008
Dog Intake - Report	**314**	**302**	**282**	**284**	**246**	**240**	**331**	**299**	**240**	**299**	**247**	**262**
Dogs coming into shelter	315	302	282	284	246	240	331	299	240	299	247	262
Owner Turn-in Dogs (shelter/field)	82	77	47	62	51	49	55	61	59	77	44	66
Owner Turn-in DOA Dogs	1	5	3	1	9	2	4	0	5	7	2	3
Stray Dogs by Officer	109	94	117	108	86	90	131	119	79	94	93	84
Stray Dogs by Public	48	68	62	53	58	39	69	59	49	52	53	50
Stray DOA Dogs by Officer/Public/Caltrans	33	11	13	17	16	12	14	15	12	13	14	10
Abandoned Dogs	0	0	0	2	1	0	2	1	1	5	3	3
Returned Adopted Dogs	5	13	6	3	0	10	10	5	8	9	5	4
Citizen Holding in home	21	26	22	22	9	13	23	20	20	19	13	13
Warrant by Officer	0	2	0	10	6	6	0	0	0	1	12	2
Quarantine at Shelter	1	0	0	3	1	1	1	1	0	0	0	0
LLV Picked up by Officer					7	15	12	9	5	6	8	16
Misc.	15	6	12	3	2	3	10	9	2	16	0	11
Dog Disposition - Report	**297**	**281**	**251**	**262**	**240**	**241**	**312**	**264**	**247**	**266**	**237**	**267**
Dogs going out of shelter	297	281	251	262	240	241	312	264	247	266	237	267
Dogs Put to Sleep	158	153	142	122	131	112	167	98	103	131	120	133
RTO Licensed and Altered Dogs	9	7	15	16	14	22	18	14	26	20	6	12
RTO Licensed/Unlicensed Unaltered Dogs	14	23	18	25	15	18	17	28	17	16	27	37
RTO Unlicensed and Altered Dogs	7	9	2	14	10	14	12	8	6	3	1	6
RTO Under 4 Months of Age Dogs		0	0	1	1	0	0	0	2	0	2	1
RTO - Citizen-to-Owner	2	1	1	5	1	1	6	2	6	2	4	3
Escaped	1	0	0	0	0	0	0	0	0	1	0	1
Warrant Return	0	1	0	0	2	0	0	0	0	0	0	0
Stolen	2	0	0	0	1	0	1	0	0	0	0	0
Adopted Dogs	35	49	44	29	24	42	58	60	52	51	35	30
Being Fostered	3	1	2	0	4	1	0	0	0	2	1	1
Rescued Dogs	8	12	4	17	7	8	10	24	7	8	10	16
DOA/ FREEZER	54	24	20	30	24	21	20	23	22	26	23	25
Misc./Other/Died	4	1	3	3	6	2	3	7	6	6	8	2

2007	July 2007	Aug 2007	Sep 2007	Oct 2007	Nov 2007	Dec 2007	Jan 2008	Feb 2008	March 2008	April 2008	May 2008	June 2008
Cat Intake - Report	**227**	**198**	**193**	**207**	**156**	**99**	**117**	**106**	**159**	**222**	**256**	**200**
Cats coming into shelter	**227**	**198**	**193**	**207**	**156**	**99**	**117**	**106**	**159**	**222**	**256**	**200**
Owner Turn-in Cats (shelter/field)	38	28	39	40	28	26	24	23	28	29	47	38
Owner Turn-in DOA Cats	0	0	0	0	0	0	0	2	1	0	0	0
Stray Cats by Officer	29	44	50	53	28	26	22	14	29	63	75	38
Stray Cats by Public	133	103	86	92	70	31	49	53	68	82	104	98
Stray DOA Cats by Officer/Public/Caltrans	20	16	14	18	18	11	15	14	22	15	26	21

Returned Adopted Cats	3	2	2	2	6	0	3	0	4	2	2	3
Abandoned Cats	0	1	1	0	0	0	1	0	0	2	0	0
Warrant by Officer	0	0	0	0	0	0	0	0	0	0	0	0
Citizen Holding at home	0	0	1	0	0	5	1	0	0	1	0	1
Quarantine at Shelter	0	0	0	1	0	0	1	0	0	0	1	1
Misc	4	4	0	1	6	0	1	0	7	28	1	0
Cat Disposition - Report	**236**	**208**	**176**	**220**	**187**	**104**	**102**	**90**	**149**	**198**	**251**	**216**
Cats going out of the shelter	**236**	**208**	**176**	**220**	**187**	**104**	**102**	**90**	**149**	**198**	**251**	**216**
Cats Put to Sleep	189	153	126	170	123	64	42	37	76	117	174	146
Escaped	0	0	0	0	2	2	0	1	0	1	2	1
DOA/FREEZER	20	18	22	20	18	11	16	16	27	14	27	19
Other /Died	0	0	3	0	2	0	4	1	0	8	7	6
RTO Cats	4	0	1	1	2	0	1	6	5	0	0	0
Being Fostered	0	8	0	0	0	0	0	0	0	14	17	5
Rescued Cats	1	0	1	1	1	0	0	0	0	10	5	1
Adopted Cats	22	29	23	28	39	27	39	29	41	34	19	38

Other Intake - Report	**38**	**47**	**25**	**35**	**31**	**25**	**20**	**17**	**23**	**35**	**106**	**60**
Other coming into the shelter	**38**	**47**	**25**	**35**	**31**	**25**	**20**	**17**	**23**	**35**	**106**	**60**
OTL Other at Shelter/Field	1	3	2	4	17	11	0	2	1	1	2	0
Stray Other by Citizen Holding	0	0	0	0	1	0	4	1	0	1	0	0
Stray Other by Officer	12	15	9	7	5	6	0	7	7	11	16	17
Stray Other by Public	5	7	2	2	0	0	2	2	0	9	3	5
Stray DOA Other by Officer	13	22	11	21	2	6	2	4	11	11	22	29
Stray DOA Other by Public	0	0	1	1	2	0	12	0	0	0	0	0
Miscellaneous	7	0	0	0	4	2	0	1	4	2	32	9
Warrant	0	0	0	0	0	0	0	0	0	0	31	0
Other Disposition - Report	42	42	27	42	25	20	26	18	21	35	99	62
Other going out of the shelter	**42**	**42**	**27**	**42**	**25**	**20**	**26**	**18**	**21**	**38**	**99**	**62**
Other Put to Sleep	5	6	2	2	5	7	8	3	3	11	14	7
Other Returned to Owner	0	1	0	0	1	2	0	0	0	0	14	0
Other Released Wildlife	14	7	9	7	3	1	1	2	6	5	27	19
Other at Vet/Rehab/Foster	1	1	0	0	0	0	0	0	0	3	3	0
Other Adopted	2	2	3	3	1	1	4	2	0	2	13	3
Other Rescued	2	1	0	0	1	0	0	1	1	0	3	0
DOA/ FREEZER	17	23	13	28	14	8	12	8	11	14	24	30
Died	1	1	0	2	0	1	1	2	0	3	1	3
Animals held for Quarantine	0	0	0	0	0	0	0	0	0	0	0	0

OTHER PTS

2007 Total Number of Animals Euthanized

2007	CANINE					FELINE					OTHER	MONTHLY
	A	H	S	O	TOTAL	A	H	S	O	TOTAL	ANIMALS	TOTALS
January	38	49	9	18	**114**	29	18	0	0	**47**	5	**166**
February	29	38	32	6	**105**	25	13	0	2	**40**	3	**148**
March	55	31	7	15	**108**	33	22	0	3	**58**	7	**173**
April	39	30	10	8	**87**	30	39	0	0	**69**	15	**171**
May	42	51	8	15	**116**	44	82	3	1	**130**	16	**262**
June	25	43	11	13	**92**	61	117	4	3	**185**	15	**292**
July	29	45	72	13	**159**	43	132	11	2	**188**	4	**351**
August	46	52	43	9	**150**	54	86	7	1	**148**	5	**303**
September	28	51	58	6	**143**	41	78	6	2	**127**	2	**272**
October	32	49	29	11	**121**	53	105	8	3	**169**	2	**292**
November	23	69	23	10	**125**	24	95	0	3	**122**	5	**252**
December	32	45	21	10	**108**	10	52	0	2	**64**	8	**180**
YTD	418	553	323	134	**1428**	447	839	39	22	**1347**	87	**2862**

Total Number of Animals Vaccinated That Were Euthanized

	Canine			Feline		MO TOT	MO TOT
	H	S	A	H	S	K-9	FEL.
January	4	1	3	3	0	8	3
February	6	3	1	2	2-adopt.	10	4
March	5	1	2	8	0	8	8
April	6	1	6	6	1-adopt.	13	7
May	4	0	2	7	2-adopt.	6	9
June	1	1	0	15	0	2	15
July	6	0	0	16	S=6 A=1	6	23
August	2	4	0	15	0	6	15
September	0	2	1	18	S=4 A=2	3	24
October	2	0	0	35	S=1	2	36
November	4	0	0	37	ESC. 1	4	38
December	6	1	0	17	A=1	7	18

2008 PTS

2008 Total Number of Animals Euthanized

2008	CANINE					FELINE					OTHER	MONTHLY
	A	H	S	O	TOTAL	A	H	S	O	TOTAL	ANIMALS	TOTALS
January	55	55	44	14	168	17	19	0	4	40	8	216
February	28	59	11	5	103	18	13	4	5	40	4	147
March	30	45	6	12	93	38	21	5	7	71	3	167
April	41	70	9	11	131	47	49	19	3	118	12	261
May	38	78	13	2	131	35	127	21	1	184	13	328
June	38	63	27	7	135	35	109	0	0	144	6	285
July	48	53	17	4	122	51	111	9	0	171	6	299
August	43	47	22	4	116	80	86	3	0	169	6	291
September	41	44	16	4	105	48	105	2	0	155	4	264
October	32	54	18	6	110	76	129	2	2	209	2	321
November	29	21	34	6	90	55	75	8	1	139	3	232
December	31	26	26	2	85	24	41	1	0	66	4	155
YTD	454	615	243	77	1389	524	885	74	23	1506	71	2966

Total Number of Animals Vaccinated That Were Euthanized

	Canine			MO TOT	Feline			MO TOT
	H	S	A	K-9	H	S	A	FEL.
January	4	2	2	8	8	0	1	9
February	6	0	3	9	2	2	1	4
March	5	7	0	12	2	5	0	7
April	29	2	11	42	13	3	7	23
May	35	3	8	46	20	13	5	38
June	18	16	1	36	61	0	5	66
July	24	0	4	28	48	0	4	52
August	11	3	2	16	41	3	3	47
September	13	5	5	23	29	3	0	32
October	5	11	3	19	76	0	5	81
November	4	5	2	11	37	7	4	48
December	1	2	0	3	10	0	0	10
YTD	155	56	41	253	347	36	35	417

TOAV

For the Period: 7/1/2007 to 6/30/2008	Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund							
Expenditures							
Dept: 302 Code Enforcement							
725.000 Public Information	2,000.00	2,000.00	294.00	0.00	0.00	1,706.00	14.7
727.000 Grafitti Removal & Supplies	42,000.00	42,000.00	45,173.96	6,682.00	0.00	-3,173.96	107.6
730.704 Transfer - 704	0.00	0.00	-1,428.00	-1,428.00	0.00	1,428.00	0.0
732.000 Special Dept Supplies/Exp	5,500.00	5,500.00	4,403.40	4,222.01	0.00	1,096.60	80.1
740.000 Contract Services	20,000.00	20,000.00	50,432.49	5,465.00	0.00	-30,432.49	252.2
745.000 Legal Services	6,000.00	6,000.00	12,592.98	2,330.51	0.00	-6,592.98	209.9
760.000 Membership & Dues	1,000.00	1,000.00	1,265.00	195.00	0.00	-265.00	126.5
761.000 Meetings & Conferences	0.00	0.00	1,967.56	0.00	0.00	-1,967.56	0.0
763.000 Education & Training	6,500.00	6,500.00	65.00	0.00	0.00	6,435.00	1.0
801.000 Advertising	1,500.00	1,500.00	1,428.00	294.00	0.00	72.00	95.2
809.000 Gasoline, Diesel, Oil	24,000.00	24,000.00	28,931.10	5,990.25	0.00	-4,931.10	120.5
810.000 Vehicle Maintenance	15,000.00	15,000.00	11,383.05	47.91	0.00	3,616.95	75.9
813.000 Equipment Maintenance	1,500.00	1,500.00	306.46	306.46	0.00	1,193.54	20.4
839.000 Communications Equip	0.00	0.00	735.63	0.00	0.00	-735.63	0.0
840.000 Small Tools	1,000.00	1,000.00	1,032.80	203.42	0.00	-32.80	103.3
905.000 Capital Equipment	23,000.00	43,302.00	43,187.57	0.00	0.00	114.43	99.7
Code Enforcement	1,079,060.00	1,099,362.00	1,160,178.29	123,000.62	0.00	-60,816.29	105.5
Dept: 304 Animal Shelter							
701.000 Salaries Regular	306,500.00	306,500.00	317,850.38	35,402.55	0.00	-11,350.38	103.7
702.000 Salaries Part-Time	11,600.00	11,600.00	0.00	0.00	0.00	11,600.00	0.0
703.000 Overtime	2,000.00	2,000.00	700.37	100.95	0.00	1,299.63	35.0
710.000 Cafeteria Benefits	67,200.00	67,200.00	66,337.51	5,437.50	0.00	862.49	98.7
711.000 PERS	68,300.00	68,300.00	64,159.32	10,342.72	0.00	4,140.68	93.9
713.000 Medicare	4,641.00	4,641.00	4,913.57	539.17	0.00	-272.57	105.9
715.000 FICA	720.00	720.00	0.00	0.00	0.00	720.00	0.0
716.000 Uniform Expenses	1,500.00	1,500.00	1,671.91	113.14	0.00	-171.91	111.5
721.000 Office Supplies/Exp	2,000.00	2,000.00	255.94	143.68	0.00	1,744.06	12.8
722.000 Hardware/Software Supplies/Exp	1,600.00	1,600.00	761.77	566.77	0.00	838.23	47.6
723.000 Printing	2,000.00	2,000.00	632.00	12.93	0.00	1,368.00	31.6
724.000 Subscriptions	250.00	250.00	130.00	0.00	0.00	120.00	52.0
729.000 Miscellaneous Costs	0.00	0.00	142.43	142.43	0.00	-142.43	0.0
732.000 Special Dept Supplies/Exp	15,000.00	15,645.00	13,683.19	3,242.75	0.00	1,961.81	87.5
740.000 Contract Services	5,000.00	5,000.00	2,544.45	2,450.00	0.00	2,455.55	50.9
740.302 Drugs/Vaccinations	20,000.00	20,000.00	26,985.79	4,523.77	0.00	-6,985.79	134.9
740.303 Stiles Removal/D & D Removal	5,500.00	5,500.00	5,700.00	1,425.00	0.00	-200.00	103.6
740.305 Emergency Vet Service	6,000.00	6,000.00	3,918.00	348.67	0.00	2,082.00	65.3
740.306 Spay/Neuter Program	30,000.00	30,000.00	32,647.25	4,453.50	0.00	-2,647.25	108.8
760.000 Membership & Dues	250.00	250.00	119.00	0.00	0.00	131.00	47.6
761.000 Meetings & Conferences	0.00	0.00	81.63	71.63	0.00	-81.63	0.0
762.000 Mileage Exp/Allowance	0.00	0.00	95.75	95.75	0.00	-95.75	0.0
763.000 Education & Training	3,000.00	3,000.00	4,109.54	1,402.24	0.00	-1,109.54	137.0
801.000 Advertising	2,500.00	2,500.00	832.83	0.00	0.00	1,667.17	33.3
809.000 Gasoline, Diesel, Oil	0.00	0.00	964.61	181.25	0.00	-964.61	0.0
810.000 Vehicle Maintenance	0.00	0.00	39.00	0.00	0.00	-39.00	0.0
813.000 Equipment Maintenance	2,000.00	2,000.00	294.15	165.15	0.00	1,705.85	14.7
839.000 Communications Equip	0.00	0.00	286.70	198.36	0.00	-286.70	0.0
840.000 Small Tools	0.00	871.00	1,350.13	1,350.13	0.00	-479.13	155.0
855.000 Animal Food Supplies	10,000.00	10,000.00	10,203.02	2,337.29	0.00	-203.02	102.0
905.000 Capital Equipment	17,000.00	16,129.00	8,522.46	8,522.46	0.00	7,606.54	52.8
Animal Shelter	584,561.00	585,206.00	569,932.70	83,569.79	0.00	15,273.30	97.4
Dept: 401 Planning							
701.000 Salaries Regular	425,840.00	425,840.00	504,487.01	51,146.52	0.00	-78,647.01	118.5
702.000 Salaries Part-Time	26,800.00	26,800.00	16,441.40	2,551.10	0.00	10,358.60	61.3
710.000 Cafeteria Benefits	72,400.00	72,400.00	60,900.00	5,075.00	0.00	11,500.00	84.1
711.000 PERS	100,844.00	100,844.00	111,500.27	17,307.64	0.00	-10,656.27	110.6
713.000 Medicare	6,450.00	6,450.00	7,656.84	775.53	0.00	-1,206.84	118.7
714.000 Deferred Comp	9,300.00	9,300.00	10,891.03	919.09	0.00	-1,591.03	117.1
715.000 FICA	1,670.00	1,670.00	1,019.36	158.16	0.00	650.64	61.0
721.000 Office Supplies/Exp	1,500.00	1,500.00	1,310.02	0.00	0.00	189.98	87.3

	Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund							
Expenditures							
Dept: 303 Community Services							
763.000 Education & Training							
Education & Training	0.00	0.00	0.00	0.00	0.00	0.00	0.0
801.000 Advertising							
Advertising	0.00	0.00	0.00	0.00	0.00	0.00	0.0
813.000 Equipment Maintenance							
Equipment Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.0
889.000 Prior Year Activities							
Prior Year Activities	0.00	0.00	0.00	0.00	0.00	0.00	0.0
905.000 Capital Equipment							
Capital Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.0
906.000 Capital Projects							
Capital Projects	0.00	0.00	0.00	0.00	0.00	0.00	0.0
970.000 Prior Period Adjustment							
Prior Period Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Community Services	0.00	0.00	0.00	35.35	0.00	0.00	0.0
Dept: 304 Animal Shelter							
764.000 Salaries Regular							
07/01/2007 MS JE 8 REVERSE ACCRUED SALARIES PAYABLE	AT 6/30/07		-6,281.02				
07/13/2007 PA Adjustment	Pay Date: 07/13/2007		19.60				PA-Wrapup
07/13/2007 PA Salaries Permanent	Pay Date: 07/13/2007		10,144.87				PA-Wrapup
07/13/2007 PA Sick Earnings	Pay Date: 07/13/2007		263.33				PA-Wrapup
07/13/2007 PA Vacation Earnings	Pay Date: 07/13/2007		1,385.84				PA-Wrapup
07/13/2007 PA Salaries Permanent	Pay Date: 07/13/2007		748.40				PA-Wrapup
07/27/2007 PA Comp (U)	Pay Date: 07/27/2007		206.15				PA-Wrapup
07/27/2007 PA Salaries Permanent	Pay Date: 07/27/2007		10,705.00				PA-Wrapup
07/27/2007 PA Sick Earnings	Pay Date: 07/27/2007		60.45				PA-Wrapup
07/27/2007 PA Vacation Earnings	Pay Date: 07/27/2007		764.08				PA-Wrapup
07/27/2007 PA Salaries Permanent	Pay Date: 07/27/2007		748.40				PA-Wrapup
08/10/2007 PA Salaries Permanent	Pay Date: 08/10/2007		11,060.46				PA-Wrapup
08/10/2007 PA Sick Earnings	Pay Date: 08/10/2007		342.74				PA-Wrapup
08/10/2007 PA Vacation Earnings	Pay Date: 08/10/2007		322.40				PA-Wrapup
08/10/2007 PA Salaries Permanent	Pay Date: 08/10/2007		748.40				PA-Wrapup
08/24/2007 PA Comp (U)	Pay Date: 08/24/2007		131.31				PA-Wrapup
08/24/2007 PA Salaries Permanent	Pay Date: 08/24/2007		10,491.31				PA-Wrapup
08/24/2007 PA Sick Earnings	Pay Date: 08/24/2007		422.78				PA-Wrapup
08/24/2007 PA Salaries Permanent	Pay Date: 08/24/2007		748.40				PA-Wrapup
09/07/2007 PA Floating Holiday	Pay Date: 09/07/2007		161.20				PA-Wrapup
09/07/2007 PA Salaries Permanent	Pay Date: 09/07/2007		9,812.24				PA-Wrapup
09/07/2007 PA Sick Earnings	Pay Date: 09/07/2007		814.97				PA-Wrapup
09/07/2007 PA Vacation Earnings	Pay Date: 09/07/2007		339.77				PA-Wrapup
09/21/2007 PA Comp (U)	Pay Date: 09/21/2007		43.77				PA-Wrapup
09/21/2007 PA Salaries Permanent	Pay Date: 09/21/2007		11,011.45				PA-Wrapup
09/21/2007 PA Sick Earnings	Pay Date: 09/21/2007		29.18				PA-Wrapup
10/05/2007 PA Comp (U)	Pay Date: 10/05/2007		47.95				PA-Wrapup
10/05/2007 PA Floating Holiday	Pay Date: 10/05/2007		173.60				PA-Wrapup
10/05/2007 PA Salaries Permanent	Pay Date: 10/05/2007		11,553.68				PA-Wrapup
10/05/2007 PA Vacation Earnings	Pay Date: 10/05/2007		652.80				PA-Wrapup
10/19/2007 PA Comp (U)	Pay Date: 10/19/2007		50.38				PA-Wrapup
10/19/2007 PA Floating Holiday	Pay Date: 10/19/2007		233.44				PA-Wrapup
10/19/2007 PA Salaries Permanent	Pay Date: 10/19/2007		10,235.55				PA-Wrapup

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
10/19/2007	PA	Sick Earnings	Pay Date: 10/19/2007			861.52			PA-Wrapup	
10/19/2007	PA	Vacation Earnings	Pay Date: 10/19/2007			1,026.72			PA-Wrapup	
11/02/2007	PA	Comp (U)	Pay Date: 11/02/2007			94.58			PA-Wrapup	
11/02/2007	PA	Salaries Permanent	Pay Date: 11/02/2007			9,817.42			PA-Wrapup	
11/02/2007	PA	Sick Earnings	Pay Date: 11/02/2007			939.26			PA-Wrapup	
11/16/2007	PA	Comp (U)	Pay Date: 11/16/2007			97.24			PA-Wrapup	
11/16/2007	PA	Salaries Permanent	Pay Date: 11/16/2007			11,813.76			PA-Wrapup	
11/16/2007	PA	Sick Earnings	Pay Date: 11/16/2007			233.28			PA-Wrapup	
11/16/2007	PA	Vacation Earnings	Pay Date: 11/16/2007			277.92			PA-Wrapup	
11/30/2007	PA	Comp (U)	Pay Date: 11/30/2007			20.65			PA-Wrapup	
11/30/2007	PA	Floating Holiday	Pay Date: 11/30/2007			161.20			PA-Wrapup	
11/30/2007	PA	Salaries Permanent	Pay Date: 11/30/2007			11,469.40			PA-Wrapup	
11/30/2007	PA	Sick Earnings	Pay Date: 11/30/2007			142.55			PA-Wrapup	
11/30/2007	PA	Vacation Earnings	Pay Date: 11/30/2007			613.80			PA-Wrapup	
12/14/2007	PA	Comp (U)	Pay Date: 12/14/2007			54.89			PA-Wrapup	
12/14/2007	PA	Salaries Permanent	Pay Date: 12/14/2007			12,387.45			PA-Wrapup	
12/28/2007	PA	Salaries Permanent	Pay Date: 12/28/2007			10,433.15			PA-Wrapup	
12/28/2007	PA	Sick Earnings	Pay Date: 12/28/2007			2,053.65			PA-Wrapup	
01/11/2008	PA	Floating Holiday	Pay Date: 01/11/2008			233.42			PA-Wrapup	
01/11/2008	PA	Salaries Permanent	Pay Date: 01/11/2008			9,088.34			PA-Wrapup	
01/11/2008	PA	Sick Earnings	Pay Date: 01/11/2008			233.42			PA-Wrapup	
01/11/2008	PA	Vacation Earnings	Pay Date: 01/11/2008			1,384.08			PA-Wrapup	
01/25/2008	PA	Comp (U)	Pay Date: 01/25/2008			414.87			PA-Wrapup	
01/25/2008	PA	Floating Holiday	Pay Date: 01/25/2008			-158.58			PA-Wrapup	
01/25/2008	PA	Salaries Permanent	Pay Date: 01/25/2008			10,728.91			PA-Wrapup	
01/25/2008	PA	Sick Earnings	Pay Date: 01/25/2008			761.40			PA-Wrapup	
02/08/2008	PA	Comp (U)	Pay Date: 02/08/2008			120.90			PA-Wrapup	
02/08/2008	PA	Salaries Permanent	Pay Date: 02/08/2008			11,871.21			PA-Wrapup	
02/08/2008	PA	Sick Earnings	Pay Date: 02/08/2008			571.45			PA-Wrapup	
02/22/2008	PA	Comp (U)	Pay Date: 02/22/2008			459.77			PA-Wrapup	
02/22/2008	PA	Floating Holiday	Pay Date: 02/22/2008			466.88			PA-Wrapup	
02/22/2008	PA	Salaries Permanent	Pay Date: 02/22/2008			9,637.66			PA-Wrapup	
02/22/2008	PA	Sick Earnings	Pay Date: 02/22/2008			809.43			PA-Wrapup	
02/22/2008	PA	Vacation Earnings	Pay Date: 02/22/2008			389.03			PA-Wrapup	
03/07/2008	PA	Comp (U)	Pay Date: 03/07/2008			55.88			PA-Wrapup	
03/07/2008	PA	Salaries Permanent	Pay Date: 03/07/2008			9,917.64			PA-Wrapup	
03/07/2008	PA	Sick Earnings	Pay Date: 03/07/2008			265.50			PA-Wrapup	
03/07/2008	PA	Vacation Earnings	Pay Date: 03/07/2008			700.25			PA-Wrapup	
03/21/2008	PA	Floating Holiday	Pay Date: 03/21/2008			165.20			PA-Wrapup	
03/21/2008	PA	Salaries Permanent	Pay Date: 03/21/2008			9,890.80			PA-Wrapup	
03/21/2008	PA	Sick Earnings	Pay Date: 03/21/2008			165.20			PA-Wrapup	
03/21/2008	PA	Vacation Earnings	Pay Date: 03/21/2008			778.06			PA-Wrapup	
04/04/2008	PA	Comp (U)	Pay Date: 04/04/2008			113.33			PA-Wrapup	
04/04/2008	PA	Floating Holiday	Pay Date: 04/04/2008			364.80			PA-Wrapup	
04/04/2008	PA	Salaries Permanent	Pay Date: 04/04/2008			10,762.19			PA-Wrapup	
04/04/2008	PA	Sick Earnings	Pay Date: 04/04/2008			823.85			PA-Wrapup	
04/04/2008	PA	Vacation Earnings	Pay Date: 04/04/2008			330.40			PA-Wrapup	
04/18/2008	PA	Comp (U)	Pay Date: 04/18/2008			204.50			PA-Wrapup	
04/18/2008	PA	Floating Holiday	Pay Date: 04/18/2008			207.16			PA-Wrapup	
04/18/2008	PA	Salaries Permanent	Pay Date: 04/18/2008			11,696.87			PA-Wrapup	
04/18/2008	PA	Sick Earnings	Pay Date: 04/18/2008			314.89			PA-Wrapup	
04/18/2008	PA	Vacation Earnings	Pay Date: 04/18/2008			182.40			PA-Wrapup	
05/02/2008	PA	Comp (U)	Pay Date: 05/02/2008			245.59			PA-Wrapup	
05/02/2008	PA	Floating Holiday	Pay Date: 05/02/2008			142.48			PA-Wrapup	
05/02/2008	PA	Salaries Permanent	Pay Date: 05/02/2008			12,028.42			PA-Wrapup	
05/02/2008	PA	Sick Earnings	Pay Date: 05/02/2008			82.91			PA-Wrapup	

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
05/02/2008	PA	Vacation Earnings	Pay Date: 05/02/2008			116.14			PA-Wrapup	
05/16/2008	PA	Comp (U)	Pay Date: 05/16/2008			272.37			PA-Wrapup	
05/16/2008	PA	Floating Holiday	Pay Date: 05/16/2008			142.48			PA-Wrapup	
05/16/2008	PA	Salaries Permanent	Pay Date: 05/16/2008			11,893.08			PA-Wrapup	
05/16/2008	PA	Sick Earnings	Pay Date: 05/16/2008			289.23			PA-Wrapup	
05/30/2008	PA	Comp (U)	Pay Date: 05/30/2008			51.07			PA-Wrapup	
05/30/2008	PA	Floating Holiday	Pay Date: 05/30/2008			274.80			PA-Wrapup	
05/30/2008	PA	Salaries Permanent	Pay Date: 05/30/2008			12,071.40			PA-Wrapup	
05/30/2008	PA	Sick Earnings	Pay Date: 05/30/2008			195.43			PA-Wrapup	
06/13/2008	PA	Comp (U)	Pay Date: 06/13/2008			30.01			PA-Wrapup	
06/13/2008	PA	Floating Holiday	Pay Date: 06/13/2008			297.52			PA-Wrapup	
06/13/2008	PA	Salaries Permanent	Pay Date: 06/13/2008			11,887.17			PA-Wrapup	
06/13/2008	PA	Sick Earnings	Pay Date: 06/13/2008			35.62			PA-Wrapup	
06/13/2008	PA	Vacation Earnings	Pay Date: 06/13/2008			364.80			PA-Wrapup	
06/27/2008	PA	Comp (U)	Pay Date: 06/27/2008			49.62			PA-Wrapup	
06/27/2008	PA	Floating Holiday	Pay Date: 06/27/2008			900.84			PA-Wrapup	
06/27/2008	PA	Salaries Permanent	Pay Date: 06/27/2008			12,319.10			PA-Wrapup	
06/27/2008	PA	Sick Earnings	Pay Date: 06/27/2008			380.22			PA-Wrapup	
06/27/2008	PA	Vacation Earnings	Pay Date: 06/27/2008			330.40			PA-Wrapup	
06/30/2008	MS	JE 106 TO ACCRUE SALARIES @ 6/30/08				8,807.25				
Salaries Regular				306,500.00	306,500.00	317,850.38	35,402.55	0.00	-11,350.38	103.7
702.000 Salaries Part-Time										
Salaries Part-Time				11,600.00	11,600.00	0.00	0.00	0.00	11,600.00	0.0
703.000 Overtime										
07/01/2007	MS	JE 8 REVERSE ACCRUED SALARIES PAYABLE	AT 6/30/07			-10.52				
07/13/2007	PA	Overtime (1.5x)	Pay Date: 07/13/2007			21.05			PA-Wrapup	
07/27/2007	PA	Overtime (1.5x)	Pay Date: 07/27/2007			7.02			PA-Wrapup	
09/07/2007	PA	Overtime (1.5x)	Pay Date: 09/07/2007			54.71			PA-Wrapup	
10/05/2007	PA	Overtime (1.5x)	Pay Date: 10/05/2007			116.89			PA-Wrapup	
10/19/2007	PA	Overtime (1.5x)	Pay Date: 10/19/2007			13.03			PA-Wrapup	
12/14/2007	PA	Overtime (1.5x)	Pay Date: 12/14/2007			7.74			PA-Wrapup	
12/28/2007	PA	Overtime (1.5x)	Pay Date: 12/28/2007			209.26			PA-Wrapup	
02/08/2008	PA	Overtime (1.5x)	Pay Date: 02/08/2008			7.02			PA-Wrapup	
02/22/2008	PA	Overtime (1.5x)	Pay Date: 02/22/2008			30.40			PA-Wrapup	
05/02/2008	PA	Overtime (1.5x)	Pay Date: 05/02/2008			77.16			PA-Wrapup	
05/16/2008	PA	Overtime (1.5x)	Pay Date: 05/16/2008			65.66			PA-Wrapup	
06/27/2008	PA	Overtime (1.5x)	Pay Date: 06/27/2008			100.95			PA-Wrapup	
Overtime				2,000.00	2,000.00	700.37	100.95	0.00	1,299.63	35.0
710.000 Cafeteria Benefits										
07/27/2007	PA	Balance of Town Benefit	Pay Date: 07/27/2007			2,499.97			PA-Wrapup	
07/27/2007	PA	Excess Life Insurance	Pay Date: 07/27/2007			51.34			PA-Wrapup	
07/31/2007	MS	JE 54 CAFETERIA COSTS FOR JULY 07				2,523.69				
08/24/2007	PA	Balance of Town Benefit	Pay Date: 08/24/2007			2,161.65			PA-Wrapup	
08/24/2007	PA	Excess Life Insurance	Pay Date: 08/24/2007			34.39			PA-Wrapup	
08/24/2007	PA	Balance of Town Benefit	Pay Date: 08/24/2007			105.23			PA-Wrapup	
08/31/2007	MS	JE 86 CAFETERIA COSTS AUGUST 2007				3,136.23				
09/21/2007	PA	Balance of Town Benefit	Pay Date: 09/21/2007			1,928.57			PA-Wrapup	
09/21/2007	PA	Excess Life Insurance	Pay Date: 09/21/2007			17.44			PA-Wrapup	
09/30/2007	MS	JE 61 CAFETERIA COSTS FOR SEPT 2007				3,491.49				
10/19/2007	PA	Balance of Town Benefit	Pay Date: 10/19/2007			1,928.56			PA-Wrapup	
10/19/2007	PA	Excess Life Insurance	Pay Date: 10/19/2007			23.09			PA-Wrapup	
10/31/2007	MS	JE 73 CAFETERIA COSTS FOR OCT 2007				3,485.85				
11/16/2007	PA	Balance of Town Benefit	Pay Date: 11/16/2007			1,928.57			PA-Wrapup	
11/16/2007	PA	Excess Life Insurance	Pay Date: 11/16/2007			23.09			PA-Wrapup	

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
11/30/2007	MS	JE 51 CAFETERIA COSTS FOR NOV. 2007				3,485.84				
12/28/2007	PA	Balance of Town Benefit	Pay Date: 12/28/2007			1,928.57				PA-Wrapup
12/28/2007	PA	Excess Life Insurance	Pay Date: 12/28/2007			17.44				PA-Wrapup
12/31/2007	MS	JE 85 CAFETERIA COSTS FOR DEC 2007				3,491.49				
01/25/2008	PA	Balance of Town Benefit	Pay Date: 01/25/2008			1,927.65				PA-Wrapup
01/25/2008	PA	Excess Life Insurance	Pay Date: 01/25/2008			33.26				PA-Wrapup
01/31/2008	MS	JE 66 CAFETERIA COST FOR JAN 2008				4,201.59				
02/22/2008	PA	Balance of Town Benefit	Pay Date: 02/22/2008			1,927.66				PA-Wrapup
02/22/2008	PA	Excess Life Insurance	Pay Date: 02/22/2008			24.22				PA-Wrapup
02/29/2008	MS	JE 64 CAFETERIA COSTS FOR FEB 2008				4,210.63				
03/21/2008	PA	Balance of Town Benefit	Pay Date: 03/21/2008			1,580.80				PA-Wrapup
03/21/2008	PA	Excess Life Insurance	Pay Date: 03/21/2008			140.02				PA-Wrapup
04/01/2008	MS	JE 10 CAFETERIA COSTS FOR MARCH 2008				3,716.68				
04/18/2008	PA	Balance of Town Benefit	Pay Date: 04/18/2008			1,580.80				PA-Wrapup
04/18/2008	PA	Excess Life Insurance	Pay Date: 04/18/2008			140.02				PA-Wrapup
04/30/2008	MS	JE77 CAFETERIA COSTS FOR APRIL 2008				3,716.68				
05/16/2008	PA	Balance of Town Benefit	Pay Date: 05/16/2008			1,932.27				PA-Wrapup
05/16/2008	PA	Excess Life Insurance	Pay Date: 05/16/2008			140.02				PA-Wrapup
05/31/2008	MS	JE 98 CAFETERIA COSTS FOR MAY 08				3,365.21				
06/27/2008	PA	Balance of Town Benefit	Pay Date: 06/27/2008			2,006.09				PA-Wrapup
06/27/2008	PA	Excess Life Insurance	Pay Date: 06/27/2008			-168.78				PA-Wrapup
06/30/2008	MS	JE 88 CAFETERIA COSTS FOR JUNE 2008				3,600.19				
Cafeteria Benefits				67,200.00	67,200.00	66,337.51	5,437.50	0.00	862.49	98.7
711.000 PERS										
07/09/2007	AP	P.E.R.S.	65022			-2,392.20	INV#: 6-2007-4			65022
07/20/2007	AP	P.E.R.S.	6-30-07 PAYROLL			2,392.20	INV#: 6-2007-4			65634
08/03/2007	AP	P.E.R.S.	7-27-07 PAYROLL			2,469.49	INV#: 7-2007-4			66020
08/03/2007	AP	P.E.R.S.	7-13-07 PAYROLL			2,473.86	INV#: 7-2007-3			66021
08/30/2007	AP	P.E.R.S.	PPE 8-18-07			2,469.49	INV#: 8-2007-4			66964
08/30/2007	AP	P.E.R.S.	PPE 8-4-07			2,469.49	INV#: 8-2007-3			66965
09/26/2007	AP	P.E.R.S.	PPE 9-1-07			2,469.49	INV#: 9-2007-3			67721
09/27/2007	AP	P.E.R.S.	PPE 9-15-07			2,469.49	INV#: 9-2007-4			67844
11/20/2007	AP	P.E.R.S.	PPE 9-29-07			2,469.49	INV#: 9-2007-5			69370
11/20/2007	AP	P.E.R.S.	PPE 10-13-07			2,469.49	INV#: 10-2007-3			69371
11/20/2007	AP	P.E.R.S.	PPE 10-27-07			2,122.75	INV#: 10-2007-4			69372
12/06/2007	AP	P.E.R.S.	PPE 11-10-07			2,469.49	INV#: 11-2007-3			69841
12/20/2007	AP	P.E.R.S.				2,469.49	INV#: 11-2007-4			70357
12/20/2007	AP	P.E.R.S.				2,469.49	INV#: 12-2007-3			70358
01/09/2008	AP	P.E.R.S.	PPE 12-22-07			2,487.14	INV#: 12-2007-4			70821
01/17/2008	AP	P.E.R.S.	1-2008-3			2,142.36	INV#: 1-2008-3			70917
02/19/2008	AP	P.E.R.S.	PPE 1-19-08			2,617.03	INV#: 1-2008-4			71918
02/19/2008	AP	P.E.R.S.	PPE 2-2-08			2,783.90	INV#: 2-2008-3			71919
04/09/2008	AP	P.E.R.S.	PPE 2-16-08			2,610.53	INV#: 2-2008-4			73490
04/09/2008	AP	P.E.R.S.	PPE 3-1-08			2,204.62	INV#: 3-2008-3			73491
04/30/2008	AP	P.E.R.S.	PPE 3-17-08			2,209.07	INV#: 3-2008-4			74297
04/30/2008	AP	P.E.R.S.	ppe 3-29-08			2,466.59	INV#: 3-2008-5			74298
04/30/2008	AP	P.E.R.S.	PPE 4-12-08			2,498.01	INV#: 4-2008-3			74299
05/28/2008	AP	P.E.R.S.	PPE 4-26-08			2,505.84	INV#: 4-2008-4			74944
06/18/2008	AP	P.E.R.S.	PPE 5-10-08			2,505.84	INV#: 5-2008-3			75649
06/30/2008	AP	P.E.R.S.	PPE 5-24-08			2,505.84	INV#: 5-2008-4			75900
06/30/2008	AP	P.E.R.S.	PPE 6-7-08			2,511.19	INV#: 6-2008-3			75901
06/30/2008	AP	P.E.R.S.	PPE 6-21-08			2,819.85	INV#: 6-2008-4			75902
PERS				68,300.00	68,300.00	64,159.32	10,342.72	0.00	4,140.68	93.9
713.000 Medicare										
07/01/2007	MS	JE 8 REVERSE ACCRUED SALARIES PAYABLE AT 6/30/07				-89.99				

			Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud	
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
07/13/2007	PA	Medicare Cost			168.84					PA-Wrapup
07/13/2007	PA	Medicare Cost			11.15					PA-Wrapup
07/27/2007	PA	Medicare Cost			204.68					PA-Wrapup
07/27/2007	PA	Medicare Cost			10.96					PA-Wrapup
08/10/2007	PA	Medicare Cost			167.55					PA-Wrapup
08/10/2007	PA	Medicare Cost			10.85					PA-Wrapup
08/24/2007	PA	Medicare Cost			189.53					PA-Wrapup
08/24/2007	PA	Medicare Cost			12.38					PA-Wrapup
09/07/2007	PA	Medicare Cost			159.68					PA-Wrapup
09/21/2007	PA	Medicare Cost			186.47					PA-Wrapup
10/05/2007	PA	Medicare Cost			179.29					PA-Wrapup
10/19/2007	PA	Medicare Cost			205.83					PA-Wrapup
11/02/2007	PA	Medicare Cost			154.74					PA-Wrapup
11/16/2007	PA	Medicare Cost			205.84					PA-Wrapup
11/30/2007	PA	Medicare Cost			179.90					PA-Wrapup
12/14/2007	PA	Medicare Cost			177.93					PA-Wrapup
12/28/2007	PA	Medicare Cost			209.67					PA-Wrapup
01/11/2008	PA	Medicare Cost			156.02					PA-Wrapup
01/25/2008	PA	Medicare Cost			196.15					PA-Wrapup
02/08/2008	PA	Medicare Cost			179.69					PA-Wrapup
02/22/2008	PA	Medicare Cost			196.70					PA-Wrapup
03/07/2008	PA	Medicare Cost			155.26					PA-Wrapup
03/21/2008	PA	Medicare Cost			181.09					PA-Wrapup
04/04/2008	PA	Medicare Cost			178.82					PA-Wrapup
04/18/2008	PA	Medicare Cost			206.85					PA-Wrapup
05/02/2008	PA	Medicare Cost			183.15					PA-Wrapup
05/16/2008	PA	Medicare Cost			212.78					PA-Wrapup
05/30/2008	PA	Medicare Cost			182.59					PA-Wrapup
06/13/2008	PA	Medicare Cost			182.02					PA-Wrapup
06/27/2008	PA	Medicare Cost			229.93					PA-Wrapup
06/30/2008	MS	JE 106 TO ACCRUE SALARIES @ 6/30/08			127.22					
Medicare			4,641.00	4,641.00	4,913.57	539.17	0.00	-272.57	105.9	
715.000 FICA			720.00	720.00	0.00	0.00	0.00	720.00	0.0	
FICA										
716.000 Uniform Expenses										
09/05/2007	AP	PRINT-N-PLAY			339.42	INV#: 8-28-07				66999
09/20/2007	AP	PHOENIX PRINTING & PROMOTION			11.85	INV#: 27855				67639
09/27/2007	AP	I.M.P.A.C. GOVERNMENT SERVICES			368.84	INV#: 8-22-07				67845
10/03/2007	AP	PRINT-N-PLAY			100.00	INV#: 9-19-07				67983
11/07/2007	AP	U.S. BANK			328.99	INV#: 9-24-07				68685
11/27/2007	AP	U.S. BANK			15.99	INV#: 10-22-07				69569
01/04/2008	AP	U.S. BANK			-15.99	INV#: 11-24-07				70683
01/08/2008	AP	PRINT-N-PLAY			113.14	INV#: AC 24				70742
01/17/2008	AP	PRINT-N-PLAY			10.00	INV#: 12-3-07				70965
02/15/2008	AP	U.S. BANK			161.53	INV#: 12-24-07				71913
03/26/2008	AP	PRINT-N-PLAY			125.00	INV#: 2-27-08				73037
06/30/2008	MS	JE 157 ACCRUE LIABILITIES @ 6/30/08			113.14					
Uniform Expenses			1,500.00	1,500.00	1,671.91	113.14	0.00	-171.91	111.5	
721.000 Office Supplies/Exp										
08/09/2007	AP	OFFICE MAX			12.41	INV#: 759528				66261
10/17/2007	AP	OFFICE MAX			30.71	INV#: 884556				68282
02/06/2008	AP	OFFICE DEPOT			26.64	INV#: 411916783-002				71440
02/06/2008	AP	OFFICE DEPOT			34.22	INV#: 415265091-001				71441
02/11/2008	AP	OFFICE DEPOT			8.28	INV#: 416143532-001				71658

			Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund									
Expenditures									
Dept: 304 Animal Shelter									
06/04/2008	AP	OFFICE MAX	ANIMAL CONTROL		110.54	INV#: 535769		75113	
06/11/2008	AP	OFFICE MAX	MUNICIPAL SERVICES		33.14	INV#: 027859		75500	
Office Supplies/Exp			2,000.00	2,000.00	255.94	143.68	0.00	1,744.06	12.8
721.100 ANIMAL FOOD SUPPLIES									
ANIMAL FOOD SUPPLIES			0.00	0.00	0.00	0.00	0.00	0.00	0.0
722.000 Hardware/Software Supplies/Exp									
02/01/2008	AP	ROSERUSH SERVICES LLC			195.00	INV#: 2008-1-92307		71320	
06/30/2008	MS	JE 182 ACCRUE LIABILITIES @ 6/30/08			566.77				
Hardware/Software Supplies/Exp			1,600.00	1,600.00	761.77	566.77	0.00	838.23	47.6
723.000 Printing									
10/25/2007	AP	TYPE-SET-GO	BUSINESS CARDS		51.72	INV#: 11391		68563	
11/09/2007	AP	TYPE-SET-GO	AC FORMS		343.73	INV#: 11424		69033	
01/03/2008	AP	PHOENIX PRINTING & LIQUID ART	4 NAME BADGES		12.37	INV#: 77490		70546	
01/17/2008	AP	PHOENIX PRINTING & LIQUID ART	NAME BADGES		37.15	INV#: 77489		71020	
02/20/2008	AP	TYPE-SET-GO	BUSINESS CARD MASTERS		95.90	INV#: 11169		72023	
05/29/2008	AP	MOJAVE COPY	EUTHANASIA LOGS		78.20	INV#: 74542		75083	
06/30/2008	AP	TYPE-SET-GO	BUSINESS CARDS		12.93	INV#: 11341		76291	
Printing			2,000.00	2,000.00	632.00	12.93	0.00	1,368.00	31.6
724.000 Subscriptions									
11/27/2007	AP	U.S. BANK	OCT PURCHASES		130.00	INV#: 10-22-07		69569	
Subscriptions			250.00	250.00	130.00	0.00	0.00	120.00	52.0
729.000 Miscellaneous Costs									
06/30/2008	MS	JE 182 ACCRUE LIABILITIES @ 6/30/08			142.43				
Miscellaneous Costs			0.00	0.00	142.43	142.43	0.00	-142.43	0.0
729.100 USE G/L CODE 855									
USE G/L CODE 855			0.00	0.00	0.00	0.00	0.00	0.00	0.0
732.000 Special Dept Supplies/Exp									
07/01/2007	MS	JE 66 REVERSE 6/30/07 USBANK ACCRUAL			-79.50				
07/01/2007	MS	JE 72 REVERSE JUNE ACCRUED EXPENSE			-92.38				
07/20/2007	AP	WAXIE SANITARY SUPPLY	DONNA		333.26	INV#: 70125267		65549	
08/02/2007	AP	WAL-MART			92.38	INV#: 027578		65867	
08/02/2007	AP	WAL-MART			57.36	INV#: 018152		65871	
08/02/2007	AP	WAL-MART			27.20	INV#: 011007		65876	
08/02/2007	AP	WAL-MART			44.52	INV#: 009489		65877	
08/03/2007	AP	LOWE'S			21.39	INV#: 10539		66029	
08/09/2007	AP	NATIONAL BAND & TAG CO.	5000 TAGS		594.63	INV#: 242775		66158	
08/22/2007	AP	I.M.P.A.C. GOVERNMENT SERVICES	JUNE PURCHASES		79.50	INV#: 6-22-07		66498	
08/22/2007	AP	WAXIE SANITARY SUPPLY	DONNA		553.34	INV#: 70179827		66685	
08/30/2007	AP	WAL-MART			49.75	INV#: 015124		66957	
08/30/2007	AP	WAL-MART			56.99	INV#: 007039		66961	
08/30/2007	AP	WAL-MART			46.53	INV#: 031043		66963	
09/12/2007	AP	4 IMPRINT	MAGNETS		150.99	INV#: 3343170		67209	
09/13/2007	AP	MWI VETERINARY SUPPLY	PET CADDIES		79.02	INV#: 3123519		67299	
09/13/2007	AP	LOWE'S			172.91	INV#: 11686		67319	
09/20/2007	AP	ANIMAL CARE & EQUIPMENT SVS.	CAT TONG		95.51	INV#: 1071635-IN		67640	
09/22/2007	AP	4 IMPRINT	67209		-150.99	INV#: 3343170		67209	
09/27/2007	AP	I.M.P.A.C. GOVERNMENT SERVICES	AUG PURCHASES		305.14	INV#: 8-22-07		67845	
10/03/2007	AP	WAL-MART			95.38	INV#: 014200		67892	
10/03/2007	AP	WAXIE SANITARY SUPPLY	DONNA		301.55	INV#: 70233889		67897	
10/03/2007	AP	WAL-MART			47.14	INV#: 004270		68061	
10/03/2007	AP	WAL-MART			78.18	INV#: 030651		68062	
10/03/2007	AP	WAL-MART			15.39	INV#: 023018		68064	

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
10/03/2007	AP	WAL-MART				29.33	INV#: 007193			68075
10/18/2007	AP	ANIMAL HEALTH & SANITARY	DEGREASER			149.22	INV#: 11883			68462
10/31/2007	MS	JE 90 TRANS WAXIE FR 304 TO 109				-1,188.15				
11/07/2007	AP	U.S. BANK	SEPT PURCHASES			1,713.91	INV#: 9-24-07			68685
11/08/2007	AP	BARR LUMBER				3.45	INV#: 08197341			68706
11/08/2007	AP	BARR LUMBER				6.26	INV#: 08197482			68733
11/08/2007	AP	AARDVARK PUMPING SERVICES, INC	PORTA POTTIES			276.76	INV#: 557754			68808
11/08/2007	AP	WAL-MART				26.91	INV#: 019543			68907
11/08/2007	AP	WAL-MART				97.75	INV#: 012729			68914
11/08/2007	AP	WAL-MART				65.32	INV#: 017535			68915
11/08/2007	AP	WAL-MART				38.67	INV#: 005254			68916
11/08/2007	AP	WAL-MART				80.71	INV#: 019073			68922
11/08/2007	AP	WAL-MART				41.32	INV#: 025386			68923
11/08/2007	AP	WAL-MART				20.57	INV#: 021608			68924
11/08/2007	AP	WAL-MART				3,228.42	INV#: 11990			69298
11/14/2007	AP	ANIMAL HEALTH & SANITARY	PET CADDIES			79.02	INV#: 2918225			69536
11/20/2007	AP	MWI VETERINARY SUPPLY	OCT PURCHASES			12.20	INV#: 10-22-07			69569
11/27/2007	AP	U.S. BANK	LAMP			16.86	INV#: 0109-25			69624
11/27/2007	AP	DESERT FEED STORE	LIGHT, MONKEY CHOW			10.77	INV#: 0109-27			69625
11/27/2007	AP	DESERT FEED STORE	PADLOCKS			123.81	INV#: 75812734			69733
11/28/2007	AP	MC MASTER-CARR SUPPLY COMPANY				33.23	INV#: 022284			69750
12/06/2007	AP	WAL-MART				39.68	INV#: 030796			69756
12/06/2007	AP	WAL-MART				14.97	INV#: 009579			69757
12/06/2007	AP	WAL-MART				37.20	INV#: 006830			69758
12/06/2007	AP	WAL-MART				88.89	INV#: 016925			69759
12/06/2007	AP	WAL-MART				199.24	INV#: 013268			70624
01/04/2008	AP	WAL-MART				101.91	INV#: 027007			70627
01/04/2008	AP	WAL-MART				20.43	INV#: 001521			70628
01/04/2008	AP	WAL-MART				33.80	INV#: 4026			70723
01/08/2008	AP	DESERT FEED STORE	LAMPS			57.29	INV#: 011198			70734
01/08/2008	AP	WAL-MART				47.52	INV#: 006150			70735
01/08/2008	AP	WAL-MART				5.20	INV#: 08199288			70764
01/08/2008	AP	BARR LUMBER				13.55	INV#: 08198792			70767
01/08/2008	AP	BARR LUMBER				139.40	INV#: 0004255576			71321
02/01/2008	AP	STERICYCLE				34.07	INV#: 008859			71395
02/06/2008	AP	WAL-MART				39.65	INV#: 002778			71396
02/06/2008	AP	WAL-MART				34.18	INV#: 015709			71397
02/06/2008	AP	WAL-MART				91.08	INV#: 016117			71398
02/06/2008	AP	WAL-MART				41.35	INV#: 019810			71399
02/06/2008	AP	WAL-MART				51.27	INV#: 026849			71403
02/06/2008	AP	WAL-MART				152.76	INV#: 700353			71651
02/07/2008	AP	KEEP AMERICA BEAUTIFUL INC.	CRAYONS, CLOCKS			58.50	INV#: 2-5-08			71701
02/13/2008	AP	CASH	PA PETTY CASH			87.66	INV#: 12-24-07			71913
02/15/2008	AP	U.S. BANK	DECEMBER PURCHASES			-270.94	INV#: 14169			55861
02/26/2008	AP	LOWE'S	55861			270.94	INV#: 014169			72127
02/29/2008	AP	LOWE'S				45.73	INV#: 024019			72376
03/05/2008	AP	WAL-MART				61.95	INV#: 012441			72505
03/06/2008	AP	WAL-MART				7.53	INV#: 9762-33			72612
03/13/2008	AP	DESERT FEED STORE	BULB			47.91	INV#: 011524			73282
04/02/2008	AP	WAL-MART				20.43	INV#: 011545			73283
04/02/2008	AP	WAL-MART				37.58	INV#: 029920			73287
04/02/2008	AP	WAL-MART				75.91	INV#: 021399			73292
04/02/2008	AP	WAL-MART				12.92	INV#: 4922-44			73435
04/02/2008	AP	DESERT FEED STORE	LIGHT			76.70	INV#: 2-22-08			73601
04/10/2008	AP	U.S. BANK	FEB PURCHASES			63.08	INV#: 015980			74238
04/30/2008	AP	WAL-MART				27.65	INV#: 010405			74239
04/30/2008	AP	WAL-MART								

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
04/30/2008	AP	WAL-MART				92.53	INV#: 002696		74243	
04/30/2008	AP	WAL-MART				72.78	INV#: 020024		74248	
04/30/2008	AP	WAL-MART				44.89	INV#: 025878		74249	
04/30/2008	AP	DESERT FEED STORE	LIGHT BULB			12.92	INV#: 7799-7		74259	
04/30/2008	AP	WAL-MART				141.46	INV#: 017039		74278	
05/07/2008	AP	U.S. BANK	MARCH PURCHASES			213.35	INV#: 3-24-08		74345	
05/08/2008	AP	LOWE'S				116.59	INV#: 13602		74448	
05/29/2008	AP	WAL-MART				37.40	INV#: 002837		75014	
06/04/2008	AP	BARR LUMBER				25.15	INV#: 08202936		75107	
06/04/2008	AP	WAL-MART				74.11	INV#: 015999		75108	
06/04/2008	AP	WAL-MART				69.10	INV#: 007619		75109	
06/04/2008	AP	DESERT FEED STORE	HEAT LAMP			31.22	INV#: 7632-37		75110	
06/04/2008	AP	ANIMAL HEALTH & SANITARY				350.95	INV#: 13119		75212	
06/04/2008	AP	ANIMAL HEALTH & SANITARY				1,671.24	INV#: 13066		75213	
06/30/2008	AP	WAL-MART				95.07	INV#: 017435		75968	
06/30/2008	AP	WAL-MART				21.89	INV#: 005859		75975	
06/30/2008	AP	WAL-MART				52.44	INV#: 011297		75977	
06/30/2008	AP	WAL-MART				3.64	INV#: 024691		75978	
06/30/2008	AP	WAL-MART				61.81	INV#: 020326		75979	
06/30/2008	AP	WAL-MART				16.63	INV#: 029062		75980	
06/30/2008	AP	WAL-MART				301.31	INV#: 13282		76006	
06/30/2008	AP	ANIMAL HEALTH & SANITARY				130.35				
06/30/2008	MS	JE 153 ACCRUE LIABILITIES @ 6/30/08				47.17				
06/30/2008	MS	JE 182 ACCRUE LIABILITIES @ 6/30/08				290.67				
06/30/2008	MS	JE 183 ACCRUE LIABILITIES @ 6/30/08								
Special Dept Supplies/Exp				15,000.00	15,645.00	13,683.19	3,242.75	0.00	1,961.81	87.5
737.000 Shelter Donation Expenditures										
Shelter Donation Expenditures				0.00	0.00	0.00	0.00	0.00	0.00	0.0
740.000 Contract Services										
11/28/2007	AP	CREDIT MANAGEMENT SERVICES	JOSHUA MONK			20.90	INV#: 3289521		69694	
05/08/2008	AP	CREDIT MANAGEMENT SERVICES	DAUBER, LOY			73.55	INV#: 3353764		74446	
06/30/2008	AP	TRANSWORLD SYSTEMS INC.	COLLECTION SERVICES			2,450.00	INV#: A23402-5383		76035	
Contract Services				5,000.00	5,000.00	2,544.45	2,450.00	0.00	2,455.55	50.9
740.301 County Public Health										
County Public Health				0.00	0.00	0.00	0.00	0.00	0.00	0.0
740.302 Drugs/Vaccinations										
07/01/2007	MS	JE 77 REVERSE JUNE ACCRUED EXPENSE				-248.21				
07/19/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 82426		65497	
07/19/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				246.30	INV#: 82530		65499	
07/20/2007	AP	MWI VETERINARY SUPPLY				847.16	INV#: 2797670		65550	
07/20/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				36.00	INV#: 286798		65555	
07/20/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				48.00	INV#: 286790		65556	
07/20/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 82957		65563	
07/20/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				15.00	INV#: 82781		65564	
08/03/2007	AP	MWI VETERINARY SUPPLY	TELAZOL			228.93	INV#: 1493849		66024	
08/03/2007	AP	MWI VETERINARY SUPPLY	HYDROCODONE			19.28	INV#: 1163171		66025	
08/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 83389		66078	
08/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 83171		66085	
08/03/2007	AP	IDEXX LABORATORIES	SNAP PARVO			495.87	INV#: 225968292		66086	
08/09/2007	AP	MWI VETERINARY SUPPLY				46.36	INV#: 2918138		66161	
08/09/2007	AP	MWI VETERINARY SUPPLY				8.73	INV#: 2918139		66162	
08/09/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 83845		66165	
08/09/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				36.00	INV#: 287882		66167	
08/09/2007	AP	AVID IDENTIFICATION SYSTEMS IN	FRIEND CHIPS			799.27	INV#: 211941		66177	

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud	
Fund: 101 - General Fund											
Expenditures											
Dept: 304 Animal Shelter											
08/16/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				115.99	INV#: 83928				66393
08/16/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 83242				66396
08/22/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				12.00	INV#: 289131				66676
08/22/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				24.00	INV#: 289136				66677
08/22/2007	AP	MWI VETERINARY SUPPLY	SURGILUBE			4.85	INV#: 3021094				66680
08/22/2007	AP	MWI VETERINARY SUPPLY				7.18	INV#: 3036758				66681
08/22/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 84606				66682
08/22/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 84749				66684
08/22/2007	AP	MWI VETERINARY SUPPLY	ECLIPSE 3			103.44	INV#: 3024578				66716
08/30/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				12.00	INV#: 289708				66935
08/30/2007	AP	MWI VETERINARY SUPPLY	TELAZOL			238.11	INV#: 3021076				66943
09/05/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 85362				66982
09/05/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 85670				66983
09/05/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				12.00	INV#: 289670				67019
09/12/2007	AP	MWI VETERINARY SUPPLY				116.23	INV#: 3123397				67202
09/12/2007	AP	AVID IDENTIFICATION SYSTEMS IN	FRIENDCHIPS			1,864.95	INV#: 214936				67208
09/13/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				24.00	INV#: 290752				67324
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 84124				67447
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 85969				67451
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 86136				67454
09/20/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 86518				67638
09/20/2007	AP	IDEXX LABORATORIES	SNAP PARVO 5T			185.55	INV#: 226627271				67641
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 86788				67899
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 86873				67900
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 86946				67901
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				64.00	INV#: 87027				67902
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 87087				67903
10/03/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				24.00	INV#: 292627				67905
10/03/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				61.32	INV#: 292066				68034
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 87509				68079
10/17/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 88155				68283
10/17/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				36.00	INV#: 293639				68285
10/18/2007	AP	VORTECH PHARMACEUTICALS	FATAL PLUS POWDER			1,206.79	INV#: 075765				68405
10/18/2007	AP	MWI VETERINARY SUPPLY				159.55	INV#: 3341498				68459
10/18/2007	AP	MWI VETERINARY SUPPLY				222.03	INV#: 3342444				68460
10/18/2007	AP	MWI VETERINARY SUPPLY				11.64	INV#: 3341501				68461
10/25/2007	AP	MWI VETERINARY SUPPLY				53.51	INV#: 3506032				68489
10/25/2007	AP	MWI VETERINARY SUPPLY				447.49	INV#: 3474826				68490
10/25/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				26.14	INV#: 294607				68516
10/25/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				13.25	INV#: 294214				68518
10/25/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				13.25	INV#: 294242				68519
11/08/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				39.75	INV#: 295732				68757
11/08/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 89120				68766
11/08/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 89180				68767
11/08/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 89260				68768
11/08/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 89375				68769
11/08/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 89086				68770
11/08/2007	AP	MWI VETERINARY SUPPLY				93.41	INV#: 3509162				69007
11/08/2007	AP	MWI VETERINARY SUPPLY				6.52	INV#: 3508802				69008
11/08/2007	AP	MWI VETERINARY SUPPLY				24.43	INV#: 3423587				69009
11/08/2007	AP	MWI VETERINARY SUPPLY				35.97	INV#: 3423585				69010
11/09/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 88706				69036
11/14/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 89460				69313
11/20/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				22.00	INV#: 89740				69523
11/28/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 90657				69729
11/28/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 90533				69731

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
11/28/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 90396			69732
11/30/2007	MS	JE 49 TRANSFER AV ANIMAL HOSPITAL FROM	301 TO 304			82.85				
12/12/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 90686			70059
12/12/2007	AP	MWI VETERINARY SUPPLY				799.94	INV#: 3837759			70082
12/19/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				40.00	INV#: 298549			70192
12/19/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				31.04	INV#: 298550			70193
01/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 91825			70505
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 91484			70691
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 91934			70694
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 92460			70695
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 92171			70696
01/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				50.00	INV#: 299901			70697
01/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				33.25	INV#: 299333			70701
01/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				13.25	INV#: 296134			70713
01/08/2008	AP	IDEXX LABORATORIES	SNAP PARVO			168.09	INV#: 228039753			70722
01/08/2008	AP	AVID IDENTIFICATION SYSTEMS IN	FRIENDCHIP			799.27	INV#: 221689			70726
01/08/2008	AP	MWI VETERINARY SUPPLY	NEOPOLY BAC			15.58	INV#: 3897757			70727
01/09/2008	AP	MWI VETERINARY SUPPLY				55.76	INV#: 4016846			70789
01/09/2008	AP	MWI VETERINARY SUPPLY				77.58	INV#: 3887799			70790
01/09/2008	AP	MWI VETERINARY SUPPLY				8.31	INV#: 3888560			70791
01/17/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				64.50	INV#: 299323			71056
01/18/2008	AP	VCA VICTOR VALLEY ANIMAL HOSPI	CEPHALEXIN			22.00	INV#: 9670			71106
01/18/2008	AP	VCA VICTOR VALLEY ANIMAL HOSPI	FINANCE CHARGES			0.36	INV#: 11-26-07			71107
02/01/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				30.00	INV#: 301214			71302
02/06/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				30.00	INV#: 302045			71442
02/06/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				20.00	INV#: 301595			71444
02/06/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				10.00	INV#: 302635			71547
02/06/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				40.00	INV#: 303262			71555
02/06/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				20.00	INV#: 303263			71556
02/07/2008	AP	MWI VETERINARY SUPPLY				81.79	INV#: 4162235			71652
02/07/2008	AP	MWI VETERINARY SUPPLY				53.88	INV#: 4205082			71653
02/15/2008	AP	U.S. BANK	DECEMBER PURCHASES			1,206.73	INV#: 12-24-07			71913
02/20/2008	AP	MWI VETERINARY SUPPLY				2.07	INV#: 4299268			71974
02/20/2008	AP	MWI VETERINARY SUPPLY				21.91	INV#: 4294930			71975
02/20/2008	AP	MWI VETERINARY SUPPLY				220.06	INV#: 4294928			71976
02/20/2008	AP	MWI VETERINARY SUPPLY				956.02	INV#: 4298108			71977
02/20/2008	AP	MWI VETERINARY SUPPLY				238.11	INV#: 3474529			71978
02/20/2008	AP	MWI VETERINARY SUPPLY				257.39	INV#: 3887802			71979
02/20/2008	AP	MWI VETERINARY SUPPLY				71.12	INV#: 4018012			71980
02/20/2008	AP	MWI VETERINARY SUPPLY				39.51	INV#: 4163572			71981
02/20/2008	AP	MWI VETERINARY SUPPLY				60.00	INV#: 303853			72015
02/20/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				10.00	INV#: 304200			72022
02/20/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				175.04	INV#: 229003933			72285
03/03/2008	AP	IDEXX LABORATORIES	SNAP PARVO			30.00	INV#: 304794			72294
03/03/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				1,432.11	INV#: 226682			72307
03/03/2008	AP	AVID IDENTIFICATION SYSTEMS IN	FRIENDCHIPS			5.00	INV#: 94388			72318
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				15.00	INV#: 94120			72321
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 94022			72323
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 93775			72324
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 93578			72327
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 93509			72328
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 93422			72329
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 93329			72331
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 93164			72332
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 92820			72333
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				47.60	INV#: 91780			72334
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL								

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
03/05/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				128.97	INV#: 94125		72497	
03/13/2008	AP	MWI VETERINARY SUPPLY				49.20	INV#: 4492199		72611	
03/19/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				40.00	INV#: 305585		72771	
03/19/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				20.00	INV#: 306208		72776	
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				15.00	INV#: 94720		72777	
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 94863		72778	
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				15.00	INV#: 95009		72780	
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 95407		72783	
03/26/2008	AP	MWI VETERINARY SUPPLY				20.73	INV#: 4618074		73038	
03/26/2008	AP	MWI VETERINARY SUPPLY				94.49	INV#: 4616090		73039	
03/26/2008	AP	AVID IDENTIFICATION SYSTEMS IN	MINI TRACKER			160.55	INV#: 225658		73040	
03/26/2008	AP	AVID IDENTIFICATION SYSTEMS IN	FRIENDCHIPS			1,065.69	INV#: 223905		73041	
04/02/2008	AP	MWI VETERINARY SUPPLY				29.88	INV#: 4674690		73403	
04/03/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				40.00	INV#: 307514		73430	
04/03/2008	AP	AVID IDENTIFICATION SYSTEMS IN	FRIENDCHIPS			2,664.22	INV#: 229283		73432	
04/16/2008	AP	MWI VETERINARY SUPPLY				703.35	INV#: 4783296		73771	
04/16/2008	AP	MWI VETERINARY SUPPLY				85.06	INV#: 4780462		73772	
04/16/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				50.00	INV#: 308601		73793	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 96746		73888	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 97328		73889	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 97402		73890	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 97489		73891	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 97640		73892	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 98013		73895	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 98223		73896	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				15.80	INV#: 98793		73900	
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				50.00	INV#: 309364		74002	
04/25/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				6.34	INV#: 4795060		74040	
04/25/2008	AP	MWI VETERINARY SUPPLY				36.16	INV#: 4803840		74041	
04/25/2008	AP	MWI VETERINARY SUPPLY				10.00	INV#: 303265		74270	
04/30/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				10.00	INV#: 303436		74271	
04/30/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				20.00	INV#: 310565		74431	
05/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				40.00	INV#: 310564		74432	
05/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				634.51	INV#: 4926600		74444	
05/08/2008	AP	MWI VETERINARY SUPPLY				242.57	INV#: 4927122		74445	
05/08/2008	AP	MWI VETERINARY SUPPLY				5.00	INV#: 99071		74621	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				27.50	INV#: 99464		74624	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				564.84	INV#: 99561		74625	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 99700		74626	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 100980		74628	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 100852		74629	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 100588		74634	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				22.00	INV#: 100389		74635	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 100269		74636	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 100017		74639	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 99824		74640	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				15.00	INV#: 99739		74641	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 99032		74642	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 993311		74645	
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				549.98	INV#: 5153388		75160	
06/04/2008	AP	MWI VETERINARY SUPPLY				64.05	INV#: 5079435		75161	
06/04/2008	AP	MWI VETERINARY SUPPLY				322.14	INV#: 5080968		75162	
06/04/2008	AP	MWI VETERINARY SUPPLY				10.00	INV#: 310980		75204	
06/04/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				20.00	INV#: 312538		75205	
06/04/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				330.64	INV#: 233042		75210	
06/04/2008	AP	AVID IDENTIFICATION SYSTEMS IN	MINI TRACKERS			182.80	INV#: 230905196		75495	
06/11/2008	AP	IDEXX LABORATORIES	*SNAP PARVO*							

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
06/11/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				10.00	INV#: 313317		75504	
06/11/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				20.00	INV#: 313674		75507	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 101391		75577	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 101804		75580	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 101957		75581	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				10.00	INV#: 102594		75584	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 102885		75586	
06/18/2008	AP	MWI VETERINARY SUPPLY				118.54	INV#: 5155588		75591	
06/18/2008	AP	MWI VETERINARY SUPPLY				6.21	INV#: 5157260		75592	
06/25/2008	AP	MWI VETERINARY SUPPLY				418.59	INV#: 5299932		75849	
06/25/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				30.00	INV#: 314498		75852	
06/25/2008	AP	BAYER HEALTH CARE	BAYTRIL			31.52	INV#: 102982489		75856	
06/30/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				40.00	INV#: 315651		76239	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				5.00	INV#: 103743		76425	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				363.60	INV#: 104008		76426	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				12.00	INV#: 101104		76428	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				12.00	INV#: 104298		76429	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				6.00	INV#: 104424		76430	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				12.35	INV#: 105284		76437	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				6.00	INV#: 105347		76438	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				18.00	INV#: 105403		76439	
06/30/2008	AP	AVID IDENTIFICATION SYSTEMS IN				1,315.69	INV#: 236514		76440	
06/30/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				10.00	INV#: 315796		76449	
06/30/2008	MS	JE 49 TRANSFER IDEXX INVOICE FROM 301	TO 304			175.04				
06/30/2008	MS	JE 155 ACCRUE LIABILITIES @ 6/30/08				398.62				
Drugs/Vaccinations				20,000.00	20,000.00	26,985.79	4,523.77	0.00	-6,985.79	134.9
740.303 Stiles Removal/D & D Removal										
07/01/2007	MS	JE 76 REVERSE JUNE ACCRUED EXPENSE				-475.00				
07/20/2007	AP	D & D DISPOSAL INC.	JUNE DISPOSAL			475.00	INV#: 47315		65654	
08/16/2007	AP	D & D DISPOSAL INC.	JULY DISPOSAL			475.00	INV#: 50316		66399	
09/19/2007	AP	D & D DISPOSAL INC.	AUGUST DISPOSAL			475.00	INV#: 5022		67525	
10/18/2007	AP	D & D DISPOSAL INC.	SEPT DISPOSAL			475.00	INV#: 5709		68468	
11/20/2007	AP	D & D DISPOSAL INC.	OCT			475.00	INV#: 27730		69532	
01/08/2008	AP	D & D DISPOSAL INC.	NOV DISPOSAL			475.00	INV#: 18154		70719	
02/01/2008	AP	D & D DISPOSAL INC.				475.00	INV#: 40868		71322	
02/20/2008	AP	D & D DISPOSAL INC.	JAN SERVICE			475.00	INV#: 27558		71983	
03/27/2008	AP	D & D DISPOSAL INC.	FEB DISPOSAL			475.00	INV#: 33316		73193	
04/16/2008	AP	D & D DISPOSAL INC.	MARCH SVC			475.00	INV#: 34423		73682	
06/04/2008	AP	D & D DISPOSAL INC.	APRIL DISPOSAL			475.00	INV#: 22009		75211	
06/18/2008	AP	D & D DISPOSAL INC.	MAY DISPOSAL			475.00	INV#: 42389		75601	
06/30/2008	AP	D & D DISPOSAL INC.	JUNE DISPOSAL			475.00	INV#: 27543		76448	
Stiles Removal/D & D Removal				5,500.00	5,500.00	5,700.00	1,425.00	0.00	-200.00	103.6
740.305 Emergency Vet Service										
07/26/2007	AP	WRIGHT/SHANNON//	REIMBURSE MEDICAL FEES			429.00	INV#: 03-10-2007-2		65689	
08/16/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				179.80	INV#: 83654		66395	
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				334.17	INV#: 84496		67449	
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				137.70	INV#: 86438		67462	
09/20/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				158.61	INV#: 291666		67601	
11/20/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				31.25	INV#: 89740		69523	
11/30/2007	MS	JE TRANSFER ANIMAL EMERG. CLINIC FROM	301 TO 304			167.00				
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				107.10	INV#: 91030		70688	
02/20/2008	AP	ADVANCED EQUINE & SMALL	HORSE CALL			160.00	INV#: 2-6-08		72066	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				129.40	INV#: 94170		72320	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				400.00	INV#: 91741		72335	
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				107.10	INV#: 91575		72336	

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				107.10	INV#: 90693			72337
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				193.75	INV#: 90523			72338
03/19/2008	AP	ANIMAL EMERGENCY CLINIC				80.00	INV#: 65198			72728
04/24/2008	AP	EDWARDS/DERITHE//	REIMBURSE EXPENSES			128.80	INV#: 02-07-2008 7-1			73861
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				39.00	INV#: 98952			73882
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				39.00	INV#: 98714			73883
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				205.10	INV#: 96932			73887
04/24/2008	AP	EDWARDS/DERITHE//	ADOPTION REFUND			49.50	INV#: 02-07-2008 7-2			73948
04/30/2008	AP	ANIMAL EMERGENCY CLINIC				70.00	INV#: 56842			74261
04/30/2008	AP	ANIMAL EMERGENCY CLINIC				70.00	INV#: 50491			74262
04/30/2008	AP	ANIMAL EMERGENCY CLINIC				70.00	INV#: 50733			74263
05/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				81.95	INV#: 310568			74434
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				94.00	INV#: 101145			74627
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				174.40	INV#: 101552			75579
06/30/2008	AP	ANIMAL EMERGENCY CLINIC				80.00	INV#: 66333			76007
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				94.27	INV#: 104595			76433
				6,000.00	6,000.00	3,918.00	348.67	0.00	2,082.00	65.3
Emergency Vet Service										
740.306 Spay/Neuter Program										
07/19/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				40.00	INV#: 82426			65497
07/19/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				35.00	INV#: 82526			65498
07/19/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				90.00	INV#: 82237			65517
07/19/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				45.00	INV#: 82328			65518
07/20/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				62.70	INV#: 286847			65554
07/20/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				254.00	INV#: 286798			65555
07/20/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				325.20	INV#: 286790			65556
07/20/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				111.30	INV#: 286677			65557
07/20/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				25.80	INV#: 285978			65558
07/20/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				55.00	INV#: 82957			65563
07/20/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				185.00	INV#: 82781			65564
08/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				110.00	INV#: 83389			66078
08/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				55.00	INV#: 83171			66085
08/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				30.00	INV#: 83532			66100
08/09/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				55.00	INV#: 83845			66165
08/09/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				40.00	INV#: 83621			66166
08/09/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				234.25	INV#: 287882			66167
08/09/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				55.65	INV#: 288081			66168
08/09/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				116.95	INV#: 287874			66170
08/09/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				98.49	INV#: 287617			66176
08/16/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				197.15	INV#: 288483			66386
08/16/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				110.00	INV#: 83242			66396
08/16/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				90.00	INV#: 82615			66397
08/22/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				142.60	INV#: 289131			66676
08/22/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				236.60	INV#: 289136			66677
08/22/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				55.65	INV#: 289281			66678
08/22/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				225.00	INV#: 84606			66682
08/22/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				95.00	INV#: 84749			66684
08/22/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				179.00	INV#: 84886			66713
08/30/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				229.65	INV#: 289708			66935
08/30/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				86.95	INV#: 289481			66937
08/30/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				166.70	INV#: 290070			66938
08/30/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				30.00	INV#: 84969			66941
08/30/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				87.00	INV#: 85280			66942
09/05/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				75.00	INV#: 85362			66982
09/05/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				140.00	INV#: 85670			66983
09/05/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				209.15	INV#: 289670			67019

			Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud	
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
09/12/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				98.95	INV#: 290535			67203
09/12/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				60.00	INV#: 85769			67205
09/12/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				120.00	INV#: 85135			67206
09/12/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				65.00	INV#: 85032			67207
09/13/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				468.80	INV#: 290752			67324
09/13/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				55.65	INV#: 290545			67325
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				87.00	INV#: 84124			67447
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				120.00	INV#: 84389			67448
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				55.00	INV#: 84756			67450
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				40.00	INV#: 85969			67451
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				35.00	INV#: 86090			67452
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				45.00	INV#: 86104			67453
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				80.00	INV#: 86136			67454
09/18/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				30.00	INV#: 86339			67455
09/20/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				290.95	INV#: 291671			67600
09/20/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				75.00	INV#: 86518			67638
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				65.00	INV#: 86239			67898
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				40.00	INV#: 86788			67899
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				115.00	INV#: 86873			67900
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				85.00	INV#: 86946			67901
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				120.00	INV#: 87027			67902
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				55.00	INV#: 87087			67903
10/03/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				55.65	INV#: 292253			67904
10/03/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				433.50	INV#: 292627			67905
10/03/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				156.88	INV#: 292066			68034
10/03/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				215.30	INV#: 293051			68078
10/03/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				95.00	INV#: 87509			68079
10/17/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				40.00	INV#: 88155			68283
10/17/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				31.35	INV#: 293640			68284
10/17/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				420.60	INV#: 293639			68285
10/25/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				299.65	INV#: 294607			68516
10/25/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				29.40	INV#: 294396			68517
10/25/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				313.40	INV#: 294214			68518
10/25/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				86.95	INV#: 294242			68519
10/25/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				155.00	INV#: 88605			68520
10/25/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				40.00	INV#: 88550			68521
11/08/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				215.70	INV#: 295732			68757
11/08/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				90.00	INV#: 89120			68766
11/08/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				92.00	INV#: 89180			68767
11/08/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				40.00	INV#: 89260			68768
11/08/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				40.00	INV#: 89375			68769
11/09/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				40.00	INV#: 88706			69036
11/09/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				149.65	INV#: 294867			69037
11/14/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				90.00	INV#: 89547			69312
11/14/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				55.00	INV#: 89460			69313
11/20/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				110.00	INV#: 89740			69523
11/28/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				30.00	INV#: 90731			69728
11/28/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				110.00	INV#: 90657			69729
11/28/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				30.00	INV#: 90586			69730
11/28/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				40.00	INV#: 90533			69731
11/28/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				40.00	INV#: 90396			69732
12/06/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				843.20	INV#: 297161			69903
12/12/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				125.00	INV#: 90886			70059
12/12/2007	AP	BEAR VALLEY ANIMAL HOSPITAL				70.00	INV#: 91123			70060
12/19/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				345.83	INV#: 298549			70192
12/19/2007	AP	APPLE VALLEY ANIMAL HOSPITAL				539.25	INV#: 298553			70194

			Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund									
Expenditures									
Dept: 304 Animal Shelter									
01/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				35.00	INV#: 87197		70497
01/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				35.00	INV#: 87393		70499
01/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				35.00	INV#: 87512		70500
01/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				35.00	INV#: 89397		70502
01/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				80.00	INV#: 91825		70505
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				40.00	INV#: 91354		70689
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				40.00	INV#: 91404		70690
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				87.00	INV#: 91484		70691
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				30.00	INV#: 91682		70692
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				95.00	INV#: 91774		70693
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				55.00	INV#: 91934		70694
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				145.00	INV#: 92460		70695
01/08/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				538.05	INV#: 92171		70696
01/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				265.20	INV#: 299901		70697
01/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				135.65	INV#: 299333		70701
01/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				178.75	INV#: 299318		70711
01/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				86.95	INV#: 296567		70712
01/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				364.32	INV#: 296134		70713
01/17/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				508.00	INV#: 299323		71056
02/01/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				212.00	INV#: 301214		71302
02/01/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				506.00	INV#: 301213		71303
02/06/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				137.00	INV#: 302045		71442
02/06/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				310.00	INV#: 301595		71444
02/06/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				241.00	INV#: 302635		71547
02/06/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				841.00	INV#: 303263		71556
02/20/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				365.00	INV#: 303853		72015
02/20/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				371.60	INV#: 304200		72022
03/03/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				185.00	INV#: 304794		72294
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				90.00	INV#: 94653		72315
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				35.00	INV#: 94502		72316
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				320.00	INV#: 94430		72317
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				30.00	INV#: 94388		72318
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				185.00	INV#: 94242		72319
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				30.00	INV#: 94120		72321
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				122.00	INV#: 94091		72322
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				55.00	INV#: 94022		72323
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				185.00	INV#: 93775		72324
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				140.00	INV#: 93704		72325
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				55.00	INV#: 93699		72326
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				40.00	INV#: 93578		72327
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				87.00	INV#: 93509		72328
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				35.00	INV#: 93422		72329
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				80.00	INV#: 93421		72330
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				97.00	INV#: 93329		72331
03/03/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				135.00	INV#: 93164		72332
03/19/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				500.00	INV#: 301822		72768
03/19/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				144.00	INV#: 305585		72771
03/19/2008	AP	APPLE VALLEY ANIMAL HOSPITAL				225.00	INV#: 306208		72776
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				85.00	INV#: 94720		72777
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				95.00	INV#: 94863		72778
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				135.00	INV#: 94910		72779
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				65.00	INV#: 95009		72780
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				110.00	INV#: 95126		72781
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				35.00	INV#: 95407		72783
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL				170.00	INV#: 95497		72785
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL					INV#: 95540		72786

			Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund									
Expenditures									
Dept: 304 Animal Shelter									
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 96071			72787
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			55.00	INV#: 96283			72788
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			30.00	INV#: 96402			72790
03/19/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			60.00	INV#: 96524			72791
04/03/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			245.00	INV#: 306758			73426
04/03/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			574.08	INV#: 307514			73430
04/16/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			751.00	INV#: 308601			73793
04/24/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			65.00	INV#: 309216			73864
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			35.00	INV#: 96665			73884
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			125.00	INV#: 96850			73885
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			105.00	INV#: 96930			73886
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			125.00	INV#: 96746			73888
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			130.00	INV#: 97328			73889
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 97402			73890
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			95.00	INV#: 97489			73891
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 97640			73892
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			75.00	INV#: 98013			73895
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			95.00	INV#: 98223			73896
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			60.00	INV#: 98388			73898
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 98485			73899
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			350.00	INV#: 98793			73900
04/24/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			283.00	INV#: 309357			74001
04/25/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			533.00	INV#: 309364			74002
04/25/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			72.00	INV#: 303436			74271
04/30/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			326.00	INV#: 310565			74431
05/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			380.00	INV#: 310564			74432
05/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			488.00	INV#: 310561			74433
05/08/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			39.00	INV#: 99464			74624
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			60.00	INV#: 99700			74626
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			55.00	INV#: 101145			74627
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			130.00	INV#: 100980			74628
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			90.00	INV#: 100852			74629
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			55.00	INV#: 100766			74630
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			30.00	INV#: 100660			74633
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			205.70	INV#: 100588			74634
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			95.00	INV#: 100389			74635
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			185.00	INV#: 100269			74636
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			35.00	INV#: 100194			74637
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			65.00	INV#: 100101			74638
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 100017			74639
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 99824			74640
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			135.00	INV#: 99739			74641
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			125.00	INV#: 99032			74642
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			65.00	INV#: 99163			74644
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			75.00	INV#: 993311			74645
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			95.00	INV#: 99563			74646
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			25.00	INV#: 99660			74647
05/15/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			92.00	INV#: 310980			75204
06/04/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			729.00	INV#: 312538			75205
06/04/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			393.00	INV#: 313317			75504
06/11/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			170.00	INV#: 313674			75507
06/11/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			145.00	INV#: 101391			75577
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			70.00	INV#: 101551			75578
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			165.00	INV#: 101804			75580
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			145.00	INV#: 101957			75581
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			96.25	INV#: 102464			75582
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL							

			Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund									
Expenditures									
Dept: 304 Animal Shelter									
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			95.00	INV#: 102594		75584	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			55.00	INV#: 102804		75585	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			55.00	INV#: 102885		75586	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			35.00	INV#: 103131		75588	
06/18/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 103371		75589	
06/25/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			516.00	INV#: 314498		75852	
06/30/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			78.00	INV#: 315404		76236	
06/30/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			390.00	INV#: 315651		76239	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			335.00	INV#: 103743		76425	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			30.00	INV#: 103832		76427	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			110.00	INV#: 101104		76428	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			95.00	INV#: 104298		76429	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 104424		76430	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			130.00	INV#: 104469		76431	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			55.00	INV#: 104798		76434	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			35.00	INV#: 104874		76435	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			111.25	INV#: 104967		76436	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			40.00	INV#: 105347		76438	
06/30/2008	AP	BEAR VALLEY ANIMAL HOSPITAL			80.00	INV#: 105403		76439	
06/30/2008	AP	APPLE VALLEY ANIMAL HOSPITAL			123.00	INV#: 315796		76449	
Spay/Neuter Program			30,000.00	30,000.00	32,647.25	4,453.50	0.00	-2,647.25	108.8
760.000 Membership & Dues									
11/27/2007	AP	U.S. BANK			119.00	INV#: 10-22-07		69569	
Membership & Dues			250.00	250.00	119.00	0.00	0.00	131.00	47.6
761.000 Meetings & Conferences									
07/20/2007	AP	GONZALES/CHRISTIE//			10.00	INV#: 7-9-07		65638	
06/23/2008	AP	U.S. BANK			71.63	INV#: 4-22-08		75684	
Meetings & Conferences			0.00	0.00	81.63	71.63	0.00	-81.63	0.0
762.000 Mileage Exp/Allowance									
06/24/2008	AP	WEAST/REBECCA//			95.75	INV#: 5-31-08		75742	
Mileage Exp/Allowance			0.00	0.00	95.75	95.75	0.00	-95.75	0.0
763.000 Education & Training									
09/20/2007	AP	ROCKHURST UNIVERSITY CONTINUIN			249.00	INV#: 400826013-001		67644	
01/18/2008	AP	JAMES/RONALD LEVI//			1,498.30	INV#: 12-3-07		71104	
02/20/2008	AP	HUMANE BALANCE			250.00	INV#: TRAINING 2-28		72027	
05/07/2008	AP	U.S. BANK			710.00	INV#: 3-24-08		74345	
06/04/2008	AP	JAMES/RONALD LEVI//			1,296.00	INV#: 4-28-08		75189	
06/23/2008	AP	U.S. BANK			47.24	INV#: 4-22-08		75684	
06/30/2008	MS	JE 182 ACCRUE LIABILITIES @ 6/30/08			59.00				
Education & Training			3,000.00	3,000.00	4,109.54	1,402.24	0.00	-1,109.54	137.0
801.000 Advertising									
07/20/2007	AP	DAILY PRESS			183.84	INV#: 30633215		65533	
09/20/2007	AP	DAILY PRESS			108.13	INV#: 30644442		67614	
09/20/2007	AP	DAILY PRESS			340.86	INV#: 30644969		67642	
10/18/2007	AP	CHARTER MEDIA			200.00	INV#: INV-390093		68466	
Advertising			2,500.00	2,500.00	832.83	0.00	0.00	1,667.17	33.3
802.000 Utilities									
Utilities			0.00	0.00	0.00	0.00	0.00	0.00	0.0
809.000 Gasoline, Diesel, Oil									
08/02/2007	AP	VOYAGER			83.42	INV#: 869064543707		65779	
09/05/2007	AP	VOYAGER			82.52	INV#: 869064543708		66988	
10/03/2007	AP	VOYAGER			74.61	INV#: 869064543709		67988	

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
11/08/2007	AP	VOYAGER	FUEL PURCHASES OCT 07			82.37	INV#: 869064543710		68705	
12/06/2007	AP	VOYAGER	NOV FUEL			42.49	INV#: 869064543711		69857	
01/08/2008	AP	VOYAGER	DEC FUEL			75.41	INV#: 869064543712		70744	
03/19/2008	AP	VOYAGER	FEB FUEL			80.64	INV#: 869064543802		72722	
04/02/2008	AP	VOYAGER	MARCH FUEL			87.32	INV#: 869064543803		73299	
05/08/2008	AP	VOYAGER	APRIL FUEL PURCHASES			174.58	INV#: 869064543804		74451	
06/10/2008	AP	VOYAGER	MAY FUEL PURCHASES			181.25	INV#: 869064543805		75309	
Gasoline, Diesel, Oil				0.00	0.00	964.61	181.25	0.00	-964.61	0.0
810.000 Vehicle Maintenance										
11/28/2007	AP	WELDY ENTERPRISES LLC	SHELTER TRUCK			39.00	INV#: 84570		69726	
Vehicle Maintenance				0.00	0.00	39.00	0.00	0.00	-39.00	0.0
813.000 Equipment Maintenance										
11/07/2007	AP	U.S. BANK	SEPT PURCHASES			79.00	INV#: 9-24-07		68685	
11/27/2007	AP	U.S. BANK	OCT PURCHASES			50.00	INV#: 10-22-07		69569	
06/30/2008	MS	JE 188 ACCRUE LIABILITIES @ 6/30/08				165.15				
Equipment Maintenance				2,000.00	2,000.00	294.15	165.15	0.00	1,705.85	14.7
816.000 Safety & Security										
Safety & Security				0.00	0.00	0.00	0.00	0.00	0.00	0.0
818.000 Building Maintenance										
Building Maintenance				0.00	0.00	0.00	0.00	0.00	0.00	0.0
839.000 Communications Equip										
11/27/2007	AP	U.S. BANK	OCT PURCHASES			88.34	INV#: 10-22-07		69569	
06/30/2008	MS	JE 183 ACCRUE LIABILITIES @ 6/30/08				198.36				
Communications Equip				0.00	0.00	286.70	198.36	0.00	-286.70	0.0
840.000 Small Tools										
06/30/2008	AP	LOWE'S				382.26	INV#: 23520		75906	
06/30/2008	AP	LOWE'S				488.08	INV#: 23657		75907	
06/30/2008	MS	JE 182 ACCRUE LIABILITIES @ 6/30/08				479.79				
Small Tools				0.00	871.00	1,350.13	1,350.13	0.00	-479.13	155.0
855.000 Animal Food Supplies										
07/01/2007	MS	JE 76 REVERSE JUNE ACCRUED EXPENSE				-65.29				
07/09/2007	CR	Rcd From: PATRICIA D. SAADY	Ref ID: DOG FOOD			-52.72	Drawer: KATHY Type: MISC		9564	
07/10/2007	CR	Rcd From: APPLE VALLEY COMMUNI	Ref ID: SHELTER FOOD REBATE			-210.00	Drawer: KATHY Type: MISC		9587	
07/11/2007	CR	Rcd From: KAREN KELLEY	Ref ID: 604851713			-99.70	Drawer: NANCY Type: MISC		741	
07/20/2007	AP	HILL'S PET NUTRITION INC.	FOOD			107.75	INV#: 212095942		65547	
07/20/2007	AP	HILL'S PET NUTRITION INC.				271.11	INV#: 212095941		65548	
07/20/2007	AP	HILL'S PET NUTRITION INC.				107.75	INV#: 212064312		65569	
07/20/2007	AP	HILL'S PET NUTRITION INC.				41.61	INV#: 212064311		65570	
07/20/2007	AP	DESERT FEED STORE	PARAKEET FEED			5.87	INV#: 3591-14		65571	
08/03/2007	AP	HILL'S PET NUTRITION INC.	FOOD			80.82	INV#: 211977862		66022	
08/03/2007	AP	HILL'S PET NUTRITION INC.	CREDIT MEMO			-15.53	INV#: 211746585		66023	
08/03/2007	AP	HILL'S PET NUTRITION INC.				154.00	INV#: 212126607		66102	
08/03/2007	AP	HILL'S PET NUTRITION INC.				33.67	INV#: 212126606		66103	
08/09/2007	AP	HILL'S PET NUTRITION INC.	FOOD			40.40	INV#: 212158265		66266	
08/09/2007	AP	HILL'S PET NUTRITION INC.				135.12	INV#: 212162168		66267	
08/16/2007	AP	DESERT FEED STORE	MEALWORMS			3.98	INV#: 3499-31		66383	
08/16/2007	AP	HILL'S PET NUTRITION INC.	FOOD			121.22	INV#: 212187770		66384	
08/16/2007	AP	HILL'S PET NUTRITION INC.				60.77	INV#: 212187769		66385	
08/22/2007	AP	DESERT FEED STORE	PINKIES ON ICE			19.81	INV#: 3399-32		66692	
08/22/2007	AP	HILL'S PET NUTRITION INC.	FOOD			110.44	INV#: 212217119		66698	
08/30/2007	AP	DESERT FEED STORE	MONKEY CHOW			19.06	INV#: 2501.21		66944	
08/31/2007	CR	Rcd From: PATRICIA D. SAADY	Ref ID: 12 CASES DOG FOOD			-158.16	Drawer: KATHY Type: MISC		10821	

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
09/05/2007	AP	HILL'S PET NUTRITION INC.	FOOD			114.48	INV#: 212282545		66977	
09/05/2007	AP	HILL'S PET NUTRITION INC.				246.89	INV#: 212282546		66978	
09/05/2007	AP	HILL'S PET NUTRITION INC.				89.74	INV#: 212247563		66979	
09/05/2007	AP	HILL'S PET NUTRITION INC.				114.48	INV#: 212247562		66981	
09/06/2007	CR	Rcd From: KAREN KELLEY	Ref ID: DOG FOOD			-89.22	Drawer: DAWN Type: MISC		8443	
09/18/2007	AP	DESERT FEED STORE	ALFALFA			19.16	INV#: 4449-4		67440	
09/18/2007	AP	HILL'S PET NUTRITION INC.	FOOD			80.82	INV#: 212338871		67443	
09/18/2007	AP	HILL'S PET NUTRITION INC.				196.75	INV#: 212314644		67444	
09/18/2007	AP	HILL'S PET NUTRITION INC.				75.43	INV#: 212314643		67445	
10/03/2007	AP	HILL'S PET NUTRITION INC.	FOOD			80.82	INV#: 212370084		67893	
10/03/2007	AP	HILL'S PET NUTRITION INC.				80.82	INV#: 212404288		67894	
10/03/2007	AP	HILL'S PET NUTRITION INC.				159.65	INV#: 212370085		67895	
10/03/2007	AP	HILL'S PET NUTRITION INC.				47.20	INV#: 212404290		67896	
10/03/2007	AP	DESERT FEED STORE	MICE ON ICE			16.58	INV#: 1352-5		68073	
10/03/2007	AP	HILL'S PET NUTRITION INC.				136.37	INV#: 212438190		68080	
10/03/2007	AP	HILL'S PET NUTRITION INC.				161.63	INV#: 212438189		68081	
10/03/2007	CR	Rcd From: KAREN KELLEY	Ref ID: ANIMAL FOOD SUPPLIES			-29.61	Drawer: KATHY Type: MISC		11582	
10/12/2007	CR	Rcd From: PATTY SAADY	Ref ID: DOG FOOD			-52.72	Drawer: KATHY Type: MISC		11815	
10/16/2007	CR	Rcd From: BECKY WEAST	Ref ID: 1 CASE PRESCRIPTION DO			-14.77	Drawer: KATHY Type: MISC		11907	
10/30/2007	CR	Rcd From: PATTY SAADY	Ref ID: DOG FOOD			-52.72	Drawer: KATHY Type: MISC		12211	
11/08/2007	AP	HILL'S PET NUTRITION INC.				192.90	INV#: 212471589		68771	
11/08/2007	AP	HILL'S PET NUTRITION INC.				107.76	INV#: 212508825		68772	
11/08/2007	AP	HILL'S PET NUTRITION INC.				121.22	INV#: 212567714		68773	
11/09/2007	AP	HILL'S PET NUTRITION INC.	FOOD			121.22	INV#: 212535134		69034	
11/09/2007	AP	HILL'S PET NUTRITION INC.				193.58	INV#: 212535133		69035	
11/20/2007	AP	HILL'S PET NUTRITION INC.	FOOD			148.16	INV#: 212471588		69534	
11/20/2007	AP	HILL'S PET NUTRITION INC.				63.20	INV#: 212567715		69537	
11/27/2007	AP	DESERT FEED STORE	LIGHT, MONKEY CHOW			19.05	INV#: 0109-27		69625	
11/28/2007	AP	HILL'S PET NUTRITION INC.	FOOD			127.64	INV#: 212627879		69734	
12/03/2007	CR	Rcd From: PATRICIA D. SAADY	Ref ID: DOG FOOD			-61.51	Drawer: KATHY Type: MISC		12797	
12/12/2007	AP	HILL'S PET NUTRITION INC.	FOOD			308.72	INV#: 212686148		70083	
12/12/2007	AP	HILL'S PET NUTRITION INC.				94.28	INV#: 212708426		70084	
12/12/2007	AP	HILL'S PET NUTRITION INC.				148.15	INV#: 212686150		70085	
12/20/2007	CR	Rcd From: A V COMMUNITY RESOUR	Ref ID: SCIENCE DIET FOOD REBA			-242.50	Drawer: KATHY Type: MISC		13252	
01/08/2008	AP	HILL'S PET NUTRITION INC.	FOOD			312.45	INV#: 212803551		70687	
01/08/2008	AP	HILL'S PET NUTRITION INC.				133.06	INV#: 212741680		70710	
01/08/2008	CR	Rcd From: KAREN LEE KELLEY	Ref ID: DOG & CAT FOOD			-49.63	Drawer: KATHY Type: MISC		13498	
01/09/2008	AP	HILL'S PET NUTRITION INC.				148.16	INV#: 212741681		70792	
01/09/2008	AP	HILL'S PET NUTRITION INC.				148.16	INV#: 212773023		70793	
01/09/2008	AP	HILL'S PET NUTRITION INC.				40.40	INV#: 212803552		70794	
01/16/2008	CR	Rcd From: PATRICIA D. SAADY	Ref ID: DOG FOOD			-105.44	Drawer: KATHY Type: MISC		13715	
01/17/2008	AP	DESERT FEED STORE	POTBELLY PIG FOOD			12.49	INV#: 4949-27		70966	
02/01/2008	AP	DESERT FEED STORE				17.69	INV#: 4748-20		71308	
02/01/2008	AP	HILL'S PET NUTRITION INC.				40.40	INV#: 212823474		71313	
02/01/2008	AP	HILL'S PET NUTRITION INC.				16.76	INV#: 212848530		71314	
02/01/2008	AP	HILL'S PET NUTRITION INC.				40.40	INV#: 212848531		71315	
02/01/2008	AP	HILL'S PET NUTRITION INC.				181.34	INV#: 212879714		71316	
02/01/2008	AP	HILL'S PET NUTRITION INC.				110.44	INV#: 212879712		71317	
02/01/2008	AP	HILL'S PET NUTRITION INC.				163.29	INV#: 212941854		71654	
02/07/2008	AP	HILL'S PET NUTRITION INC.				40.40	INV#: 212941853		71655	
02/07/2008	AP	HILL'S PET NUTRITION INC.				40.40	INV#: 212972498		71656	
02/11/2008	AP	HILL'S PET NUTRITION INC.	FOOD			159.85	INV#: 212972500		71657	
02/11/2008	AP	HILL'S PET NUTRITION INC.				-52.72	Drawer: DAWN Type: MISC		9533	
02/19/2008	CR	Rcd From: PATTY SAADY	Ref ID: DOG FOOD			82.94	INV#: 213001856		71984	
02/20/2008	AP	HILL'S PET NUTRITION INC.	FOOD			107.74	INV#: 213001857		71985	
02/20/2008	AP	HILL'S PET NUTRITION INC.				-65.29	Drawer: KATHY Type: MISC		14685	
02/25/2008	CR	Rcd From: KAREN LEE KELLEY	Ref ID: PET FOOD							

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
02/29/2008	AP	U.S. BANK	JANUARY PURCHASES			277.92	INV#: 1-22-08		72081	
03/03/2008	AP	HILL'S PET NUTRITION INC.	FOOD			28.79	INV#: 213031525		72286	
03/03/2008	AP	HILL'S PET NUTRITION INC.				121.21	INV#: 213031523		72287	
03/05/2008	AP	HILL'S PET NUTRITION INC.	FOOD			242.44	INV#: 212922136		72382	
03/13/2008	AP	HILL'S PET NUTRITION INC.	FOOD			142.88	INV#: 213060890		72613	
03/13/2008	AP	HILL'S PET NUTRITION INC.				87.55	INV#: 213060889		72614	
03/13/2008	CR	Rcd From: PATTY SAADY	Ref ID: DOG FOOD			-52.72	Drawer: KATHY Type: MISC		15188	
03/19/2008	AP	HILL'S PET NUTRITION INC.	FOOD			61.95	INV#: 213123103		72765	
03/19/2008	AP	HILL'S PET NUTRITION INC.				117.07	INV#: 213092531		72766	
03/19/2008	AP	HILL'S PET NUTRITION INC.				20.20	INV#: 213092530		72767	
03/27/2008	AP	HILL'S PET NUTRITION INC.	FOOD			249.91	INV#: 213160866		73191	
03/27/2008	AP	HILL'S PET NUTRITION INC.				121.21	INV#: 213160867		73192	
04/03/2008	AP	HILL'S PET NUTRITION INC.	FOOD			129.83	INV#: 213191858		73433	
04/03/2008	AP	HILL'S PET NUTRITION INC.				141.42	INV#: 213191859		73434	
04/09/2008	CR	Rcd From: PATTY SAADY	Ref ID: DOG FOOD			-52.72	Drawer: DAWN Type: MISC		9908	
04/16/2008	AP	HILL'S PET NUTRITION INC.	FOOD			67.34	INV#: 213222914		73824	
04/16/2008	AP	HILL'S PET NUTRITION INC.				160.53	INV#: 213222913		73825	
04/16/2008	AP	HILL'S PET NUTRITION INC.				-29.55	INV#: 213260594		73826	
04/16/2008	AP	HILL'S PET NUTRITION INC.				-26.94	INV#: 213260592		73827	
04/29/2008	CR	Rcd From: PATTY SAADY	Ref ID: DOG FOOD			-52.72	Drawer: KATHY Type: MISC		16254	
04/30/2008	AP	HILL'S PET NUTRITION INC.	FOOD			94.28	INV#: 213261235		74272	
04/30/2008	AP	HILL'S PET NUTRITION INC.				94.28	INV#: 213253037		74273	
04/30/2008	AP	HILL'S PET NUTRITION INC.				95.41	INV#: 213253036		74274	
04/30/2008	AP	HILL'S PET NUTRITION INC.				178.35	INV#: 213313198		74275	
04/30/2008	AP	HILL'S PET NUTRITION INC.				179.15	INV#: 213313199		74276	
05/08/2008	AP	HILL'S PET NUTRITION INC.	FOOD			179.15	INV#: 213342500		74427	
05/08/2008	AP	HILL'S PET NUTRITION INC.				97.25	INV#: 213342499		74428	
05/08/2008	AP	HILL'S PET NUTRITION INC.				145.46	INV#: 213373298		74429	
05/08/2008	AP	HILL'S PET NUTRITION INC.				132.00	INV#: 213373299		74430	
05/22/2008	CR	Rcd From: PATTY SAADY	Ref ID: DOG FOOD			-52.72	Drawer: KATHY Type: MISC		16811	
05/29/2008	AP	WAL-MART				8.60	INV#: 002837		75014	
06/04/2008	AP	HILL'S PET NUTRITION INC.	FOOD			158.61	INV#: 213433208		75207	
06/04/2008	AP	HILL'S PET NUTRITION INC.				150.86	INV#: 213433209		75208	
06/04/2008	AP	HILL'S PET NUTRITION INC.				132.00	INV#: 213402586		75209	
06/05/2008	CR	Rcd From: KAREN LEE KELLEY	Ref ID: CAT/DOG FOOD			-129.16	Drawer: KATHY Type: MISC		17158	
06/10/2008	CR	Rcd From: PATTY SAADY	Ref ID: DOG FOOD			-39.54	Drawer: KATHY Type: MISC		17282	
06/18/2008	AP	HILL'S PET NUTRITION INC.	FOOD			222.37	INV#: 213515343		75594	
06/18/2008	AP	HILL'S PET NUTRITION INC.				150.86	INV#: 213515344		75595	
06/18/2008	AP	HILL'S PET NUTRITION INC.				132.00	INV#: 213462103		75596	
06/18/2008	AP	HILL'S PET NUTRITION INC.				290.90	INV#: 213462101		75597	
06/25/2008	AP	HILL'S PET NUTRITION INC.				254.42	INV#: 213544523		75847	
06/25/2008	AP	HILL'S PET NUTRITION INC.				169.72	INV#: 213544524		75848	
06/25/2008	AP	HILL'S PET NUTRITION INC.				132.00	INV#: 213484961		75850	
06/30/2008	AP	WAL-MART				4.83	INV#: 007263		75976	
06/30/2008	AP	HILL'S PET NUTRITION INC.	FOOD			182.63	INV#: 213484962		76013	
06/30/2008	AP	HILL'S PET NUTRITION INC.				147.64	INV#: 213572700		76014	
06/30/2008	AP	HILL'S PET NUTRITION INC.	FOOD			169.72	INV#: 213572701		76235	
06/30/2008	AP	HILL'S PET NUTRITION INC.	FOOD			207.43	INV#: 213599837		76441	
Animal Food Supplies				10,000.00	10,000.00	10,203.02	2,337.29	0.00	-203.02	102.0
905.000 Capital Equipment										
06/25/2008	AP	XPRESS TRAILER GROUP	HORSE TRAILER			4,043.00	INV#: 25502		75861	
06/30/2008	AP	LOWE'S				446.09	INV#: 14117-6-08		75905	
06/30/2008	AP	LOWE'S				356.06	INV#: 23520		75906	
06/30/2008	AP	ANIMAL CARE & EQUIPMENT SVS.	CAT RESTING SHELVES			1,026.66	INV#: 1090419		76243	
06/30/2008	MS	JE 182 ACCRUE LIABILITIES @ 6/30/08				2,650.65				

				Original Bud.	Amended Bud.	YTD Actual	CURR MTH	Encumb. YTD	UnencBal	% Bud
Fund: 101 - General Fund										
Expenditures										
Dept: 304 Animal Shelter										
Capital Equipment				17,000.00	16,129.00	8,522.46	8,522.46	0.00	7,606.54	52.8
962.000 Vehicle & Equip Replacement										
Vehicle & Equip Replacement				0.00	0.00	0.00	0.00	0.00	0.00	0.0
Animal Shelter				584,561.00	585,206.00	569,932.70	83,569.79	0.00	15,273.30	97.4
Dept: 401 Planning										
701.000 Salaries Regular										
07/01/2007	MS	JE 8 REVERSE ACCRUED SALARIES PAYABLE	AT 6/30/07			-9,549.73				
07/13/2007	PA	Administrative Leave	Pay Date: 07/13/2007			40.79			PA-Wrapup	
07/13/2007	PA	Floating Holiday	Pay Date: 07/13/2007			37.88			PA-Wrapup	
07/13/2007	PA	Salaries Permanent	Pay Date: 07/13/2007			18,942.12			PA-Wrapup	
07/27/2007	PA	Salaries Permanent	Pay Date: 07/27/2007			18,995.52			PA-Wrapup	
08/10/2007	PA	Floating Holiday	Pay Date: 08/10/2007			1.37			PA-Wrapup	
08/10/2007	PA	Salaries Permanent	Pay Date: 08/10/2007			18,650.91			PA-Wrapup	
08/24/2007	PA	Salaries Permanent	Pay Date: 08/24/2007			19,117.61			PA-Wrapup	
09/07/2007	PA	Salaries Permanent	Pay Date: 09/07/2007			19,127.98			PA-Wrapup	
09/21/2007	PA	Salaries Permanent	Pay Date: 09/21/2007			19,127.98			PA-Wrapup	
10/05/2007	PA	Salaries Permanent	Pay Date: 10/05/2007			19,127.98			PA-Wrapup	
10/19/2007	PA	Salaries Permanent	Pay Date: 10/19/2007			18,683.18			PA-Wrapup	
10/19/2007	PA	Vacation Earnings	Pay Date: 10/19/2007			444.80			PA-Wrapup	
11/02/2007	PA	Salaries Permanent	Pay Date: 11/02/2007			19,127.98			PA-Wrapup	
11/16/2007	PA	Salaries Permanent	Pay Date: 11/16/2007			19,046.70			PA-Wrapup	
11/16/2007	PA	Vacation Earnings	Pay Date: 11/16/2007			111.20			PA-Wrapup	
11/21/2007	PA	Administrative Leave	Pay Date: 11/21/2007			1,243.00			PA-Wrapup	
11/30/2007	PA	Salaries Permanent	Pay Date: 11/30/2007			19,312.13			PA-Wrapup	
12/14/2007	PA	Salaries Permanent	Pay Date: 12/14/2007			19,312.13			PA-Wrapup	
12/28/2007	PA	Salaries Permanent	Pay Date: 12/28/2007			19,312.13			PA-Wrapup	
01/11/2008	PA	Salaries Permanent	Pay Date: 01/11/2008			19,312.13			PA-Wrapup	
01/25/2008	PA	Salaries Permanent	Pay Date: 01/25/2008			19,023.01			PA-Wrapup	
01/25/2008	PA	Sick Earnings	Pay Date: 01/25/2008			289.12			PA-Wrapup	
02/08/2008	PA	Salaries Permanent	Pay Date: 02/08/2008			18,888.57			PA-Wrapup	
02/08/2008	PA	Sick Earnings	Pay Date: 02/08/2008			489.28			PA-Wrapup	
02/22/2008	PA	Salaries Permanent	Pay Date: 02/22/2008			19,390.59			PA-Wrapup	
03/07/2008	PA	Salaries Permanent	Pay Date: 03/07/2008			19,390.59			PA-Wrapup	
03/21/2008	PA	Salaries Permanent	Pay Date: 03/21/2008			19,390.59			PA-Wrapup	
04/04/2008	PA	Salaries Permanent	Pay Date: 04/04/2008			19,190.43			PA-Wrapup	
04/04/2008	PA	Sick Earnings	Pay Date: 04/04/2008			200.16			PA-Wrapup	
04/18/2008	PA	Salaries Permanent	Pay Date: 04/18/2008			19,390.59			PA-Wrapup	
05/02/2008	PA	Salaries Permanent	Pay Date: 05/02/2008			19,390.59			PA-Wrapup	
05/16/2008	PA	Salaries Permanent	Pay Date: 05/16/2008			19,390.59			PA-Wrapup	
05/30/2008	PA	Salaries Permanent	Pay Date: 05/30/2008			19,390.59			PA-Wrapup	
06/13/2008	PA	Floating Holiday	Pay Date: 06/13/2008			200.16			PA-Wrapup	
06/13/2008	PA	Salaries Permanent	Pay Date: 06/13/2008			19,192.88			PA-Wrapup	
06/13/2008	PA	Sick Earnings	Pay Date: 06/13/2008			44.48			PA-Wrapup	
06/27/2008	PA	Salaries Permanent	Pay Date: 06/27/2008			19,433.85			PA-Wrapup	
06/27/2008	PA	Sick Earnings	Pay Date: 06/27/2008			33.36			PA-Wrapup	
06/30/2008	MS	JE 106 TO ACCRUE SALARIES @ 6/30/08				12,241.79				
Salaries Regular				425,840.00	425,840.00	504,487.01	51,146.52	0.00	-78,647.01	118.5
702.000 Salaries Part-Time										
07/27/2007	PA	Salaries Part Time	Pay Date: 07/27/2007			957.60			PA-Wrapup	
08/10/2007	PA	Salaries Part Time	Pay Date: 08/10/2007			1,008.00			PA-Wrapup	
08/24/2007	PA	Salaries Part Time	Pay Date: 08/24/2007			1,008.00			PA-Wrapup	
09/07/2007	PA	Salaries Part Time	Pay Date: 09/07/2007			554.40			PA-Wrapup	
09/21/2007	PA	Salaries Part Time	Pay Date: 09/21/2007			894.60			PA-Wrapup	

JE #	AJ #	Post Date	Debit	Credit	Journal Entry Desc Line 1 Journal Entry Desc Line 2 Journal Entry Desc Line 3	Source	Offsetting GL #
GL#: 406-502-906.129 Animal Shelter Facility/Land							
Journal Type: AP Accounts Payable							
292712	19	06/30/2008	59,152.01	0.00	WALD, RUHNKE & DOST ARCHITECTS SHELTER WORK MAY INV#: 0710811	76214	406-000-202.000
Accounts Payable			492,001.54	0.00			
Journal Type: CR Cash Receipts							
290973	3	06/25/2008	0.00	61.89	Rcd From: CIMARRON ESCRON Ref ID: QUINNAULT RD REFUND Drawer: DAWN Type: MISC	10347	406-000-001.000
Cash Receipts			0.00	61.89			
Journal Type: MS Miscellaneous							
291030	31	06/18/2008	865,226.93	0.00	JE 47 LAND PURCHASE FM QUINNAU BUSINESS CENTER		406-000-001.000
297678	2	06/30/2008	79,629.38	0.00	JE 153 ACCRUE LIABILITIES @ 6/		COMPOUND
298872	15	06/30/2008	600.00	0.00	JE 186 ACCRUE LIABILITIES @ 6/		COMPOUND
Miscellaneous			945,456.31	0.00			

Net Budget Adjustment: 0.00 Net Change in Encumbrance: 0.00 Net Change in YTD: 1,437,395.96

Darlene Drenk

From: LaVonda Pearson
Sent: Tuesday, January 06, 2009 12:57 PM
To: Darlene Drenk
Subject: RE: Shelter Facility costs?

This was approved on May 13, 2008.

I. Closed Session

On Agenda Item 1C: The Town Council unanimously approved an agreement with Quinnault Business Center, LLC, under which the Town is purchasing unimproved property located at Powhatan and Quinnault Roads, Apple Valley, identified as APNs 3087-391-01, and 02, for the total purchase price of $865,000. The property is intended to house the Town's animal control facilities. The approval of this agreement also includes provisions finding the purchase is exempt from CEQA, and is consistent with the Town's General Plan. A copy of the agreement is available for inspection in the town administrative offices.

From: Darlene Drenk
Sent: Tuesday, January 06, 2009 12:32 PM
To: LaVonda Pearson
Subject: RE: Shelter Facility costs?

Can you help me find the staff report regarding the purchase of land for the Animal Shelter on Quinnault – closing date was 6/18/08

Darlene Drenk, CPA
Accountant II, Town of Apple Valley
760-240-7000 ext.7703

From: Gina Schwin-Whiteside
Sent: Tuesday, January 06, 2009 12:25 PM
To: Darlene Drenk
Subject: RE: Shelter Facility costs?

It should have been a reportable item out of closed session a month or two prior to closing. Check with LaVonda.

-----CONFIDENTIAL COMMUNICATION-----

This communication constitutes an electronic communication within the meaning of the Electronic Communications Privacy Act, 18 USC 2510, and its disclosure is strictly limited to the recipient intended by the sender of this message. This communication contains confidential and privileged material and is for the sole use of the intended recipient and receipt by anyone other than the intended recipient does not constitute a loss of the confidential or privileged nature of the communication. Any review or distribution by others is strictly prohibited. If you are not the intended recipient please immediately notify us by telephone at (760)

Cimarron
ESCROW, INC

(760) 241-7204
13911 Park Avenue, Suite 110A, Victorville, CA 92392
www.cimarronescrow.com

Escrow No. I-42060-LM
Reference: APN#3087-391-01 & 02 (QUINNAULT RD)
APPLE VALLEY, CA 92307

Estimated Close Date: June 16, 2008
Report Print Date: June 17, 2008

Buyer
ESTIMATED CLOSING STATEMENT

BUYER:
THE TOWN OF APPLE VALLEY
14955 DALE EVANS PARKWAY
APPLE VALLEY, CA 92307

	- - DEBITS - -	- - CREDITS - -
Consideration:		
Total Consideration	865,000.00	
Prorations:		
County Taxes-2nd 07/08 at $ 3713.38 per 6 months From 06/20/08 to 07/01/08	226.93	
		865,226.93
Balance Due Escrow	$ 865,226.93	$ 865,226.93
Totals		

NOTICE: This estimated closing statement is subject to changes, corrections or additions at the time of final computation of closing escrow statement.

Cimarron Escrow, Inc.

By: _____

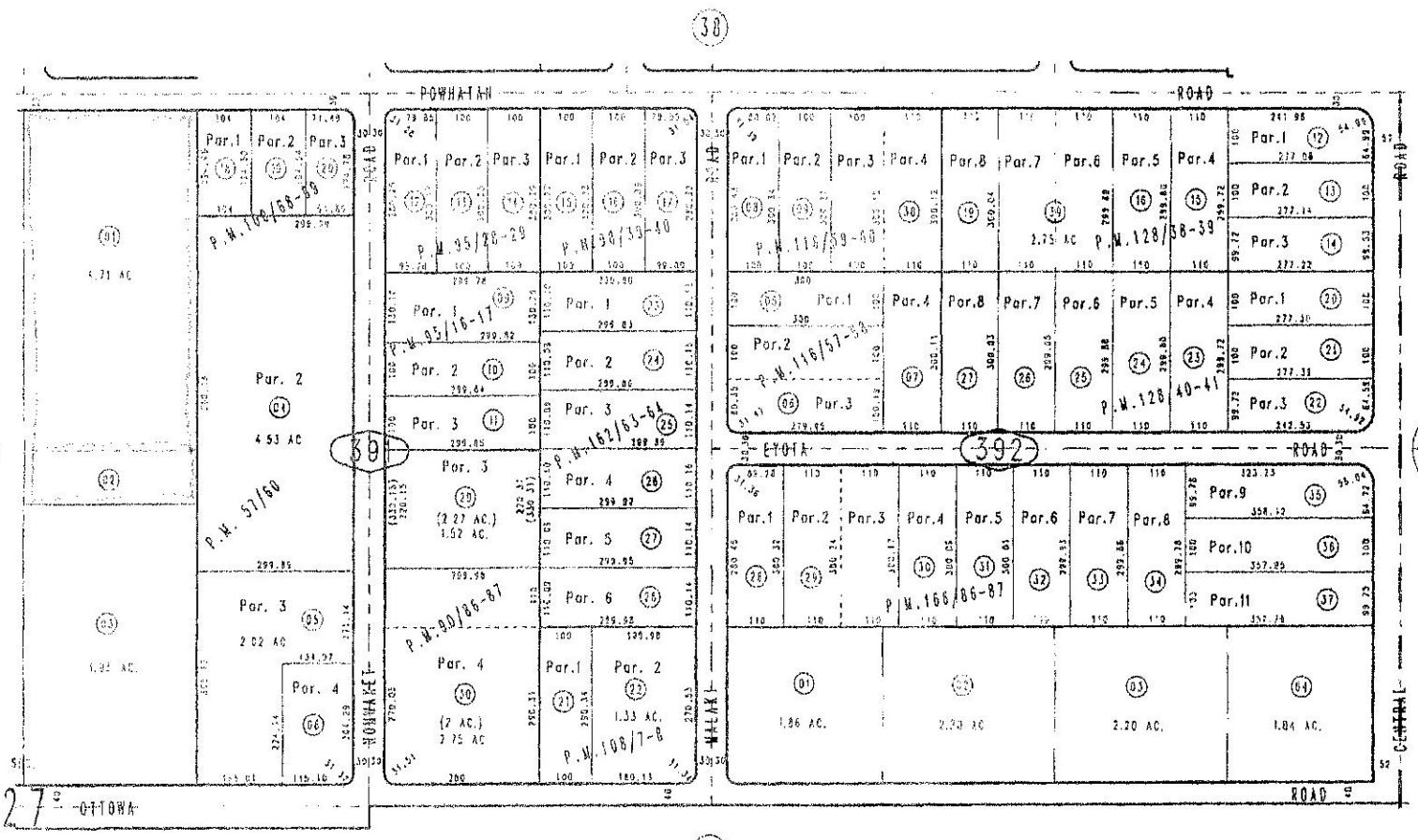
MAP IS FOR TAX PURPOSES ONLY

BILL POSTMUS, Assessor

S.1/2,N.E.1/4,Sec.27,T.5N.,R.3W.,S.B.M.

Apple Valley
Tax Rate Area
54053

3087 - 39



Parcel Map No. 9982, P.M. 108/7-8
Parcel Map No. 9436, P.M. 100/68-69
Parcel Map No. 8453, P.M. 90/39-40
Parcel Map No. 9612, P.M. 95/28-29
Parcel Map No. 9015, P.M. 95/16-17
Pin Parcel Map No. 8802, P.M. 90/86-87
Pin Parcel Map No. 8953, P.M. 51/60

Parcel Map No. 11188, P.M. 166/86-87
Parcel Map No. 10661, P.M. 162/63-64
Parcel Map No. 11038, P.M. 128/40-41
Parcel Map No. 11037, P.M. 128/38-39
Parcel Map No. 10156, P.M. 116/59-60
Parcel Map No. 10155, P.M. 116/57-58

1" = 200'

0439
05

560

REVISED
07/26/00 CM
12/08/05 KA

FEBRUARY 1999

Assessor's Map
Book 3087 Page 39
San Bernardino County

TOWN OF
APPLE VALLEY, CALIFORNIA
APPLE VALLEY REDEVELOPMENT AGENCY
AGENDA MATTER

Subject Item:

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE TOWN OF APPLE VALLEY AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF THE AGENCY'S TAX ALLOCATION BONDS (APPLE VALLEY REDEVELOPMENT PROJECT AREA NO. 2) SERIES 2007; APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST, A BOND PURCHASE CONTRACT AND A CONTINUING DISCLOSURE AGREEMENT, AND APPROVING THE FORM OF A PRELIMINARY OFFICIAL STATEMENT; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

Summary Statement:

As previously discussed with the Town Council, and the Redevelopment Board of Directors, the tax increment generated by the Town's portion of the Redevelopment Agency of the Town of Apple Valley Project Area No. 2 is sufficient to provide funding for the improvements as outlined by the Deputy Town Manager at the February 16th Town Council Meeting. The proposed bonding is for a total not to exceed $43,500,000 to be repaid by the aforementioned tax increment. Projects to be funded with the bond proceeds include an animal care/control shelter and a public works facility.

The same item is on the Town of Apple Valley Financing Authority Agenda and the Town Council Agenda. It is staff recommendation that all three are discussed under the Redevelopment Agency, although each item must be presented and adopted independently by each body.

The Preliminary Official Statement, Indenture of Trust, Bond Purchase Contract, and a Continuing Disclosure Agreement are on file for review with the Town Clerk and have been submitted to the Council under separate cover.

Recommended Action:

Adopt Resolution No. 2007- 02, a resolution of the Redevelopment Agency of the Town of Apple Valley authorizing the issuance, sale and delivery of the Agency's Tax Allocation Bonds (Apple Valley Redevelopment Project Area No. 2) Series 2007; approving the execution and delivery of an Indenture of Trust, a Bond Purchase contract and a Continuing Disclosure Agreement and Approving the form of a Preliminary Official Statement; and authorizing certain other actions in connection therewith.

Proposed by: William Pattison, Finance Director/Treasurer **Item Number** 3R

T. M. Approval: _____ **Budgeted Item** ☐ Yes ☐ No ☒ N/A

Council Meeting Date 5/08/07

R3-1

RDA RESOLUTION No. 2007-02

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE TOWN OF APPLE VALLEY AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF THE AGENCY'S TAX ALLOCATION BONDS (APPLE VALLEY REDEVELOPMENT PROJECT AREA NO. 2) SERIES 2007; APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST, A BOND PURCHASE CONTRACT AND A CONTINUING DISCLOSURE AGREEMENT, AND APPROVING THE FORM OF A PRELIMINARY OFFICIAL STATEMENT; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Redevelopment Agency of the Town of Apple Valley (the "Agency") is a redevelopment agency duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law, being Section 33000 and following of the Health and Safety Code of the State of California, and the powers of the Agency include the power to issue bonds for any of its corporate purposes; and

WHEREAS, a redevelopment plan for a redevelopment project known as Apple Valley Redevelopment Project Area No. 2 (the "Project Area") has been adopted and approved and all requirements of law for, and precedent to, the adoption and approval of said plan have been duly complied with; and

WHEREAS, the Agency proposes to issue not to exceed $43,500,000 principal amount of its Tax Allocation Bonds (Apple Valley Redevelopment Project Area No. 2) Series 2007 (the "Bonds"), pursuant to and secured by an Indenture of Trust (the "Indenture") in the manner provided therein, the proceeds of which, among other things, will be used to finance certain redevelopment activities benefiting the Project Area, including the furtherance of the Agency's low and moderate income housing program; and

WHEREAS, it is desirable that the Bonds be so authorized and be offered for sale at this time; and

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE TOWN OF APPLE VALLEY DOES FIND, DETERMINE AND RESOLVE AS FOLLOWS:

Section 1. The Agency hereby authorizes the issuance of the Bonds in the aggregate principal amount not to exceed $33,500,000, all in accordance with the terms and conditions of the Indenture, substantially in the form annexed hereto, with such revisions, amendments and completions as shall be approved by the Chairperson, the Vice-Chairperson, the Executive Director or the Secretary of the Agency, and each of them, and any designee of any of them (each, an "Authorized Officer") with the advice of bond counsel to the Agency, such approval to be conclusively evidenced by the execution and delivery thereof by an Authorized Officer. The date, maturity dates, interest rate or rates, interest payment dates, denominations, forms, registration

R3-2

privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 2. The Agency hereby approves the form of the Bond Purchase Contract by and among the Apple Valley Public Financing Authority (the "Authority"), the Agency and Kinsell, Newcomb & De Dios, Inc. (the "Underwriter"), substantially in the form annexed hereto, with such revisions, amendments and completions as shall be approved by an Authorized Officer with the advice of bond counsel to the Agency, such approval to be conclusively evidenced by the execution and delivery thereof by an Authorized Officer; provided, that the total principal amount of the Bonds shall not exceed $33,500,000, the Underwriter's discount (excluding original issue discount which does not constitute compensation to the Underwriter) does not exceed 2.0% and the interest rate on the Bonds shall not exceed 6.0%.

Section 3. The Agency hereby approves the form of Preliminary Official Statement relating to the Bonds, substantially in the form annexed hereto, with such additions, deletions or changes therein as shall be approved by an Authorized Officer, and the Agency hereby authorizes and directs the preparation of a Final Official Statement, for and in the name of the Agency, substantially in the form of the Preliminary Official Statement, with such changes therein, as such Authorized Officer may approve, such approval to be conclusively evidenced by the execution and delivery of such Final Official Statement. The Agency and the Underwriter are hereby directed to distribute copies of such Final Official Statement to all actual purchasers of the Bonds. Distribution by the Agency or the Underwriter of the Preliminary Official Statement relating to the Bonds is hereby approved and any one of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute a certificate confirming that such Preliminary Official Statement has been "deemed final" by the Agency for purposes of Securities and Exchange Commission Rule 15c2-12.

Section 4. The Agency hereby approves the form of Continuing Disclosure Agreement of the Agency related to the Bonds, substantially in the form annexed hereto, with such revisions, amendments and completions as shall be approved by an Authorized Officer with the advice of bond counsel to the Agency, such approval to be conclusively evidenced by the execution and delivery thereof by an Authorized Officer.

Section 5. The Agency hereby approves the designation of the law firm of Fulbright & Jaworski L.L.P., Los Angeles, California, to serve as Bond Counsel in connection with the issuance of the Bonds, pursuant to the terms of the engagement letter on file with the Secretary of the Agency.

Section 6. The Agency hereby approves the designation of the law firm of Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, to serve as Disclosure Counsel in connection with the issuance of the Bonds, pursuant to the terms of such firms proposal letter on file with the Secretary of the Agency.

R3-3

Section 7. Any one of the Authorized Officers, and each of them, is hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable, including, without limitation, a commitment or commitments for one or more municipal bond insurance policies, in order to consummate the issuance, sale and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 8. This Resolution shall take effect immediately from and after its adoption.

_____
Chairperson of the Redevelopment Agency of the Town of Apple Valley

ATTEST:

_____
Secretary of the Redevelopment Agency of the Town of Apple Valley

R3-4

I, LaVonda Pearson, Secretary of the Redevelopment Agency of the Town of Apple Valley hereby certify that the foregoing Resolution was duly adopted at a [special/regular] meeting of said agency held on the ____ day of _____ by the following vote, to wit:

AYES:
NOES:
ABSTAIN:
ABSENT:

_____

SECRETARY OF THE REDEVELOPMENT
AGENCY OF THE TOWN OF APPLE VALLEY

2. Public Facilities Priorities

Patty Saady, Deputy Town Manager, gave a power point presentation and stated that Apple Valley has experienced a population growth. Construction of Town Hall was completed in 2002. It was intended to house all existing staff and the police department, but is nearing capacity. Municipal Services has been relocated to the newly completed Police and Code Enforcement building. At the end of the calendar year, we anticipate that there will be no room for growth. The Town owns 2.2 acres at the southwest corner of Civic Center Park, stated Ms. Saady. The existing animal shelter was always a temporary solution. On Tuesday, the Council approved purchase of 7 acres of industrial property on Navajo Road that staff is considering for a new public works facility, and then we can use the existing public works for an animal shelter. Both the existing public works and animal shelter are located in RDA 2. The new land (public works facility) is in close proximity to RDA 2. Both facilities could be designed and constructed using RDA funds. It is critical to begin the Town Hall expansion process now and include funding in the 2007/08 budget cycle, or we will have to rent space. Financially, it makes sense to begin the process. Mayor Pro-Tem Jasper asked, and Ms. Saady replied, that we like to build facilities with a 20 year life that will provide for expansion. Staff would like to bring plans forward to the Council, prior to July 1, for adoption. Councilman Sagona asked, and Ms. Saady replied, that expansion of the existing Town Hall is not efficient. The building was not constructed with the idea of building up. Once we have hired an architect and are in the planning stage, Mayor Pro-Tem Jasper suggested setting up a Council ad hoc committee to provide guidance.

There is no funding currently available for a new Community Center, but there are plans on the shelf for a combined Community Center and Aquatics Center. Staff recommends combining into one multi-use building for savings in both construction and operation.

CONSENSUS: Council directed staff to proceed with an RFP for architectural design of Town Hall expansion, Public Works, Animal Shelter, Community/Aquatics Multi-Use Center and discuss formation of an ad hoc Council committee.

3. General Plan Overview

Lori Lamson, Assistant Director of Community Development stated that the General Plan is a legal requirement and an expression of what the community wants. It's also a guide to decision making and creates the future of the community. Council direction is needed on whether or not to annex or pre-zone sphere areas and proceed with a Habitat Conservation Plan. The first task is coming up with a preferred land plan. One way to alleviate problems with the County is to pre-zone land in our sphere of influence area, stated Ms. Lamson. Development is piece-meal in the sphere and staff feels this is an appropriate way to address issues county residents have. In response to Councilman Nassif's question, Ms. Lamson replied that if the County keeps to their policy it will honor pre-zoning. Mayor Roelle suggested a complete annexation of the Town's Sphere of Influence. Ms. Lamson replied that pre-zoning would protect densities and land use, as would annexing and providing services to that area. Mayor Pro-Tem Jasper questioned why we are not pre-zoning the entire sphere of influence. There is not that much development east of Milpass, stated Ms. Lamson and there is a lot of BLM property in the sphere area that will be protected one way or another. Mayor Pro-Tem Jasper still felt that everything but BLM property

TOWN OF
APPLE VALLEY, CALIFORNIA

AGENDA MATTER

Subject Item:

AWARD OF PROFESSIONAL SERVICES AGREEMENTS FOR DESIGN SERVICES TO DOUGHERTY & DOUGHERTY ARCHITECTS, LLP, FOR DESIGN OF THE TOWN HALL EXPANSION; ADRIAN GAUS ARCHITECTS, INC., (FOR AC-6 ARCHITECT COLLABORATIVE) FOR DESIGN OF THE PUBLIC WORKS FACILITY; AND, WALD, RUHNKE & DOST ARCHITECTS LLP FOR DESIGN OF THE ANIMAL SHELTER FACILITY

SUMMARY STATEMENT

At the 2007 edition of the Council/Staff strategic planning and goal-setting workshop, Council received a presentation from staff regarding the Town's future space needs. After extensive discussion, the Town Council took several related actions, including the following:

----Authorized staff to proceed with the development and issuance of a Request For Proposals/Request For Qualifications (RFP/RFQ) for the purpose of retaining architectural firms for the design of a Town Hall Expansion Facility, Public Works/Corporate Yard and new Animal Shelter Facility; and,

----Authorized staff to commence the process of issuing redevelopment tax allocation bonds for the Publics Works and Animal Shelter facilities and Certificates of Participation for the Town Hall expansion facility

As a result of the above actions and direction by Council, staff developed and issued on April 2, 2007 an RFP/RFQ document for all three facilities for the purpose of recruiting and recommending for selection architectural and engineering firms for all three facilities.

Recommended Action:

1. That the Town Council award the attached Professional Services Agreement for design services related to the Town Hall Expansion Facility to Dougherty & Dougherty Architects LLP in the amount of $810,560 and authorize its execution; and,
2. That the Town Council award the attached Professional Services Agreement for design services related the Public Works Facility to Adrian Gaus Architects, Inc., (for AC-6 Architect Collaborative) in the amount of $579,700 and authorize its execution; and
3. That the Town Council award the attached Professional Services Agreement for design services related to the Animal Shelter Facility to Wald, Ruhnke & Dost Architects LLP in the amount of $670,000 and authorize its execution.
4. That the Town Council authorize and direct staff to develop and issue a Request For Proposals/Request For Qualifications (RFP/RFQ) for construction management services for the Town Hall Expansion, Public Works/Corporate Yard Facility and Animal Shelter Facility as described herein.

Proposed by: Director of Economic & Community Development **Item Number** _____

T. M. Approval: _____ **Budgeted Item** ☒ **Yes** ☐ **No** ☐ **N/A**

Council Meeting Date: 07/10/07

15-1

The Town Council/Agency Board followed up this action on May 8, 2007 by approving the issuance of redevelopment tax allocation bonds in the amount of $13,500.000 for the public works and animal shelter facilities and $15,500,000 in Certificates of Participation for the Town Hall expansion facility. The seemingly never ending document preparation process is still under way but, for all intents and purposes, the required funds are available to begin the process of designing and constructing the above referenced facilities. It is noted that the Town has three years from July 11, 2007 to expend these funds. Failing to do so will require the time and expense of refunding these bonds and reducing the amount of funds available for facility design and construction.

The Town RFP/RFQ document was issued on April 2, 2007, with the document containing a submission deadline of April 27, 2007. As part of this process, staff sent out the RFP/RFQ document to 109 architectural firms and received 12 responses for the Town Hall expansion project, 9 responses for the public works facility and 8 responses from firms proposing design services for the animal shelter facility. The 29 responses received, including sealed envelopes containing the respondents' fee proposals, were then provided to a Review Panel consisting of the Deputy Town Manager, the Director of Public Services, the Director of Finance, the Director of Municipal Services and the Director of Economic and Community Development.

Each member of the Review Panel was required to independently review, evaluate and rate for further consideration the responses to the RFP/RFQ document. After this process was completed, the Review Panel convened to discuss the responses received, share and combine rating information and to determine which firms would be invited to face-to-face interviews. A total of 9 firms were invited to 10 interviews (some firms submitted responses for more than one facility) which took place on June 20, 21 and 22, respectively. Once the interview process was completed, the firms interviewed were, once again, rated to determine which firms would continue further in the competition. Subsequent to the interviews and the rating of same, the Review Panel opened the sealed fee proposals to further aid in selecting one or more firms for the proposed buildings in question.

After the interviews and evaluation of the fee proposals, three firms, Dougherty & Dougherty Architects LLP, AC-6 Architect Collaborative and Wald Ruhnke and Dost Architects LLP were invited to scheduled negotiation sessions with the Review Panel. These meetings took place on June 27 and 28, 2007. In addition to discussing the fee proposals and project budgets in detail, each of the three firms listed had been provided a copy of the Town of Apple Valley Professional Services Agreement boilerplate and insurance requirements so as to ensure, to the extent possible, these matters, and related documentation, could be placed on the Town Council's July 10, 2007 agenda (there will be no second regularly scheduled Town Council meeting for the month of July). Since time is of the essence, having the Council award the attached professional services agreements on July 10, 2007 rather than thirty-days later will greatly assist in keeping these projects on schedule.

As such, and based upon the foregoing, staff recommends adoption of form motions 1, 2 and 3.

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this 10th day of July, 2007, by and between THE TOWN OF APPLE VALLEY, a Municipal Corporation (hereinafter referred to as "TOWN") and Dougherty + Dougherty Architects LLP, (hereinafter referred to as "CONSULTANT").

WHEREAS, Town, desires to retain Consultant for the purpose of the design of a new Town Hall Facility and 3,500 square foot office/maintenance building pursuant to a Request for Proposals/Request for Qualifications (RFP/RFQ) issued by Town; and

WHEREAS, Consultant has represented to Town that Consultant has the knowledge, skills, resources and experience that qualify Consultant to provide said services for the Town, including related and accompanying studies, reports and all other matters described herein and any attachments hereto, including, but not limited to, the matters described in Request for Proposals/Request for Qualifications and Consultant's response to such RFP/RFQ (including but not limited to the Scope of Services and Schedule of Performance), contained in Exhibit A, attached hereto and incorporated herein by this reference; and

WHEREAS, based upon the representations of Consultant, Town desires to retain the services of Consultant which shall at all times faithfully, competently and to the best of its ability, experience, and talent, perform all tasks described herein in consideration for payment to Consultant of the fees herein described, contained in Exhibit B attached hereto and incorporated herein by this reference and in consideration of the further covenants, conditions and provisions hereinafter set forth: and,

NOW, THEREFORE, Town and Consultant mutually agree as follows:

1. The Town hereby retains Consultant to provide the services herein described, and Consultant hereby agrees to perform and be responsible for the performance of the professional services as set forth in the scope of services in Exhibit A, attached hereto.

2. Payment to Consultant by the Town of the fees described in Exhibit B for the work described in the scope of services shall be billed monthly for services and work completed. The Town will pay Consultant a fee not to exceed a maximum of eight-hundred, ten thousand, five hundred, sixty dollars ($810,560). Payment requested for work not within the scope of this Agreement will not be honored or paid unless such extra work and payment is authorized in writing by the Director of Economic and Community Development (hereinafter referred to as "Director"), subject to the provisions of Paragraph 6, hereof. Increases or decreases in task requirements, changes in product format or detail, or new task requirements shall be approved in advance in writing by the Director. The Town, through the Director, reserves the right to direct any changes in the order of performance of any of the task requirements referenced or set forth in the proposal and/or Scope of Services; and where deemed to

be in the best interests of the Town, the Director may direct termination of the performance of any task, or any portion thereof; in the event of such termination, Consultant shall be paid only for the work performed prior to the effective date of said termination. The provision in this paragraph shall not be construed to authorize the Director to approve payments for extra work which result in exceeding the total sum authorized by this contract without the prior approval of the Town Council.

3. Consultant shall invoice the Town monthly in accordance with a work and payment schedule, approved in advance by the Director. Said invoices shall include the work performed by task, rate, and a task progress status report in a form and with such additional information satisfactory to said Director. Payments to consultant for approved work and accepted submitted products shall not be unreasonably withheld and under no circumstance shall be delayed for work performed beyond 60 days from receipt of invoices without prior notification to Consultant of the reasons for withheld payments.

4. The Town has an interest in the qualifications of and capabilities of the person and entities who will fulfill the duties and obligations imposed upon Consultant by this Agreement. No assignment of this Agreement or of any rights hereunder, and no delegation of any performance or obligation of performance hereunder shall be made, either in whole or in part, by Consultant without the prior written consent of the Town. Consultant has or will provide all personnel required to perform services under this Agreement. All subcontractors or sub-consultants to be secured by Consultant must have the prior written approval of the Town through the Director. All of the services will be performed by Consultant, or under its supervision, and all personnel engaged in the work shall be fully qualified and shall be authorized and permitted under State and local laws to perform such services, and shall be subject to the written acceptance of the Director.

5. Upon completion of each phase of work, Consultant shall submit to the Town a status report on the services performed thus far. Consultant will also timely provide any "deliverables" completed during that phase.

6. Town may request Consultant to perform additional services not contemplated by the Scope of Services. Prior to the commencement of such additional services, the exact nature of such services and the cost to the Town thereof shall be set forth in a written agreement signed by the parties hereto.

7. Consultant shall complete the Scope of Services so as to allow for completion of the entire project. Consultant acknowledges, and the parties specifically agree that time is of the essence in the performance of the services required to be performed under this Agreement. Consultant will complete the task requirements to meet the schedule, which shall be provided thirty (30) days from the Effective Date of the Agreement signed by all parties. The schedule, when completed, will become part of this agreement and will be identified as Exhibit D, attached hereto, subject to such schedule alterations by the Director as are permitted herein.

8. At the completion or termination of this Agreement, all data, studies, and any other information, work products, memoranda, documents or writings, created or generated in connection with the performance of this Agreement belong to and shall be delivered to the Town for its keeping, by delivery of same to the Director. Consultant may retain copies of these materials for its use or purposes.

9. Consultant will perform the services set out in this Agreement, or will cause performance of said services to occur as contemplated herein in accordance with the generally accepted standards for performing similar professional services within the State. Town has relied on Consultant's representations for quality and professional work as an inducement to enter into this Agreement.

10. The Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Consultant is in default for cause under the terms of this Agreement, Town shall have no obligation or duty to continue compensating Consultant for any work performed after the date of default and can terminate this Agreement immediately by written notice to the Consultant. If such failure by the Consultant to make progress in the performance of work hereunder arises out of causes beyond the Consultant's control, and without fault or negligence of the Consultant, it shall not be considered a default.

If the Town Manager or his designee determines that the Consultant is in default in the performance of any of the terms or conditions of this Agreement, the Town Manager shall cause to be served upon the Consultant a written notice of the default. The Consultant shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that the Consultant fails to cure its default within such period of time, the Town shall have the right, notwithstanding any other provision of this Agreement to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

11. The failure of the Town to insist upon the strict performance of any of the provisions of this Agreement, or failure to exercise any other right, option or remedy hereby reserved or as permitted by law, shall not be construed as a waiver for the future of any such provisions, right, option, or remedy, or as a waiver of any subsequent breach thereof.

12. The Town may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the Town suspends or terminates a portion of this Agreement such suspension or termination shall not make void or invalidate the remainder of this Agreement.

In the event this Agreement is terminated pursuant to this Section, the Town shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to the Town. Upon termination of the Agreement pursuant to this Section, the Consultant will submit an invoice to the Town.

13. Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by Town that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of Town or its designees at reasonable times to such books and records; shall give Town the right to examine and audit said books and records; shall permit Town to make transcripts therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

14. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the Town and may be used, reused, or otherwise disposed of by the Town without the permission of the Consultant. With respect to computer files, Consultant shall make available to the Town, at the Consultant's office and upon reasonable written request by the Town, the necessary computer software and hardware for purposes of accessing, compiling, transferring, and printing computer files.

15. Consultant is and shall at all times remain as to the Town a wholly independent Consultant. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither Town nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the Town. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against Town, or bind Town in any manner.

16. No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, Town shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for Town. Town shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

17. Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as, but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that
party may later designate by notice:

Director of Economic and Community Development
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

Notice to Consultant shall be sufficient if sent to:

Dougherty + Dougherty Architects LLP
Betsey Olenick Dougherty, Partner in Charge
3194D Airport Loop
Costa Mesa, CA 92626

Each party hereto may change the address at which it receives written notice by so notifying the other party in writing.

18. The Director, or representative, shall represent the Town in all matters pertaining to the administration of this Agreement, including without limitation, attending all necessary meetings and conferences, and review and approval of all products submitted by Consultant, but not including the authority to enlarge the scope of work or increase the compensation due Consultant; although Consultant shall be responsible for coordination of all necessary meetings and conferences, and will coordinate all public information and participation activities.

19. No information, including photographs, public announcements or confirmation of same, or any part of the subject matter of this Agreement or any phase of any program hereunder shall be made public without prior approval of the Director.

20. It is agreed and understood that Consultant will not be engaged in private work projects in the project work area while Consultant is employed by the Town. The "project work area" for purposes of this paragraph includes the area of the proposed project and the surrounding vicinity which may be significantly impacted by the proposed work hereunder. In any event, Consultant shall not engage in any private work which would constitute a conflict of interest with respect to the services performed under this Agreement.

21. Consultant shall defend (with attorneys approved by Town), hold harmless and indemnify the Town, its officers, employees and agents against liability (whether bodily injury, including death, and/or property damage and/or any other losses, claims, damages, actions or judgments) including attorney's fees and costs arising or alleged to arise out of the wrongful, negligent, reckless acts, omission of or willful misconduct of Consultant or its officers, agents, employees, subcontractors or representatives in the performance of this Agreement.

22. As a condition precedent to the effectiveness of this Agreement, and in partial performance of Consultant's obligations hereunder, Consultant, at its expense, shall deliver to Town for approval, certificates or policies of insurance as required in Exhibit C, attached hereto.

The Town shall also be named as an additional insured under said policy or policies of liability insurance, which insurance shall be primary and not contributing with any other liability insurance available to the Town. Consultant and its insurance carrier shall be required to inform the Town in writing of any change, expiration, cancellation or renewal of any insurance policy or policies within 30 days prior to the effective date
thereof, and where applicable, an appropriate rider or addition shall be made to said policy relating thereto acceptable to the Town; and if any insurance required herein is cancelled or reduced in coverage, Consultant shall promptly provide replacement coverage acceptable to the Town.

23. Should any section or any part of this Agreement be rendered void, invalid or unenforceable by any court of law, any such final determination shall not render void, invalid or unenforceable any other sections or portions of this Agreement unless the Town determines in writing that its purpose cannot be accomplished by the remaining provisions not so invalidated.

24. This Agreement has been made and entered into in the State of California, and the laws of the State of California shall govern the validity and interpretation hereof and the performance hereunder.

25. This Agreement contains the entire understanding of the parties, and there are no further or other Agreements or understandings, written or oral, in effect between the parties hereto relating to the subject matter hereof, and any prior understanding or Agreement of the parties shall not be binding unless set forth herein, and, except to the extent expressly provided for herein, no amendments of this Agreement may be made without the written agreement signed by both parties hereto.

26. Should litigation or arbitration occur between the parties hereto relating to the provisions of this Agreement, all reasonable litigation or arbitration expenses and costs, including reasonable attorney's fees incurred by the prevailing party shall be paid by the non-prevailing party to the prevailing party.

27. Consultant represents that it has all personnel required in performing the services under this Agreement. All such personnel shall be fully qualified, and, where applicable, shall be licensed or otherwise authorized under State and local law to perform such services. The Consultant shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to the Agreement. The Consultant shall at all times observe and comply with all such laws and regulations. The Town and its officers and employees, shall not be liable at law or equity occasioned by failure of the Consultant to comply with this Section.

28. Consultant shall not be liable for delays in the performance of this Agreement caused solely by acts of God or similar events beyond the control of Consultant, unless said events could have been foreseen or said delay or any portion thereof could have been avoided.

29. Consultant shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, age or national origin. Consultant shall take appropriate action to ensure that applicants are employed and that employees are treated during their employment without regard to their race, religion, color, sex, age or national origin. Such action shall include, but not be limited to, employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Consultant shall comply with all applicable Federal laws and Executive Orders and relevant orders of the Secretary of Labor, with all State and local laws and affirmative action compliance programs and other applicable rules and regulations of all government and administrative agencies relating to any and all performance under this Agreement.

30. Consultant declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of the Town in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the Town will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the Town to any and all remedies at law or in equity.

31. No member, officer, or employee of Town, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

32. All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without

Town's prior written authorization. Consultant, its officers, employees, agents, or subconsultants, shall not without written authorization from the Town Manager or unless requested by the Town Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the Town. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives Town notice of such court order or subpoena.

33. Consultant shall promptly notify Town should Consultant, its officers, employees, agents, or subconsultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request, court order, or subpoena from any person or party regarding this Agreement and the work performed thereunder or with respect to any project or property located within the Town. Town retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing, or similar proceeding. Consultant agrees to cooperate fully with Town and to provide the opportunity to review any response to discovery requests provided by Consultant. However, Town's right to review any such response does not imply or mean the right by Town to control, direct, or rewrite said response.

34. The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the Town. Because of the personal nature of the services to be rendered pursuant to this Agreement, only Dougherty + Dougherty, Architects LLP shall perform the services described in this Agreement.

Dougherty + Dougherty, Architects LLP may use assistants, under its direct supervision, to perform some of the services under this Agreement. Consultant shall provide Town fourteen (14) days' notice prior to the departure of any employee subcontractor from Consultant's employ assigned to this agreement as of its Effective Date. Should he/she leave Consultant's employ, the Town shall have the option to immediately terminate this Agreement, within three (3) days of the close of said notice period. Upon termination of this Agreement, Consultant's sole compensation shall be payment for actual services performed up to, and including, the date of termination or as may be otherwise agreed to in writing between the Town and the Consultant.

35. This Agreement binds Consultant, and its successors and assigns, although this paragraph shall not be construed as permitting any assignment, subletting or transfer of any interest, rights or obligations of Consultant under this Agreement without the prior written consent of the Town. This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this

Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

36. Town and Consultant agree that time is of the essence in this Agreement. Town and Consultant further agree that Consultant's failure to perform on or at the times set forth in this Agreement will damage and injure Town, but the extent of such damage and injury is difficult or speculative to ascertain. Consequently, Town and Consultant agree that any failure to perform by Consultant at or within the times set forth herein shall result in liquidated damages of three-hundred dollars ($300) per day for each and every day such performance is late. Town and Consultant agree that such sum is reasonable and fair. A performance schedule will be provided to Town thirty (30) days from the Effective Date of the Agreement signed by all parties. Once agreed upon by all parties the performance schedule will become part of this Agreement. The schedule will be reviewed by all parties on a regular basis for update and approval. The liquidated damages will be tied to the regular review and updated schedule. Furthermore, Town and Consultant agree that this Agreement is subject to Government Code Section 53069.85 and that each party hereto is familiar with and understands the obligations of said Section of the Government Code.

37. The person or persons executing the Agreement on behalf of Consultant warrants and represents that he/she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties have executed this Agreement at Apple Valley, California, effective the day and year first above written.

TOWN OF APPLE VALLEY, CALIFORNIA

BY: _____
Honorable Richard Roelle, Mayor

ATTEST:

_____
Mrs. La Vonda M. Pearson Town Clerk

APPROVED AS TO FORM:

_____
Mr. Neal Singer, Town Attorney

APPROVED AS TO CONTENT:

_____
Mr. Bruce Williams, Town Manager

CONSULTANT
Dougherty + Dougherty Architects, LLP

_____
Betsey Olenick Dougherty
Partner in Charge

Town of Apple Valley

Town Hall Facility

Exhibit A

DOUGHERTY • DOUGHERTY ARCHITECTS LLP

Council Meeting Date: 07/10/07

15-12

B. Methodology

The following itemization details our basic services and methodology proposed for the Town Hall New Facility for Expansion for the Town of Apple Valley. It will be extremely important to engage a project committee, consisting of empowered representatives of each constituency. Opportunities for input will encourage an inclusionary process of Town personnel and vested interest representatives. Partners Betsey Olenick Dougherty and Brian Paul Dougherty contribute extensive experience in the facilitation of meetings and forums, and will be actively involved in this process.

Our proposed approach is as follows:

Pre-Design Coordination and Program Analysis
Staff Assigned:
Architect Principal
Architect Project Manager

The initial step in the design process for the new Town Hall Expansion will be to meet with the appropriate Town of Apple Valley representatives for the purpose of:

- Developing the scope of the program;
- Understanding the expectations and anticipated outcome;
- Developing a clear definition of the program, design criteria, program objectives and making subsequent recommendations,
- Refining a detailed project schedule, including the identification of critical dates and their relationship to design approvals and funding;
- Discussing budget limitations;
- Visiting the site, obtaining and reviewing all documentation of existing conditions with assistance from consulting engineers, and
- Evaluating the relationship of the new design to the adjacent facilities.

We believe the key to success is effective and thorough communication between the Town of Apple Valley and all members of the design team to identify issues and to enhance program development, thus allowing the necessary services to proceed effectively and responsively.

This pre-design/programming phase occurs at the beginning of schematic design and includes intensive coordination/interface and progressive regular meetings with Town of Apple Valley representatives. Initially, the meetings establish the guidelines and specific criteria to direct the team's efforts. Thereafter, these meetings provide a continuum to receive information, clarify input, inform project committee members of progress and direction, and allow the Town the opportunity for review and comment. The hours associated with this work are reflected within the Schematic Design fee.

Town of Apple Valley Provided Services

The Town of Apple Valley shall designate representatives, authorized to act in the Town's behalf with respect to the project. A representative committee will be empowered to make decisions on behalf of their respective constituent group. The Town shall also furnish the A/E team with all necessary reference data, which includes, but is not limited to the following:

- Site surveys including the location of all existing improvements, utilities and site features;
- Geotechnical Reports;
- Funding limitations; and,
- Overall schedule goals with critical dates.

The Town of Apple Valley shall be responsible for the review of all documents submitted and render decisions pertaining there to in a reasonably prompt manner, so as to avoid unreasonable delay in the orderly progress of services in order to meet schedule goals. These goals will establish a framework to develop an overall project schedule.

DOUGHERTY DOUGHERTY ARCHITECTS LLP

Schematic Design Phase
Staff Assigned:
Architect Principal
Architect Project Manager
Architectural Designer
Architectural Technical Support Staff
Consulting Engineers

Following initial meetings with committee members, we will discuss a design strategy and respond with optional conceptual plans for discussion. A series of meetings will follow in a collaborative effort to develop responsive designs. Graphic studies will depict alternative proposed design solutions that consider:

- Response of the new design to the existing Town Hall and surrounding community;
- Establishment of priorities in scope to wisely distribute expenditures;
- Examination of program space adjacencies;
- Creation of an imaginative program response;
- Provision of maximum utilization and support for users;
- Analysis of visibility, supervisory, security and life safety issues;
- Analysis of access compliance issues;
- Analysis of mechanical, electrical, technology and plumbing building systems;
- Compatibility with long-term use, maintenance procedures and schedules for utilization;
- Development of digital renderings and plans;
- Creation of a conceptual cost estimate; and,
- Creation of public media for use by the Town of Apple Valley in communicating the schematic design to the broader community.

These plans will be presented and reviewed at proposed Town of Apple Valley committee, commission and Council meetings to gather responses and make subsequent revisions. Reconciliation of the program and budget will be considered at this time. The final plans will serve as a basis for future design development. The initial LEED "Scorecard" will be submitted at the conclusion of this phase if the Town determines this is of benefit to the project.

Development Design Phase
Staff Assigned:
Architect Principal
Architect Project Manager
Architect Job Captain
Architectural Designer
Architectural Technical Support Staff
Cost Estimator
Civil Engineer and Staff
Structural Engineer and Staff
Mechanical/Plumbing Engineer and Staff
Electrical Engineer and Staff
Landscape Architect and Staff

This stage involves delineating the conceptual design into a refined vision, reflecting input from the project committee. Cost implications will be discussed in depth at this time. The architectural solution will illustrate:

- Inherent flexibility in new design and in infrastructure;
- Adjacencies and interior/exterior circulation patterns;
- Solutions to life safety issues;
- The aesthetic supportive articulation of space in response to Town Hall context;
- Potential fixture, furniture and equipment layouts;
- Long-term maintenance, durability and energy efficient design techniques;
- Visual and physical safety and security measures;
- Compliance with Title 24, ADA, and all regulatory requirements; and,
- Development of engineered building systems.

The design development documents will clearly delineate the design solution in three dimensions. They will be presented, along with a statement of probable construction costs, to the Town of Apple Valley representatives for final approval prior to the detailed development of construction documents.

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Construction Documents Phase
Staff Assigned:

Architect Principal
Architect Project Manager
Architectural Job Captain
Architectural Technical Support Staff
Cost Estimator
Civil Engineer and Staff
Structural Engineer and Staff
Mechanical/Plumbing Engineer and Staff
Electrical Engineer and Staff
Landscape Architect and Staff

The construction document phase is a time of intense production on the part of the architectural, landscape architectural, and consulting engineering team. The scope of work is as follows:

- Integration and coordination of all engineered building systems;
- Meeting all code and regulatory requirements;
- Interim submittals for City review as required;
- 95% drawings, specifications, and calculations submitted for plancheck;
- Detailed estimates of probable construction cost submitted;
- LEED and/or Utility Company performance documents filed;
- 100% construction document back check and approval; and
- Preparation for bid.

Following approval the Town will prepare for the bid period. Documents are anticipated to be distributed through the Town of Apple Valley for bidding.

Bidding Phase
Staff Assigned:

Architect Principal
Architect Project Manager
Architectural Technical Support Staff as Required
Consulting Engineers as Required for Inquiries and Addendums

Dougherty + Dougherty will assist the Town of Apple Valley in identifying and encouraging qualified contractors to bid. The architectural and engineering team will respond to questions during the bid or negotiation period and will issue addenda as required. Services include:

- Facilitation of a contractor pre-bid meeting;
- Response to telephone/FAX inquiries;
- Issuance of addenda as required;
- Attendance at the bid opening; and
- Assistance in assessing the bids.

We are experienced in a variety of project delivery methods, including working with construction managers on design-bid-build or multi-prime contracts, and are prepared to support the Town as the project progresses into the construction phase of the work.

DOUGHERTY + DOUGHERTY
ARCHITECTS LLP

Construction Administration Phase

Staff Assigned:

Architect Principal	Civil Engineer and Staff
Architect Project Manager	Structural Engineer and Staff
Architectural Job Captain	Mechanical/Plumbing Engineer and Staff
Architectural Technical Support Staff	Electrical Engineer and Staff
	Landscape Architect and Staff

The architect will provide the Town of Apple Valley with the full scope construction administration support services. Construction period services include:

- Attendance at regular meetings with minutes and task lists;
- Review of submittals and shop drawings;
- Review of and response to all RFI's/RFC's;
- Maintenance of all logs;
- Review of all Pay Requests, with the review of the maintenance of record drawings;
- Review and resolution of all construction related issues and changes to the work;
- Preparation of punch lists and punch list back check;
- Issuing of the Certificate of Substantial Completion; and
- Review and issuing of electronic and hard copy record drawings.

D+D will be actively involved in the review of proposed construction changes, and will represent the Town in contractor negotiations and construction contract resolution. We will also aggressively monitor the construction schedule and require updated schedules and maintained record drawings prior to the approval of contractor requests for payment. The Town will be provided with all warranties and guarantees, and all maintenance manuals, reviewed by the architect and engineers for conformance to the documents. We will be available to assist the Town of Apple Valley with move-in and mobilization, and will also be available for post-occupancy evaluation and warranty issue follow-up as required.

Interior Design Services Option

Dougherty + Dougherty is please to offer in-house services for interior design. The selection of finish materials, window covering and colors is a part of our basic services. Additional interior design services include:

- Selection and specification of fixtures, furniture and equipment;
- Development of furniture plans;
- Assistance in the development of purchase orders;
- Support during bid or for procurement contract piggy-back participation;
- Assistance with delivery and installation; and
- Assistance with move-in and mobilization.

The associated fees for this work will be a direct reflection of the scope as determined.

Dougherty + Dougherty is committed to being your collaborative partner form the beginning of the design and construction process to the delivery of the completed project. Our personal service includes the active participation of the Principals and Project Manager representing the firm. Please feel free to contact our previous clients to confirm this commitment. We look forward to the opportunity to provide this same level of service to the Town of Apple Valley.

DOUGHERTY + DOUGHERTY ARCHITECTS LLP

Town Hall Facility

Exhibit B

DOUGHERTY • DOUGHERTY ARCHITECTS LLP

Council Meeting Date: 07/10/07

15-17

A. ESTIMATED FEE PROPOSAL
Town of Apple Valley
Town Hall New Facility for Expansion
Architectural Design Services
Date: Revised June 29, 2007

D+D Proj. No. 20715.00

The following itemized cost proposal is prepared as a supplement to our proposal of April 27, 2007, revised June 29, 2007.

Hourly rates include direct personnel expense, overhead, and profit. The building is described to be 38,800 s.f. with an estimated Total Project Cost of $11 million dollars. The estimated ratio of the Total Project Budget to the Construction Budget recognizes a factor of 15%. Therefore, the Construction budget is assumed to be $9,350,000 implying the need for a budget/scope reconciliation to reduce the estimated square footage. This fee proposal is based upon the $9,350,000 of available funding, and is to be amended if additional funding becomes available, resulting in a larger project.

Schematic Design Phase (15%) (Includes Pre-Design and Programing)

Architect Principa	40	hrs. x	$160 /hr. =	$6,400
Architect Project Manager	140	hrs. x	$130 /hr. =	$18,200
Architect Job Captain	180	hrs. x	$110 /hr. =	$19,800
Architectural Designer	180	hrs. x	$110 /hr. =	$19,800
Architect Technical	180	hrs. x	$95 /hr. =	$17,100
Civil Engineer	30	hrs. x	$160 /hr. =	$4,800
Structural Engineer	48	hrs. x	$160 /hr. =	$7,680
Mechanical/Plumbing Engineer	32	hrs. x	$140 /hr. =	$4,480
Electrical Engineer	40	hrs. x	$140 /hr. =	$5,600
Landscape Architect	20	hrs. x	$140 /hr. =	$2,800
Cost Estimator	42	hrs. x	$130 /hr. =	$5,460
Subtotal:				$112,120

Design Development Phase (20%)

Architect Principal	20	hrs. x	$160 /hr. =	$3,200
Architect Project Manager	120	hrs. x	$130 /hr. =	$15,600
Architect Job Captain	160	hrs. x	$110 /hr. =	$17,600
Architectural Designer	160	hrs. x	$110 /hr. =	$17,600
Architect Technical	230	hrs. x	$95 /hr. =	$21,850
Civil Engineer	48	hrs. x	$160 /hr. =	$7,680
Civil Tech	48	hrs. x	$90 /hr. =	$4,320
Structural Engineer	70	hrs. x	$160 /hr. =	$11,200
Structural Technical	70	hrs. x	$90 /hr. =	$6,300
Mechanical/Plmbg. Engineer	48	hrs. x	$140 /hr. =	$6,720
Mechanical Technical	48	hrs. x	$90 /hr. =	$4,320
Electrical Engineer	56	hrs. x	$140 /hr. =	$7,840
Electrical Technical	56	hrs. x	$90 /hr. =	$5,040
Landscape Architect	36	hrs. x	$140 /hr. =	$5,040
Landscape Technical	40	hrs. x	$90 /hr. =	$3,600
Cost Estimating	90	hrs. x	$130 /hr. =	$11,700
Subtotal:				$149,610

Construction Documents Phase (40%)

A. **Preparation of Construction Plans and Specifications. (35%)**

Architect Principal	12 hrs. x	$160 /hr. =	$1,920
Architect Project Manager	200 hrs. x	$130 /hr. =	$26,000
Architect Job Captain	400 hrs. x	$110 /hr. =	$44,000
Architect Technical	800 hrs. x	$90 /hr. =	$72,000
Civil Engineer	80 hrs. x	$160 /hr. =	$12,800
Civil Technical	100 hrs. x	$90 /hr. =	$9,000
Structural Engineer	120 hrs. x	$160 /hr. =	$19,200
Structural Technical	160 hrs. x	$90 /hr. =	$14,400
Mechanical/Plmbg. Engineer	90 hrs. x	$140 /hr. =	$12,600
Mechanical Technical	100 hrs. x	$90 /hr. =	$9,000
Electrical Engineer	100 hrs. x	$140 /hr. =	$14,000
Electrical Technical	120 hrs. x	$90 /hr. =	$10,800
Landscape Architect	60 hrs. x	$140 /hr. =	$8,400
Landscape Technica.	60 hrs. x	$90 /hr. =	$5,400
Cost Estimating	120 hrs. x	$130 /hr. =	$15,600
Clerical (Specifications)	40 hrs. x	$80 /hr. =	$3,200
Subtotal:			$278,320

B. **Planchecking/backchecking (5%)**

Architect Project Manager	20 hrs. x	$130 /hr =	$2,600
Architect Job Captain	60 hrs. x	$110 /hr. =	$6,600
Architect Technical	60 hrs. x	$90 /hr. =	$5,400
Civil Engineer	10 hrs. x	$160 /hr. =	$1,600
Structural Engineer	48 hrs. x	$160 /hr. =	$7,680
Mechanical Engineer	16 hrs. x	$140 /hr. =	$2,240
Electrical Engineer	24 hrs. x	$140 /hr. =	$3,360
Landscape Architect	6 hrs. x	$140 /hr. =	$840
Subtotal:			$30,320

Bidding Phase (5%)

A. **Provide bidding support services, including response to inquiries, issue of addenda, attendance at bid opening, and evaluation of bids.**

Architect Principal	4 hrs. x	$160 /hr. =	$640
Architect Project Manager	72 hrs. x	$130 /hr. =	$9,360
Architect Job Captain	60 hrs. x	$110 /hr. =	$6,600
Architect Technical	60 hrs. x	$90 /hr. =	$5,400
Engineering Support	60 hrs. x	$140 /hr. =	$8,400
Subtotal:			$30,400

Construction Administration Phase (20%)

A. Provide construction administration (Includes punchlist and as-builts)

Architect Principal	20 hrs. x	$160 /hr. =	$3,200
Architect Project Manager	380 hrs. x	$130 /hr. =	$49,400
Architect Job Captain	180 hrs. x	$110 /hr. =	$19,800
Architect Technical	170 hrs. x	$95 /hr. =	$16,150
Civil Engineer	54 hrs. x	$160 /hr. =	$8,640
Civil Technica	48 hrs. x	$90 /hr. =	$4,320
Structural Engineer	68 hrs. x	$160 /hr. =	$10,880
Structural Technical	54 hrs. x	$80 /hr. =	$4,860
Mechanical/Plmbg. Engineer	56 hrs. x	$140 /hr. =	$7,840
Mechanical Technical	48 hrs. x	$90 /hr. =	$4,320
Electrical Engineer	60 hrs. x	$140 /hr. =	$8,400
Electrical Technical	48 hrs. x	$90 /hr. =	$4,320
Landscape Architect	24 hrs. x	$140 /hr. =	$3,360
Landscape Technical	16 hrs. x	$90 /hr. =	$1,440
Subtotal:			$146,930
Total Fee			**$747,700**

Interior Design Option (no vested interest relationships with vendors)

Architect Principal/Interior Designer	120 hrs. x	$160 /hr. =	$19,200
Architect Project Manager	32 hrs. x	$130 /hr. =	$4,160
Architect Technical	100 hrs. x	$95 /hr. =	$9,500
Total Estimate (varies related to scope)			$32,860

Notes:

1. Reimbursable expenses for submittals include reproduction and delivery at 1.10 x direct cost (not including reproduction for bid or construction plans). N.T.E. $30,000
2. Fee includes a virtual model, digital renderings, and photographic services.
3. Fee includes 100% electronic documents, plotting, fax, e-mail, and in-house printing for A/E use.
4. Other special consulting services, such as Hazardous Materials Consultant, Food Services Consultant, or Acoustical Consultant are available as additional services as required. It is assumed that the Town will provide contact personnel and contracted vendors for low-voltage technology, security and telephone systems.

EXHIBIT C

INSURANCE REQUIREMENTS

Prior to the beginning of and throughout the duration of the Work, Consultant will maintain insurance in conformance with the requirements set forth below. Consultant will use existing coverage to comply with these requirements. If that existing coverage does not meet the requirements set forth here, Consultant agrees to amend, supplement or endorse the existing coverage to do so. Consultant acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to Town in excess of the limits and coverage required in this agreement and which is applicable to a given loss, will be available to Town.

Consultant shall provide the following types and amounts of insurance:

Commercial General Liability Insurance using Insurance Services Office "Commercial General Liability" policy form CG 00 01 or the exact equivalent. Defense costs must be paid in addition to limits. There shall be no cross liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than $1,000,000 per occurrence.

Business Auto Coverage on ISO Business Auto Coverage form CA 00 01 including symbol 1 (Any Auto) or the exact equivalent. Limits are subject to review, but in no event to be less that $1,000,000 per accident. If Consultant owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If Consultant or Consultant's employees will use personal autos in any way on this project, Consultant shall provide evidence of personal auto liability coverage for each such person.

Workers Compensation on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than $1,000,000 per accident or disease.

Excess or Umbrella Liability Insurance (Over Primary) if used to meet limit requirements, shall provide coverage at least as broad as specified for the underlying coverages. Any such coverage provided under an umbrella liability policy shall include a drop down provision providing primary coverage above a maximum $25,000 self-insured retention for liability not covered by primary but covered by the umbrella. Coverage shall be provided on a "pay on behalf" basis, with defense costs payable in addition to policy limits. Policy shall contain a provision obligating insurer at the time insured's liability is determined, not requiring actual payment by the insured first. There shall be no cross liability exclusion precluding coverage for claims or suits by one insured against

another. Coverage shall be applicable to Town for injury to employees of Consultant, subconsultants or others involved in the Work. The scope of coverage provided is subject to approval of Town following receipt of proof of insurance as required herein. Limits are subject to review but in no event less than $1,000,000 per occurrence.

Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the consultant and "Covered Professional Services" as designated in the policy must specifically include work performed under this agreement. The policy limit shall be no less than $1,000,000 per claim and in the aggregate. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend. The policy retroactive date shall be on or before the effective date of this agreement.

Insurance procured pursuant to these requirements shall be written by insurers that are admitted carriers in the state of California and with an A.M. Bests rating of A- or better and a minimum financial size VII.

General conditions pertaining to provision of insurance coverage by Consultant. Consultant and Town agree to the following with respect to insurance provided by Consultant:

1. Consultant agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insureds Town, its officials, employees and agents, using standard ISO endorsement No. CG 2010 with an edition prior to 1992. Consultant also agrees to require all contractors, and subcontractors to do likewise.

2. No liability insurance coverage provided to comply with this Agreement shall prohibit Consultant, or Consultant's employees, or agents, from waiving the right of subrogation prior to a loss. Consultant agrees to waive subrogation rights against Town regardless of the applicability of any insurance proceeds, and to require all contractors and subcontractors to do likewise.

3. All insurance coverage and limits provided by Contractor and available or applicable to this agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to the Town or its operations limits the application of such insurance coverage.

4. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to Town and approved of in writing.

5. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any contractor or subcontractor.

6. All coverage types and limits required are subject to approval, modification and additional requirements by the Town, as the need arises. Consultant shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect Town's protection without Town's prior written consent.

7. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to Consultant's general liability policy, shall be delivered to Town at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, Town has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium. Any premium so paid by Town shall be charged to and promptly paid by Consultant or deducted from sums due Consultant, at Town option.

8. Certificate(s) are to reflect that the insurer will provide 30 days notice to Town of any cancellation of coverage. Consultant agrees to require its insurer to modify such certificates to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, or that any party will "endeavor" (as opposed to being required) to comply with the requirements of the certificate.

9. It is acknowledged by the parties of this agreement that all insurance coverage required to be provided by Consultant or any subcontractor, is intended to apply first and on a primary, non-contributing basis in relation to any other insurance or self insurance available to Town.

10. Consultant agrees to ensure that subcontractors, and any other party involved with the project who is brought onto or involved in the project by Consultant, provide the same minimum insurance coverage required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the project will be submitted to Town for review.

11. Consultant agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any contractor, subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of work on the project contemplated by this agreement to self-insure its obligations to Town. If Consultant's existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to the Town. At that time the Town shall review options with the Consultant, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.

12. The Town reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the Town will negotiate additional compensation proportional to the increased benefit to Town.

13. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.

14. Consultant acknowledges and agrees that any actual or alleged failure on the part of Town to inform Consultant of non-compliance with any insurance requirement in no way imposes any additional obligations on Town nor does it waive any rights hereunder in this or any other regard.

15. Consultant will renew the required coverage annually as long as Town, or its employees or agents face an exposure from operations of any type pursuant to this agreement. This obligation applies whether or not the agreement is canceled or terminated for any reason. Termination of this obligation is not effective until Town executes a written statement to that effect.

16. Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Consultant's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the

renewing or new coverage must be provided to Town within five days of the expiration of the coverages.

17. The provisions of any workers' compensation or similar act will not limit the obligations of Consultant under this agreement. Consultant expressly agrees not to use any statutory immunity defenses under such laws with respect to Town, its employees, officials and agents.

18. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.

19. These insurance requirements are intended to be separate and distinct from any other provision in this agreement and are intended by the parties here to be interpreted as such.

20. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

21. Consultant agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge Town or Consultant for the cost of additional insurance coverage required by this agreement. Any such provisions are to be deleted with reference to Town. It is not the intent of Town to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against Town for payment of premiums or other amounts with respect thereto.

Consultant agrees to provide immediate notice to Town of any claim or loss against Consultant arising out of the work performed under this agreement. Town assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve Town.

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this 10th day of July, 2007, by and between THE TOWN OF APPLE VALLEY, a Municipal Corporation (hereinafter referred to as "TOWN") and Adrian•Gaus Architects, Incorporated, (hereinafter referred to as "CONSULTANT").

WHEREAS, Town, desires to retain Consultant for the purpose of the design of a new purpose built Public Works Facility as defined in the Request for Proposals/Request for Qualifications issued by; and

WHEREAS, Consultant has represented to Town that Consultant has the knowledge, skills, resources and experience that qualify Consultant to provide said services for the Town, including related and accompanying studies, reports and all other matters described herein and any attachments hereto, including, but not limited to, the matters described in Request for Proposals/Request for Qualifications and Consultant's response to such RFP/RFQ (including but not limited to the Scope of Services and Schedule of Performance), contained in Exhibit A, attached hereto and incorporated herein by this reference; and

WHEREAS, based upon the representations of Consultant, Town desires to retain the services of Consultant which shall at all times faithfully, competently and to the best of its ability, experience, and talent, perform all tasks described herein in consideration for payment to Consultant of the fees herein described, contained in Exhibit B attached hereto and incorporated herein by this reference and in consideration of the further covenants, conditions and provisions hereinafter set forth: and,

NOW, THEREFORE, Town and Consultant mutually agree as follows:

1. The Town hereby retains Consultant to provide the services herein described, and Consultant hereby agrees to perform and be responsible for the performance of the professional services as set forth in the scope of services in Exhibit A, attached hereto.

2. Payment to Consultant by the Town of the fees described in Exhibit B for the work described in the Scope of Services shall be billed monthly for services and work completed. The Town will pay Consultant a fee not to exceed a maximum of five-hundred, forty-eight thousand, eight-hundred dollars ($548,800). Payment requested for work not within the scope of this Agreement will not be honored or paid unless such extra work and payment is authorized in writing by the Director of Public Services (hereinafter referred to as "Director"), subject to the provisions of Paragraph 6, hereof. Increases or decreases in task requirements, changes in product format or detail, or new task requirements shall be approved in advance in writing by the Director. The Town, through the Director, reserves the right to direct any changes in the order of performance of any of the task requirements referenced or set forth in the proposal and/or Scope of Services; and where deemed to be in the best interests of

the Town, the Director may direct termination of the performance of any task, or any portion thereof; in the event of such termination, Consultant shall be paid only for the work performed prior to the effective date of said termination. The provision in this paragraph shall not be construed to authorize the Director to approve payments for extra work which result in exceeding the total sum authorized by this contract without the prior approval of the Town Council.

3. Consultant shall invoice the Town monthly in accordance with a work and payment schedule, approved in advance by the Director. Said invoices shall include the work performed by task, rate, and a task progress status report in a form and with such additional information satisfactory to said Director. Payments to consultant for approved work and accepted submitted products shall not be unreasonably withheld and under no circumstance shall be delayed for work performed beyond 60 days from receipt of invoices without prior notification to Consultant of the reasons for withheld payments.

4. The Town has an interest in the qualifications of and capabilities of the person and entities who will fulfill the duties and obligations imposed upon Consultant by this Agreement. No assignment of this Agreement or of any rights hereunder, and no delegation of any performance or obligation of performance hereunder shall be made, either in whole or in part, by Consultant without the prior written consent of the Town. Consultant has or will provide all personnel required to perform services under this Agreement. All subcontractors or sub-consultants to be secured by Consultant must have the prior written approval of the Town through the Director. All of the services will be performed by Consultant or under its supervision, and all personnel engaged in the work shall be fully qualified and shall be authorized and permitted under State and local laws to perform such services, and shall be subject to the written acceptance of the Director.

5. Upon completion of each phase of work, Consultant shall submit to the Town a status report on the services performed thus far. Consultant will also timely provide any "deliverables" completed during that phase.

6. Town may request Consultant to perform additional services not contemplated by the Scope of Services. Prior to the commencement of such additional services, the exact nature of such services and the cost to the Town thereof shall be set forth in a written agreement signed by the parties hereto.

7. Consultant shall complete the Scope of Services so as to allow for completion of the entire project. Consultant acknowledges, and the parties specifically agree that time is of the essence in the performance of the services required to be performed under this Agreement. Consultant will complete the task requirements to meet the schedule, which shall be provided thirty (30) days from the Effective Date of the Agreement signed by all parties. The schedule, when completed, will become part of this Agreement and will be identified as Exhibit D, attached hereto, subject to such schedule alterations by the Director as are permitted herein.

8. At the completion or termination of this Agreement, all data, studies, and any other information, work products, memoranda, documents or writings, created or generated in connection with the performance of this Agreement belong to and shall be delivered to the Town for its keeping, by delivery of same to the Director. Consultant may retain copies of these materials for its use or purposes.

9. Consultant will perform the services set out in this Agreement or will cause performance of said services to occur as contemplated herein in accordance with the generally accepted standards for performing similar professional services within the State. Town has relied on Consultant's representations for quality and professional work as an inducement to enter into this Agreement.

10. The Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Consultant is in default for cause under the terms of this Agreement, Town shall have no obligation or duty to continue compensating Consultant for any work performed after the date of default and can terminate this Agreement immediately by written notice to the Consultant. If such failure by the Consultant to make progress in the performance of work hereunder arises out of causes beyond the Consultant's control, and without fault or negligence of the Consultant, it shall not be considered a default.

If the Town Manager or his designee determines that the Consultant is in default in the performance of any of the terms or conditions of this Agreement, the Town Manager shall cause to be served upon the Consultant a written notice of the default. The Consultant shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that the Consultant fails to cure its default within such period of time, the Town shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

11. The failure of the Town to insist upon the strict performance of any of the provisions of this Agreement, or failure to exercise any other right, option or remedy hereby reserved or as permitted by law, shall not be construed as a waiver for the future of any such provisions, right, option, or remedy, or as a waiver of any subsequent breach thereof.

12. The Town may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the Town suspends or terminates a portion of this Agreement, such suspension or termination shall not make void or invalidate the remainder of this Agreement.

In the event this Agreement is terminated pursuant to this Section, the Town shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to the Town. Upon termination of the Agreement pursuant to this Section, the Consultant will submit an invoice to the Town.

13. Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by Town that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of Town or its designees at reasonable times to such books and records; shall give Town the right to examine and audit said books and records; shall permit Town to make transcripts therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

14. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the Town and may be used, reused, or otherwise disposed of by the Town without the permission of the Consultant. With respect to computer files, Consultant shall make available to the Town, at the Consultant's office and upon reasonable written request by the Town, the necessary computer software and hardware for purposes of accessing, compiling, transferring, and printing computer files.

15. Consultant is and shall at all times remain as to the Town a wholly independent Consultant. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither Town nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the Town. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against Town, or bind Town in any manner.

16. No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, Town shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for Town. Town shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

17. Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as, but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that
party may later designate by notice:

Director of Public Services
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

Notice to Consultant shall be sufficient if sent to:

Adrian•Gaus Architects, Incorporated
Xavier Rene Adrian, Principal
300 East State Street, Suite 620
Redlands, CA 92373

Each party hereto may change the address at which it receives written notice by so notifying the other party in writing.

18. The Director, or representative, shall represent the Town in all matters pertaining to the administration of this Agreement, including without limitation, attending all necessary meetings and conferences, and review and approval of all products submitted by Consultant, but not including the authority to enlarge the scope of work or increase the compensation due Consultant; although Consultant shall be responsible for coordination of all necessary meetings and conferences, and will coordinate all public information and participation activities.

19. No information, including photographs, public announcements or confirmation of same, or any part of the subject matter of this Agreement or any phase of any program hereunder shall be made public without prior approval of the Director.

20. It is agreed and understood that Consultant will not be engaged in private work projects in the project work area while Consultant is employed by the Town. The "project work area" for purposes of this paragraph includes the area of the proposed project and the surrounding vicinity which may be significantly impacted by the proposed work hereunder. In any event, Consultant shall not engage in any private work which would constitute a conflict of interest with respect to the services performed under this Agreement.

21. Consultant shall defend (with attorneys approved by Town and Town's approval shall not be unreasonably withheld), hold harmless and indemnify the Town, its officers, employees and agents against liability (whether bodily injury, including death, and/or property damage and/or any other losses, claims, damages, actions or judgments) including attorney's fees and costs arising or alleged to arise out of the wrongful, negligent, reckless acts, omission of or willful misconduct of Consultant or its officers, agents, employees, subcontractors or representatives in the performance of this Agreement.

22. As a condition precedent to the effectiveness of this Agreement, and in partial performance of Consultant's obligations hereunder, Consultant, at its expense, shall deliver to Town for approval, certificates or policies of insurance as required in Exhibit C, attached hereto.

The Town shall also be named as an additional insured under said policy or policies of liability insurance, which insurance shall be primary and not contributing with any other liability insurance available to the Town. Consultant and its insurance carrier shall be required to inform the Town in writing of any change, expiration, cancellation or renewal of any insurance policy or policies within 30 days prior to the effective date
thereof, and where applicable, an appropriate rider or addition shall be made to said policy relating thereto acceptable to the Town; and if any insurance required herein is cancelled or reduced in coverage, Consultant shall promptly provide replacement coverage acceptable to the Town.

23. Should any section or any part of this Agreement be rendered void, invalid or unenforceable by any court of law, any such final determination shall not render void, invalid or unenforceable any other sections or portions of this Agreement unless the Town determines in writing that its purpose cannot be accomplished by the remaining provisions not so invalidated.

24. This Agreement has been made and entered into in the State of California, and the laws of the State of California shall govern the validity and interpretation hereof and the performance hereunder.

25. This Agreement contains the entire understanding of the parties, and there are no further or other Agreements or understandings, written or oral, in effect between the parties hereto relating to the subject matter hereof, and any prior understanding or Agreement of the parties shall not be binding unless set forth herein, and, except to the extent expressly provided for herein, no amendments of this Agreement may be made without the written agreement signed by both parties hereto.

26. Should litigation or arbitration occur between the parties hereto relating to the provisions of this Agreement, all reasonable litigation or arbitration expenses and costs, including reasonable attorney's fees incurred by the prevailing party shall be paid by the non-prevailing party to the prevailing party.

27. Consultant represents that it has all personnel required in performing the services under this Agreement. All such personnel shall be fully qualified, and, where applicable, shall be licensed or otherwise authorized under State and local law to perform such services. The Consultant shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to the Agreement. The Consultant shall at all times observe and comply with all such laws and regulations. The Town and its officers and employees, shall not be liable at law or equity occasioned by failure of the Consultant to comply with this Section.

28. Consultant shall not be liable for delays in the performance of this Agreement caused solely by acts of God or similar events beyond the control of Consultant, unless said events could have been foreseen or said delay or any portion thereof could have been avoided.

29. Consultant shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, age or national origin. Consultant shall take appropriate action to ensure that applicants are employed and that employees are treated during their employment without regard to their race, religion, color, sex, age or national origin. Such action shall include, but not be limited to, employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Consultant shall comply with all applicable Federal laws and Executive Orders and relevant orders of the Secretary of Labor, with all State and local laws and affirmative action compliance programs and other applicable rules and regulations of all government and administrative agencies relating to any and all performance under this Agreement.

30. Consultant declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of the Town in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the Town will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the Town to any and all remedies at law or in equity.

31. No member, officer, or employee of Town, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

32. All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without Town's prior written authorization. Consultant, its officers, employees, agents, or subconsultants, shall not without written authorization from the Town Manager or unless requested by the Town Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the Town. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives Town notice of such court order or subpoena.

33. Consultant shall promptly notify Town should Consultant, its officers, employees, agents, or subconsultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request, court order, or subpoena from any person or party regarding this Agreement and the work performed thereunder or with respect to any project or property located within the Town. Town retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing, or similar proceeding. Consultant agrees to cooperate fully with Town and to provide the opportunity to review any response to discovery requests provided by Consultant. However, Town's right to review any such response does not imply or mean the right by Town to control, direct, or rewrite said response.

34. The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the Town. Because of the personal nature of the services to be rendered pursuant to this Agreement, only Adrian•Gaus Architects, Incorporated shall perform the services described in this Agreement.

Adrian•Gaus Architects, Incorporated may use assistants, under its direct supervision, to perform some of the services under this Agreement. Consultant shall provide Town fourteen (14) days' notice prior to the departure of any employee or subcontractor from Consultant's employ assigned to this Agreement as of its Effective Date. Should he/she leave Consultant's employ, the Town shall have the option to immediately terminate this Agreement, within three (3) days of the close of said notice period. Upon termination of this Agreement, Consultant's sole compensation shall be payment for actual services performed up to, and including, the date of termination or as may be otherwise agreed to in writing between the Town and the Consultant.

35. This Agreement binds Consultant, and its successors and assigns, although this paragraph shall not be construed as permitting any assignment, subletting or transfer of any interest, rights or obligations of Consultant under this Agreement without the prior written consent of the Town. This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this

Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

36. Town and Consultant agree that time is of the essence in this Agreement. Town and Consultant further agree that Consultant's failure to perform on or at the times set forth in this Agreement will damage and injure Town, but the extent of such damage and injury is difficult or speculative to ascertain. Consequently, Town and Consultant agree that any failure to perform by Consultant at or within the times set forth herein shall result in liquidated damages of three-hundred dollars ($300) per day for each and every day such performance is late. Town and Consultant agree that such sum is reasonable and fair. A performance schedule will be provided to Town thirty (30) days from the Effective Date of the Agreement signed by all parties. Once agreed upon by all parties the performance schedule will become part of this Agreement. Furthermore, Town and Consultant agree that this Agreement is subject to Government Code Section 53069.85 and that each party hereto is familiar with and understands the obligations of said Section of the Government Code.

37. The person or persons executing the Agreement on behalf of Consultant warrants and represents that he/she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties have executed this Agreement at Apple Valley, California, effective the day and year first above written.

TOWN OF APPLE VALLEY, CALIFORNIA

BY:_____
Honorable Richard Roelle, Mayor

ATTEST:

_____
Mrs. La Vonda M. Pearson Town Clerk

APPROVED AS TO FORM:

_____
Mr. Neal Singer, Town Attorney

APPROVED AS TO CONTENT:

_____
Mr. Bruce Williams, Town Manager

CONSULTANT
Adrian•Gaus Architects, Incorporated

_____
Herta Maria Gaus, President

_____
Xavier Rene Adrian, Secretary

Town of Apple Valley

Public Works Facility

Exhibit A

Adrian • Gaus Architects

Council Meeting Date: 07/10/07

15-36

Armentrout Architects
Adrian·Gaus Architects
Bonney Architects
Mc Naughton Architects

April 27, 2007

Town of Apple Valley
Office of the Deputy Town Manager
14955 Dale Evans Parkway
Apple Valley, CA 92307

Attention: Patty Saady, Deputy Town Manger

Regarding: Proposed Architectural Fee for
Architectural and Engineering Services for the
New Public Works Facility

Dear Ms. Saady:

Once the program has been defined, it will be easier to assess the scope of services required and determine a corresponding fee. At this time we are basing our proposed fee on an estimated construction cost of seven million five hundred dollars and the fee calculation on the old State Fee Schedule (see Attachments A and B).

- Construction Estimate $7,500,000
- Architectural/ Engineering Fees $537,500
- Reimbursables not to exceed: $11,300

We will be happy to work with the Town in negotiating a final fee once the scope has been defined.

Sincerely yours,

Xavier Adrian
Principal
Adrian•Gaus Architects, Inc.

300 east state street , suite 620, redlands, california, 92373
phone 909.748.0444 fax 909.748.0559 www.ac-6architects.com

ATTACHMENT A

ARCHITECT'S FEE SCHEDULE
(New Construction)

1. Nine percent (9%) of the first Five Hundred Thousand Dollars ($500,000) of computed cost.
2. Eight and one-half percent (8½%) of the next Five Hundred Thousand Dollars ($500,000) of computed cost.
3. Eight percent (8%) of the next One Million Dollars ($1,000,000) of computed cost.
4. Seven percent (7%) of the next Four Million Dollars ($4,000,000) of computed cost.
5. Six percent (6%) of the next Four Million Dollars ($4,000,000) of computed cost.
6. Five Percent (5%) of computed cost in excess of Ten Million Dollars ($10,000,000).

COMPUTED COST
The total award from the initial construction contract(s), plus the cost of all approved additive contract change orders with the exception of items resulting from errors and omissions on the part of the architect unless such Change Order results in value added to the project to the extent that such item or component would have been otherwise valued at bid time. In addition, the computed cost will include General Conditions and related Construction management fees for CM/Multiple Prime Contracts.

ARCHITECT'S FEE SCHEDULE
(Modernization/Reconstruction)

1. Twelve percent (12%) of the first Five Hundred Thousand Dollars ($500,000) of compute cost.
2. Eleven and one half percent (11½%) of the next Five Hundred Thousand Dollars ($500,000) of computed cost.
3. Eleven percent (11%) of the next One Million Dollars ($1,000,000) of computed cost.
4. Ten percent (10%) of the next Four Million Dollars ($4,000,000) of computed cost.
5. Nine percent (9%) of the next Four Million Dollars ($4,000,000) of computed cost.
6. Eight percent (8%) of computed cost in excess of Ten Million Dollars ($10,000,000).

COMPUTED COST
The total award from the initial construction contract(s), plus the cost of all approved additive contract change orders with the exception of items resulting from errors and omissions on the part of the architect unless such Change Order results in value added to the project to the extent that such item or component would have been otherwise valued at bid time. In addition, the computed cost will include General Conditions and related Construction management fees for CM/Multiple Prime Contracts.

ac-6
FeeSchedDc.doc
23 June 2005

ATTACHMENT B

BASIS OF COMPENSATION For
A/E Services for
Apple Valley Public Works Facility

	STATE FEE SCHEDULE	FEE BREAKDOWN	FEE BREAKDOWN IN DOLLARS
1.	Nine percent (9%) of the first Five Hundred Thousand Dollars ($500,000) of computed cost.	0.09 x 500,000	45,000
2.	Eight and one-half percent (8½%) of the next Five Hundred Thousand Dollars ($500,000) of computed cost.	0.085 x 500,000	42,500
3.	Eight percent (8%) of the next One Million Dollars ($1,000,000) of computed cost.	0.08 x 1,000,000	80,000
4.	Seven percent (7%) of the next Four Million Dollars ($4,000,000) of computed cost.	0.07 x 4,000,000	280,000
5.	Six percent (6%) of the next Four Million Dollars ($4,000,000) of computed cost.	0.06 x 1,500,000	90,000
6.	Five Percent (5%) of computed cost in excess of Ten Million Dollars ($ 0,000,000).	0	0
TOTAL		**7,500,000**	**$537,500**

ac-6
FeeCalcB-final

Town of Apple Valley

Public Works Facility

Exhibit B

Adrian • Gaus Architects

Council Meeting Date: 07/10/07

15-40

COST ESTIMATE – SUBMITTED BY ADRIAN GAUS ARCHITECTS, INC

As required by Section II. B. Cost Estimate – Site cost estimates must provide significant detail and encompass the cost of on and off-site infrastructure and planned improvements to the site. To standardize the Town's review of proposals eligible for additional consideration, please provide costs and detailed explanation of costs for the following categories:

I. **Needs Assessment**
- Forecasting facility needs for 5, 10 and 20 year planning horizons.

II. **Schematic Design including Pre-Design and Programming**
- Developing a clear definition of the program, design criteria, program objectives and making subsequent recommendations.
- Refining a detailed project schedule, including the identification of critical dates and their relationship to design approvals and funding.
- Discussing budget limitations.
- Visiting the site, obtaining and reviewing all documentation of existing conditions with assistance from consulting engineers.
- Evaluating the relationship of the new design to the adjacent facilities, as applicable.
- Discuss design strategy and provide optional conceptual plans for discussion.
- Establishment of priorities in scope to wisely distribute expenditures.
- Examination of program space adjacencies.
- Creation of an imaginative program response.
- Provision of maximum utilization and support for users;
- Analysis of visibility, supervisory, security and life safety issues.
- Analysis of access compliance issues.
- Analysis of mechanical, electrical, technology and plumbing building systems.
- Compatibility with long-term use, maintenance procedures and schedules for utilization.
- Development of digital renderings and plans.
- Creation of a conceptual cost estimate.
- Creation of public media for use by the Town of Apple Valley in communicating the schematic design to the broader community.
- Reconciliation of the program and budget will be considered at this time.
- The final plans will serve as a basis for future design development.
- A LEED Evaluation will be submitted at this time to determine if we can benefit from this at this time.

III. **Design Development**
- Cost implications should be considered at this stage.
- Evaluate adjacencies and interior/exterior circulation patterns.
- Solutions to life safety issues.
- Potential fixture, furniture and equipment layouts and designs.

- Long-term maintenance, durability and energy efficient design techniques.
- Visual and physical safety and security measures.
- Compliance with Title 24, ADA, and all regulatory requirements.
- Development of engineered building systems.

IV. Preparation of Construction Plans and Specifications

- Construction documents, including plans and specifications that include architectural, landscape architectural and engineering considerations.
- Integration and coordination of all engineered building systems.
- Meeting all code and regulatory requirements.
- Interim submittals for Town review.
- 95% drawings, specifications and calculations submitted for plan check.
- Detailed estimates of probable construction cost submitted.
- LEED and/or Utility Company performance documents filed with Town.
- 100% construction document back check and approval.
- Preparation for bid.

V. Bidding Support Services including responding to inquiries, issuance of addenda, attendance at bid opening and evaluation of bids.

- Facilitation of a contractor pre-bid meeting.
- Response to telephone/FAX inquiries.
- Issuance of addenda as required.
- Attendance at the bid opening.
- Assistance in assessing the bids.

VI. Construction Administration

- Architect will provide the full scope of construction administration support.
- Architect will attend all regular meetings and prepare minutes and task lists.
- Review of submittals and shop drawings.
- Review of and response to all RFI's.
- Maintenance of all logs.
- Review of all Pay Requests, with the review of the maintenance of record drawings.
- Review and resolution of all construction related issues and changes to the work.
- Prepare punch lists and punch list back check.
- Issuing of the Certificate of Substantial Completion.
- Review and issuing of electronic and hard copy record drawings.
- Along with the construction manager, represent the Town in contractor negotiations and construction contract resolution.
- Monitor the construction schedule and require updated schedules and maintain record drawings prior to the approval of all contractor requests payment.
- Provide copy of all warranties and guarantees, and all maintenance manuals, reviewed by the architect and engineers for conformance to the documents.

VII. **Furniture, fixtures and equipment**

- Provide recommendations and detailed information on proposed furniture, fixtures and equipment for the project.

VIII. **Reimbursable Expenses**

- This should be actual expenses as documented and should also provide a not to exceed amount.

SUMMARY OF COST ESTIMATE BY CATEGORY:

I.	**Needs Assessment**	**$ Included**
II.	**Schematic Design including Pre-Design and Programming**	**$ Included**
III.	**Design Development**	**$ Included**
IV.	**Preparation of Construction Plans and Specifications**	**$ Included**
V.	**Bidding Support Services**	**$ Included**
VI.	**Construction Administration**	**$ Included**
VII.	**Furniture, fixtures and equipment**	**$ Included**
VIII.	**Reimbursable Expenses (Not to Exceed)**	**$ 11,300**
	TOTAL COST ESTIMATE	**$548,800**

EXPLANATION OF ANY ITEMS NOT INCLUDED IN COST ESTIMATE ABOVE:

Surveys

Geotechnical Reports

SUBMITTED BY: Xavier R. Adrian, Principal

Town of Apple Valley

Public Works Facility

Exhibit C

Adria • Gaus Architects

Council Meeting Date: 07/10/07

15-44

EXHIBIT C

INSURANCE REQUIREMENTS

Prior to the beginning of and throughout the duration of the Work, Consultant will maintain insurance in conformance with the requirements set forth below. Consultant will use existing coverage to comply with these requirements. If that existing coverage does not meet the requirements set forth here, Consultant agrees to amend, supplement or endorse the existing coverage to do so. Consultant acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to Town in excess of the limits and coverage required in this agreement and which is applicable to a given loss, will be available to Town.

Consultant shall provide the following types and amounts of insurance:

Commercial General Liability Insurance using Insurance Services Office "Commercial General Liability" policy form CG 00 01 or the exact equivalent. Defense costs must be paid in addition to limits. There shall be no cross liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than $1,000,000 per occurrence.

Business Auto Coverage on ISO Business Auto Coverage form CA 00 01 including symbol 1 (Any Auto) or the exact equivalent. Limits are subject to review, but in no event to be less that $1,000,000 per accident. If Consultant owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If Consultant or Consultant's employees will use personal autos in any way on this project, Consultant shall provide evidence of personal auto liability coverage for each such person.

Workers Compensation on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than $1,000,000 per accident or disease.

Excess or Umbrella Liability Insurance (Over Primary) if used to meet limit requirements, shall provide coverage at least as broad as specified for the underlying coverages. Any such coverage provided under an umbrella liability policy shall include a drop down provision providing primary coverage above a maximum $25,000 self-insured retention for liability not covered by primary but covered by the umbrella. Coverage shall be provided on a "pay on behalf" basis, with defense costs payable in addition to policy limits. Policy shall contain a provision obligating insurer at the time insured's liability is determined, not requiring actual payment by the insured first. There shall be no cross liability exclusion precluding coverage for claims or suits by one insured against

another. Coverage shall be applicable to Town for injury to employees of Consultant, subconsultants or others involved in the Work. The scope of coverage provided is subject to approval of Town following receipt of proof of insurance as required herein. Limits are subject to review but in no event less than $1,000,000 per occurrence.

Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the consultant and "Covered Professional Services" as designated in the policy must specifically include work performed under this agreement. The policy limit shall be no less than $1,000,000 per claim and in the aggregate. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend. The policy retroactive date shall be on or before the effective date of this agreement.

Insurance procured pursuant to these requirements shall be written by insurers that are admitted carriers in the state of California and with an A.M. Bests rating of A- or better and a minimum financial size VII.

General conditions pertaining to provision of insurance coverage by Consultant. Consultant and Town agree to the following with respect to insurance provided by Consultant:

22. Consultant agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insureds Town, its officials, employees and agents, using standard ISO endorsement No. CG 2010 with an edition prior to 1992. Consultant also agrees to require all contractors, and subcontractors to do likewise.

23. No liability insurance coverage provided to comply with this Agreement shall prohibit Consultant, or Consultant's employees, or agents, from waiving the right of subrogation prior to a loss. Consultant agrees to waive subrogation rights against Town regardless of the applicability of any insurance proceeds, and to require all contractors and subcontractors to do likewise.

24. All insurance coverage and limits provided by Contractor and available or applicable to this agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to the Town or its operations limits the application of such insurance coverage.

25. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to Town and approved of in writing.

26. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any contractor or subcontractor.

27. All coverage types and limits required are subject to approval, modification and additional requirements by the Town, as the need arises. Consultant shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect Town's protection without Town's prior written consent.

28. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to Consultant's general liability policy, shall be delivered to Town at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, Town has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium. Any premium so paid by Town shall be charged to and promptly paid by Consultant or deducted from sums due Consultant, at Town option.

29. Certificate(s) are to reflect that the insurer will provide 30 days notice to Town of any cancellation of coverage. Consultant agrees to require its insurer to modify such certificates to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, or that any party will "endeavor" (as opposed to being required) to comply with the requirements of the certificate.

30. It is acknowledged by the parties of this agreement that all insurance coverage required to be provided by Consultant or any subcontractor, is intended to apply first and on a primary, non-contributing basis in relation to any other insurance or self insurance available to Town.

31. Consultant agrees to ensure that subcontractors, and any other party involved with the project who is brought onto or involved in the project by Consultant, provide the same minimum insurance coverage required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the project will be submitted to Town for review.

32. Consultant agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any contractor, subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of work on the project contemplated by this agreement to self-insure its obligations to Town. If Consultant's existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to the Town. At that time the Town shall review options with the Consultant, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.

33. The Town reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the Town will negotiate additional compensation proportional to the increased benefit to Town.

34. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.

35. Consultant acknowledges and agrees that any actual or alleged failure on the part of Town to inform Consultant of non-compliance with any insurance requirement in no way imposes any additional obligations on Town nor does it waive any rights hereunder in this or any other regard.

36. Consultant will renew the required coverage annually as long as Town, or its employees or agents face an exposure from operations of any type pursuant to this agreement. This obligation applies whether or not the agreement is canceled or terminated for any reason. Termination of this obligation is not effective until Town executes a written statement to that effect.

37. Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Consultant's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the

renewing or new coverage must be provided to Town within five days of the expiration of the coverages.

38. The provisions of any workers' compensation or similar act will not limit the obligations of Consultant under this agreement. Consultant expressly agrees not to use any statutory immunity defenses under such laws with respect to Town, its employees, officials and agents.

39. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.

40. These insurance requirements are intended to be separate and distinct from any other provision in this agreement and are intended by the parties here to be interpreted as such.

41. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

42. Consultant agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge Town or Consultant for the cost of additional insurance coverage required by this agreement. Any such provisions are to be deleted with reference to Town. It is not the intent of Town to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against Town for payment of premiums or other amounts with respect thereto.

Consultant agrees to provide immediate notice to Town of any claim or loss against Consultant arising out of the work performed under this agreement. Town assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve Town.

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this 10th day of July, 2007, by and between THE TOWN OF APPLE VALLEY, a Municipal Corporation (hereinafter referred to as "TOWN") and Wald, Ruhnke & Dost Architects a limited liability partnership, (hereinafter referred to as "CONSULTANT").

WHEREAS, Town, desires to retain Consultant for the purpose of the design of a new purpose built Municipal Services Animal Shelter pursuant to a Request for Proposals/Request for Qualifications (RFP/RFQ) defined in the request for Proposals/Request for Qualifications issued by Town; and

WHEREAS, in addition, the Town desires to retain Consultant for the design of an expansion of the Municipal Services Animal Shelter Facility based on potential contracts with outside government agencies as part of this Agreement; and

WHEREAS, Consultant has represented to Town that Consultant has the knowledge, skills, resources and experience that qualify Consultant to provide said services for the Town, including related and accompanying studies, reports and all other matters described herein and any attachments hereto, including, but not limited to, the matters described in Request for Proposals/Request for Qualifications and Consultant's response to such RFP/RFQ (including but not limited to the Scope of Services and Schedule of Performance), contained in Exhibit A, attached hereto and incorporated herein by this reference; and

WHEREAS, based upon the representations of Consultant, Town desires to retain the services of Consultant which shall at all times faithfully, competently and to the best of its ability, experience, and talent, perform all tasks described herein in consideration for payment to Consultant of the fees herein described, contained in Exhibit B attached hereto and incorporated herein by this reference and in consideration of the further covenants, conditions and provisions hereinafter set forth: and,

NOW, THEREFORE, Town and Consultant mutually agree as follows:

1. The Town hereby retains Consultant to provide the services herein described, and Consultant hereby agrees to perform and be responsible for the performance of the professional services as set forth in the scope of services in Exhibit A, attached hereto.

2. Payment to Consultant by the Town of the fees described in Exhibit B for the work described in the Scope of Services shall be billed monthly for services and work completed. The Town will pay Consultant a fee not to exceed a maximum of six-hundred and seventy thousand dollars ($670,000). Payment requested for work not within the scope of this Agreement will not be honored or paid unless such extra work and payment is authorized in writing by the Director of Municipal Services (hereinafter referred to as "Director"), subject to the provisions of Paragraph 6, hereof. Increases

or decreases in task requirements, changes in product format or detail, or new task requirements shall be approved in advance in writing by the Director. The Town, through the Director, reserves the right to direct any changes in the order of performance of any of the task requirements referenced or set forth in the proposal and/or Scope of Services; and where deemed to be in the best interests of the Town, the Director may direct termination of the performance of any task, or any portion thereof; in the event of such termination, Consultant shall be paid only for the work performed prior to the effective date of said termination. The provision in this paragraph shall not be construed to authorize the Director to approve payments for extra work which result in exceeding the total sum authorized by this contract without the prior approval of the Town Council.

3. Consultant shall invoice the Town monthly in accordance with a work and payment schedule, approved in advance by the Director. Said invoices shall include the work performed by task, rate, and a task progress status report in a form and with such additional information satisfactory to said Director. Payments to consultant for approved work and accepted submitted products shall not be unreasonably withheld and under no circumstance shall be delayed for work performed beyond 60 days from receipt of invoices without prior notification to Consultant of the reasons for withheld payments.

4. The Town has an interest in the qualifications of and capabilities of the person and entities who will fulfill the duties and obligations imposed upon Consultant by this Agreement. No assignment of this Agreement or of any rights hereunder, and no delegation of any performance or obligation of performance hereunder shall be made, either in whole or in part, by Consultant without the prior written consent of the Town. Consultant has or will provide all personnel required to perform services under this Agreement. All subcontractors or sub-consultants to be secured by Consultant must have the prior written approval of the Town through the Director. All of the services will be performed by Consultant or under its supervision, and all personnel engaged in the work shall be fully qualified and shall be authorized and permitted under State and local laws to perform such services, and shall be subject to the written acceptance of the Director.

5. Upon completion of each phase of work, Consultant shall submit to the Town a status report on the services performed thus far. Consultant will also timely provide any "deliverables" completed during that phase.

6. Town may request Consultant to perform additional services not contemplated by the Scope of Services. Prior to the commencement of such additional services, the exact nature of such services and the cost to the Town thereof shall be set forth in a written agreement signed by the parties hereto.

7. Consultant shall complete the scope of services so as to allow for completion for the entire project. Consultant acknowledges, and the parties specifically agree that time is of the essence in the performance of the services required to be performed under this Agreement. Consultant will complete the task requirements to meet the schedule, which shall be provided thirty (30) days from the

Effective Date of the Agreement signed by all parties. The schedule, when completed, will become part of this Agreement and will be identified as Exhibit D, attached hereto, subject to such schedule alterations by the Director as are permitted herein.

8. At the completion or termination of this Agreement, all data, studies, and any other information, work products, memoranda, documents or writings, created or generated in connection with the performance of this Agreement belong to and shall be delivered to the Town for its keeping, by delivery of same to the Director. Consultant may retain copies of these materials for its use or purposes.

9. Consultant will perform the services set out in this Agreement or will cause performance of said services to occur, as contemplated herein, in accordance with the generally accepted standards for performing similar professional services within the State. Town has relied on Consultant's representations for quality and professional work as an inducement to enter into this Agreement.

10. The Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Consultant is in default for cause under the terms of this Agreement, Town shall have no obligation or duty to continue compensating Consultant for any work performed after the date of default and can terminate this Agreement immediately by written notice to the Consultant. If such failure by the Consultant to make progress in the performance of work hereunder arises out of causes beyond the Consultant's control, and without fault or negligence of the Consultant, it shall not be considered a default.

If the Town Manager or his designee determines that the Consultant is in default in the performance of any of the terms or conditions of this Agreement, the Town Manager shall cause to be served upon the Consultant a written notice of the default. The Consultant shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that the Consultant fails to cure its default within such period of time, the Town shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

11. The failure of the Town to insist upon the strict performance of any of the provisions of this Agreement, or failure to exercise any other right, option or remedy hereby reserved or as permitted by law, shall not be construed as a waiver for the future of any such provisions, right, option, or remedy, or as a waiver of any subsequent breach thereof.

12. The Town may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the Town suspends or terminates a portion of this Agreement

such suspension or termination shall not make void or invalidate the remainder of this Agreement.

In the event this Agreement is terminated pursuant to this Section, the Town shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to the Town. Upon termination of the Agreement pursuant to this Section, the Consultant will submit an invoice to the Town.

13. Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by Town that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of Town or its designees at reasonable times to such books and records; shall give Town the right to examine and audit said books and records; shall permit Town to make transcripts therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

14. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the Town and may be used, reused, or otherwise disposed of by the Town without the permission of the Consultant. With respect to computer files, Consultant shall make available to the Town, at the Consultant's office and upon reasonable written request by the Town, the necessary computer software and hardware for purposes of accessing, compiling, transferring, and printing computer files.

15. Consultant is and shall at all times remain as to the Town a wholly independent Consultant. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither Town nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the Town. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against Town, or bind Town in any manner.

16. No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, Town shall not pay salaries, wages, or other compensation to

Consultant for performing services hereunder for Town. Town shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

17. Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as, but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that
party may later designate by notice:

Director of Municipal Services
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

Notice to Consultant shall be sufficient if sent to:

Wald, Ruhnke & Dost Architects, LLP
Henry Ruhnke, Principal
2340 Garden Road Suite 100
Monterey, CA 93940-5347

Each party hereto may change the address at which it receives written notice by so notifying the other party in writing.

18. The Director, or representative, shall represent the Town in all matters pertaining to the administration of this Agreement, including without limitation, attending all necessary meetings and conferences, and review and approval of all products submitted by Consultant, but not including the authority to enlarge the scope of work or increase the compensation due Consultant; although Consultant shall be responsible for coordination of all necessary meetings and conferences, and will coordinate all public information and participation activities.

19. No information, including photographs, public announcements or confirmation of same, or any part of the subject matter of this Agreement or any phase of any program hereunder shall be made public without prior approval of the Director.

20. It is agreed and understood that Consultant will not be engaged in private work projects in the project work area while Consultant is employed by the Town. The "project work area" for purposes of this paragraph includes the area of the proposed project and the surrounding vicinity which may be significantly impacted by the proposed work hereunder. In any event, Consultant shall not engage in any

private work which would constitute a conflict of interest with respect to the services performed under this Agreement.

21. Consultant shall defend (with attorneys approved by Town and Town's approval shall not be unreasonably withheld), hold harmless and indemnify the Town, its officers, employees and agents against liability (whether bodily injury, including death, and/or property damage and/or any other losses, claims, damages, actions or judgments) including attorney's fees and costs arising or alleged to arise out of the wrongful, negligent, reckless acts, omission of or willful misconduct of Consultant or its officers, agents, employees, subcontractors or representatives in the performance of this Agreement.

22. As a condition precedent to the effectiveness of this Agreement, and in partial performance of Consultant's obligations hereunder, Consultant, at its expense, shall deliver to Town for approval, certificates or policies of insurance as required in Exhibit C, attached hereto.

The Town shall also be named as an additional insured under said policy or policies of liability insurance, which insurance shall be primary and not contributing with any other liability insurance available to the Town. Consultant and its insurance carrier shall be required to inform the Town in writing of any change, expiration, cancellation or renewal of any insurance policy or policies within 30 days prior to the effective date
thereof, and where applicable, an appropriate rider or addition shall be made to said policy relating thereto acceptable to the Town; and if any insurance required herein is cancelled or reduced in coverage, Consultant shall promptly provide replacement coverage acceptable to the Town.

23. Should any section or any part of this Agreement be rendered void, invalid or unenforceable by any court of law, any such final determination shall not render void, invalid or unenforceable any other sections or portions of this Agreement unless the Town determines in writing that its purpose cannot be accomplished by the remaining provisions not so invalidated.

24. This Agreement has been made and entered into in the State of California, and the laws of the State of California shall govern the validity and interpretation hereof and the performance hereunder.

25. This Agreement contains the entire understanding of the parties, and there are no further or other Agreements or understandings, written or oral, in effect between the parties hereto relating to the subject matter hereof, and any prior understanding or Agreement of the parties shall not be binding unless set forth herein, and, except to the extent expressly provided for herein, no amendments of this Agreement may be made without the written agreement signed by both parties hereto.

26. Should litigation or arbitration occur between the parties hereto relating to the provisions of this Agreement, all reasonable litigation or arbitration expenses and costs, including reasonable attorney's fees incurred by the prevailing party shall be paid by the non-prevailing party to the prevailing party.

27. Consultant represents that it has all personnel required in performing the services under this Agreement. All such personnel shall be fully qualified, and, where applicable, shall be licensed or otherwise authorized under State and local law to perform such services. The Consultant shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to the Agreement. The Consultant shall at all times observe and comply with all such laws and regulations. The Town and its officers and employees, shall not be liable at law or equity occasioned by failure of the Consultant to comply with this Section.

28. Consultant shall not be liable for delays in the performance of this Agreement caused solely by acts of God or similar events beyond the control of Consultant, unless said events could have been foreseen or said delay or any portion thereof could have been avoided.

29. Consultant shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, age or national origin. Consultant shall take appropriate action to ensure that applicants are employed and that employees are treated during their employment without regard to their race, religion, color, sex, age or national origin. Such action shall include, but not be limited to, employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Consultant shall comply with all applicable Federal laws and Executive Orders and relevant orders of the Secretary of Labor, with all State and local laws and affirmative action compliance programs and other applicable rules and regulations of all government and administrative agencies relating to any and all performance under this Agreement.

30. Consultant declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of the Town in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the Town will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the Town to any and all remedies at law or in equity.

31. No member, officer, or employee of Town, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during his/her tenure or for one year thereafter, shall have any interest,

direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

32. All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without Town's prior written authorization. Consultant, its officers, employees, agents, or subconsultants, shall not without written authorization from the Town Manager or unless requested by the Town Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the Town. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives Town notice of such court order or subpoena.

33. Consultant shall promptly notify Town should Consultant, its officers, employees, agents, or subconsultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request, court order, or subpoena from any person or party regarding this Agreement and the work performed thereunder or with respect to any project or property located within the Town. Town retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing, or similar proceeding. Consultant agrees to cooperate fully with Town and to provide the opportunity to review any response to discovery requests provided by Consultant. However, Town's right to review any such response does not imply or mean the right by Town to control, direct, or rewrite said response.

34. The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the Town. Because of the personal nature of the services to be rendered pursuant to this Agreement, only Wald Ruhnke & Dost Architects, LLP shall perform the services described in this Agreement.

Wald Ruhnke & Dost Architects, LLP may use assistants, under its direct supervision, to perform some of the services under this Agreement. Consultant shall provide Town fourteen (14) days' notice prior to the departure of Shelter Planners of America or any employee or other subcontractor from Consultant's employ assigned to this Agreement as of its Effective Date. Should he/she leave Consultant's employ, the Town shall have the option to immediately terminate this Agreement, within three (3) days of the close of said notice period. Upon termination of this Agreement, Consultant's sole compensation shall be payment for actual services performed up to, and including, the date of termination or as may be otherwise agreed to in writing between the Town and the Consultant.

35. This Agreement binds Consultant, and its successors and assigns, although this paragraph shall not be construed as permitting any assignment, subletting or transfer of any interest, rights or obligations of Consultant under this

Agreement without the prior written consent of the Town. This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

36. Town and Consultant agree that time is of the essence in this Agreement. Town and Consultant further agree that Consultant's failure to perform on or at the times set forth in this Agreement will damage and injure Town, but the extent of such damage and injury is difficult or speculative to ascertain. Consequently, Town and Consultant agree that any failure to perform by Consultant at or within the times set forth herein shall result in liquidated damages of three-hundred dollars ($300) per day for each and every day such performance is late. Town and Consultant agree that such sum is reasonable and fair. A performance schedule will be provided to Town thirty (30) days from the Effective Date of the Agreement signed by all parties. Once agreed upon by all parties the performance schedule will become part of this agreement. Furthermore, Town and Consultant agree that this Agreement is subject to Government Code Section 53069.85 and that each party hereto is familiar with and understands the obligations of said Section of the Government Code.

37. The person or persons executing the Agreement on behalf of Consultant warrants and represents that he/she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties have executed this Agreement at Apple Valley, California, effective the day and year first above written.

TOWN OF APPLE VALLEY, CALIFORNIA

BY:_____
Honorable Richard Roelle, Mayor

ATTEST:

_____
Mrs. La Vonda M. Pearson Town Clerk

APPROVED AS TO FORM:

_____
Mr. Neal Singer, Town Attorney

APPROVED AS TO CONTENT:

_____
Mr. Bruce Williams, Town Manager

CONSULTANT
Wald Ruhnke & Dost, LLP

_____
Henry Ruhnke, Principal

Town of Apple Valley

Municipal Services Animal Shelter Facility

Exhibit A

WALD RUHNKE & DOST
ARCHITECTS LLP

Council Meeting Date: 07/10/07

15-59

WALD RUHNKE & DOST
ARCHITECTS LLP

2340 Garden Road, Suite 100
Monterey, CA 93940-5547
T: (831) 649-4642
F: (831) 649-3530
www.wrdarch.com

April 26, 2007

Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA
Phone: 760-240-7000, X7051

Attn: Patty Saady
Deputy Town Manager

Re: Apple Valley Animal Shelter
Apple Valley, CA
WRD Project Number 07108

Dear Ms. Saady:

Thank you for the opportunity to provide the following proposal. Below is our proposal for the planning and design of the Apple Valley Animal Shelter, in Apple Valley, CA.

PROJECT DESCRIPTION

The planning and design of a new animal shelter of approximately 20,000 square feet located in Apple Valley, CA.

SCOPE OF SERVICES

Preliminary Design Plans
(3) Meetings with owner and shelter planner to review project scope
Prepare preliminary design plans, consisting of:
- Site plan
- Floor plan
- Exterior elevations

(2) Meetings with owner to refine preliminary plans
Prepare presentation plans for City Planning Commission
Attend (1) hearings for Planning Commission

Schematic Design / Planning Approval
(2) Meetings with owner
Prepare Schematic plans, consisting of:
- Site plan
- Floor plan
- Exterior elevations
- Building sections
- Roof plan

(1) Meeting with owner to refine plans

Design Development / Planning Submittal
(1) Meetings with planning staff and owner
Prepare design drawings required for planning department submittal, consisting of:

Monterey
Clovis / Fresno
Salinas

Site plan
Building floor plan
Exterior elevations
Color front elevation
Project data
Attend Planning Commission hearing
Assist in assembling required applications & submittal materials
Coordinate work of other consultants for incorporation in planning package

Construction Documents
Refine existing preliminary plans based on owner's input
Prepare construction documents consisting of:
Cover sheet/project information
Civil engineering drawings
SWPPP drawings
Architectural site plan
Site details
Floor plans
Roof plan
Exterior elevations
Exterior details
Building sections
Interior details
Interior elevations at common toilets and lobby areas
Reflected ceiling plans
Door and window schedules/details
Structural drawings
Plumbing drawings
Mechanical drawings
Electrical drawings
Fire Protection drawings
Communication system drawings
Handicapped compliance details
Room finish schedule
Submit plans to Building Department
Respond to plan check comments
(2) Meetings with owners to review project progress
Coordinate design/build consultants
Prepare outline material specifications

Bidding
Attend pre-bid conferences
Assist with coordination of pre-bid packages
Assist with responding to contractor questions and issuing addenda
Assist with bid evaluation

Construction Administration
(Assumes (8) month construction, timeline & bi-weekly meetings)
Respond to contractor questions
Site visits as requested
Prepare supplemental drawings as required

Review shop drawings and submittals as requested
Site observation
Attend pre-construction conferences
Respond to R.F.I./R.F.C.
Assist with evaluation of change orders
Assist with payment review
Process shop drawings and submittals
Assist with project close-out

FEE

The above services can be provided for the following fee:

Civil engineering	$51,000
Architectural	$300,000
Structural engineering	$25,000
Mechanical engineering	$34,000
Electrical engineering	$34,000
Fire protection	$7,000
Communication systems	$7,000
Construction administration	$34,000
Geotechnical	$8,000
Shelter Planner	$120,000
Cost Estimate	$25,000
TOTAL	**$645,000**

Additional services can be provided at our billable rates in effect at the time services are rendered. (See attached rate sheet for our current rates.)

EXCLUDED ITEMS

Services other than identified above
* ~~Feasibility Study~~
* ~~Site survey~~
* ~~Landscape consultant~~
Environmental Consultant
Value engineering
Government agency fees
Reproductions
Reimbursable expenses

ASSUMPTIONS

Client to provide existing drawings/historical documents

The following Terms and Conditions shall be incorporated into the architectural Fee Proposal and become effective upon proceeding with the Scope of Work.

* INCLUDED IN FEE PROPOSAL AS DEFINED BY WALD RUHNKE & DOST ON JUNE 27, 2007.

If you have any questions, please contact Henry Ruhnke at 831-649-4642.

Sincerely,

Henry Ruhnke for
Wald, Ruhnke & Dost Architects, LLP

HR/dj
Attachment

Approved by:

Client

Date

Town of Apple Valley

Municipal Services Animal Shelter Facility

Exhibit B

WALD RUHNKE & DOST
ARCHITECTS LLP

Council Meeting Date: 07/10/07

15-64

COST ESTIMATE – SUBMITTED BY WALD, RUHNKE & DOST ARCHITECTS, LLP

As required by Section II. B. Cost Estimate – Site cost estimates must provide significant detail and encompass the cost of on and off-site infrastructure and planned improvements to the site. To standardize the Town's review of proposals eligible for additional consideration, please provide costs and detailed explanation of costs for the following categories:

I. **Needs Assessment**
- Forecasting facility needs for 5, 10 and 20 year planning horizons.

II. **Schematic Design including Pre-Design and Programming**
- Developing a clear definition of the program, design criteria, program objectives and making subsequent recommendations.
- Refining a detailed project schedule, including the identification of critical dates and their relationship to design approvals and funding.
- Discussing budget limitations.
- Visiting the site, obtaining and reviewing all documentation of existing conditions with assistance from consulting engineers.
- Evaluating the relationship of the new design to the adjacent facilities, as applicable.
- Discuss design strategy and provide optional conceptual plans for discussion.
- Establishment of priorities in scope to wisely distribute expenditures.
- Examination of program space adjacencies.
- Creation of an imaginative program response.
- Provision of maximum utilization and support for users;
- Analysis of visibility, supervisory, security and life safety issues.
- Analysis of access compliance issues.
- Analysis of mechanical, electrical, technology and plumbing building systems.
- Compatibility with long-term use, maintenance procedures and schedules for utilization.
- Development of digital renderings and plans.
- Creation of a conceptual cost estimate.
- Creation of public media for use by the Town of Apple Valley in communicating the schematic design to the broader community.
- Reconciliation of the program and budget will be considered at this time.
- The final plans will serve as a basis for future design development.
- A LEED Evaluation will be submitted at this time to determine if we can benefit from this at this time.

III. **Design Development**
- Cost implications should be considered at this stage.
- Evaluate adjacencies and interior/exterior circulation patterns.
- Solutions to life safety issues.
- Potential fixture, furniture and equipment layouts and designs.

- Long-term maintenance, durability and energy efficient design techniques.
- Visual and physical safety and security measures.
- Compliance with Title 24, ADA, and all regulatory requirements.
- Development of engineered building systems.

IV. Preparation of Construction Plans and Specifications

- Construction documents, including plans and specifications that include architectural, landscape architectural and engineering considerations.
- Integration and coordination of all engineered building systems.
- Meeting all code and regulatory requirements.
- Interim submittals for Town review.
- 95% drawings, specifications and calculations submitted for plan check.
- Detailed estimates of probable construction cost submitted.
- LEED and/or Utility Company performance documents filed.
- 100% construction document back check and approval.
- Preparation for bid.

V. Bidding Support Services including responding to inquiries, issuance of addenda, attendance at bid opening and evaluation of bids.

- Facilitation of a contractor pre-bid meeting.
- Response to telephone/FAX inquiries.
- Issuance of addenda as required.
- Attendance at the bid opening.
- Assistance in assessing the bids.

VI. Construction Administration

- Architect will provide the full scope of construction administration support.
- Architect will attend all regular meetings and prepare minutes and task lists.
- Review of submittals and shop drawings.
- Review of and response to all RFI's.
- Maintenance of all logs.
- Review of all Pay Requests, with the review of the maintenance of record drawings.
- Review and resolution of all construction related issues and changes to the work.
- Prepare punch lists and punch list back check.
- Issuing of the Certificate of Substantial Completion.
- Review and issuing of electronic and hard copy record drawings.
- Along with the construction manager, represent the Town in contractor negotiations and construction contract resolution.
- Monitor the construction schedule and require updated schedules and maintain record drawings prior to the approval of all contractor requests payment.
- Provide all warranties and guarantees, and all maintenance manuals, reviewed by the architect and engineers for conformance to the documents.

VII. **Furniture, fixtures and equipment**

- Provide recommendations and detailed information on proposed furniture, fixtures and equipment for the project.

VIII. **Reimbursable Expenses**

- This should be actual expenses as documented and should also provide a not to exceed amount.

SUMMARY OF COST ESTIMATE BY CATEGORY:

I.	Needs Assessment	$ 12,000
II.	Schematic Design including Pre-Design and Programming	$ 90,000
III.	Design Development	$ 100,000
IV.	Preparation of Construction Plans and Specifications	$ 291,000
V.	Bidding Support Services	$ 32,000
VI.	Construction Administration	$ 112,000
VII.	Furniture, fixtures and equipment	$ 8,000
VIII.	Reimbursable Expenses	$ 25,000
	TOTAL COST ESTIMATE	$ 670,000

EXPLANATION OF ANY ITEMS NOT INCLUDED IN COST ESTIMATE ABOVE:

Government Agency Fees, Shelter In Excess of 23,000 square feet (Current cost is based on 20,000 square feet but will include up to 23,000 square feet shelter size). Reproductions used for contractor bidding, contractor construction sets used by contractor and their subcontractors. Major changes to project after owner approval of each category of work.

SUBMITTED BY: _____

Town of Apple Valley

Municipal Services Animal Shelter Facility

Exhibit C

WALD RUHNKE & DOST
ARCHITECTS LLP

Council Meeting Date: 07/10/07

15-68

EXHIBIT C

INSURANCE REQUIREMENTS

Prior to the beginning of and throughout the duration of the Work, Consultant will maintain insurance in conformance with the requirements set forth below. Consultant will use existing coverage to comply with these requirements. If that existing coverage does not meet the requirements set forth here, Consultant agrees to amend, supplement or endorse the existing coverage to do so. Consultant acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to Town in excess of the limits and coverage required in this agreement and which is applicable to a given loss, will be available to Town.

Consultant shall provide the following types and amounts of insurance:

Commercial General Liability Insurance using Insurance Services Office "Commercial General Liability" policy form CG 00 01 or the exact equivalent. Defense costs must be paid in addition to limits. There shall be no cross liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than $1,000,000 per occurrence.

Business Auto Coverage on ISO Business Auto Coverage form CA 00 01 including symbol 1 (Any Auto) or the exact equivalent. Limits are subject to review, but in no event to be less that $1,000,000 per accident. If Consultant owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If Consultant or Consultant's employees will use personal autos in any way on this project, Consultant shall provide evidence of personal auto liability coverage for each such person.

Workers Compensation on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than $1,000,000 per accident or disease.

Excess or Umbrella Liability Insurance (Over Primary) if used to meet limit requirements, shall provide coverage at least as broad as specified for the underlying coverages. Any such coverage provided under an umbrella liability policy shall include a drop down provision providing primary coverage above a maximum $25,000 self-insured retention for liability not covered by primary but covered by the umbrella. Coverage shall be provided on a "pay on behalf" basis, with defense costs payable in addition to policy limits. Policy shall contain a provision obligating insurer at the time insured's liability is determined, not requiring actual payment by the insured first. There shall be no cross liability exclusion precluding coverage for claims or suits by one insured against

another. Coverage shall be applicable to Town for injury to employees of Consultant, subconsultants or others involved in the Work. The scope of coverage provided is subject to approval of Town following receipt of proof of insurance as required herein. Limits are subject to review but in no event less than $1,000,000 per occurrence.

Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the consultant and "Covered Professional Services" as designated in the policy must specifically include work performed under this agreement. The policy limit shall be no less than $1,000,000 per claim and in the aggregate. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend. The policy retroactive date shall be on or before the effective date of this agreement.

Insurance procured pursuant to these requirements shall be written by insurers that are admitted carriers in the state of California and with an A.M. Bests rating of A- or better and a minimum financial size VII.

General conditions pertaining to provision of insurance coverage by Consultant. Consultant and Town agree to the following with respect to insurance provided by Consultant:

43. Consultant agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insureds Town, its officials, employees and agents, using standard ISO endorsement No. CG 2010 with an edition prior to 1992. Consultant also agrees to require all contractors, and subcontractors to do likewise.

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44. No liability insurance coverage provided to comply with this Agreement shall prohibit Consultant, or Consultant's employees, or agents, from waiving the right of subrogation prior to a loss. Consultant agrees to waive subrogation rights against Town regardless of the applicability of any insurance proceeds, and to require all contractors and subcontractors to do likewise.

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45. All insurance coverage and limits provided by Contractor and available or applicable to this agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to the Town or its operations limits the application of such insurance coverage.

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46. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to Town and approved of in writing.

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47. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any contractor or subcontractor.

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48. All coverage types and limits required are subject to approval, modification and additional requirements by the Town, as the need arises. Consultant shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect Town's protection without Town's prior written consent.

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49. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to Consultant's general liability policy, shall be delivered to Town at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, Town has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium. Any premium so paid by Town shall be charged to and promptly paid by Consultant or deducted from sums due Consultant, at Town option.

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50. Certificate(s) are to reflect that the insurer will provide 30 days notice to Town of any cancellation of coverage. Consultant agrees to require its insurer to modify such certificates to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, or that any party will "endeavor" (as opposed to being required) to comply with the requirements of the certificate.

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51. It is acknowledged by the parties of this agreement that all insurance coverage required to be provided by Consultant or any subcontractor, is intended to apply first and on a primary, non-contributing basis in relation to any other insurance or self insurance available to Town.

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52. Consultant agrees to ensure that subcontractors, and any other party involved with the project who is brought onto or involved in the project by Consultant, provide the same minimum insurance coverage required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the project will be submitted to Town for review.

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53. Consultant agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any contractor, subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of work on the project contemplated by this agreement to self-insure its obligations to Town. If Consultant's existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to the Town. At that time the Town shall review options with the Consultant, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.

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54. The Town reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the Town will negotiate additional compensation proportional to the increased benefit to Town.

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55. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.

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56. Consultant acknowledges and agrees that any actual or alleged failure on the part of Town to inform Consultant of non-compliance with any insurance requirement in no way imposes any additional obligations on Town nor does it waive any rights hereunder in this or any other regard.

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57. Consultant will renew the required coverage annually as long as Town, or its employees or agents face an exposure from operations of any type pursuant to this agreement. This obligation applies whether or not the agreement is canceled or terminated for any reason. Termination of this obligation is not effective until Town executes a written statement to that effect.

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58. Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Consultant's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the

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renewing or new coverage must be provided to Town within five days of the expiration of the coverages.

59. The provisions of any workers' compensation or similar act will not limit the obligations of Consultant under this agreement. Consultant expressly agrees not to use any statutory immunity defenses under such laws with respect to Town, its employees, officials and agents.

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60. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.

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61. These insurance requirements are intended to be separate and distinct from any other provision in this agreement and are intended by the parties here to be interpreted as such.

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62. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

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63. Consultant agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge Town or Consultant for the cost of additional insurance coverage required by this agreement. Any such provisions are to be deleted with reference to Town. It is not the intent of Town to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against Town for payment of premiums or other amounts with respect thereto.

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Consultant agrees to provide immediate notice to Town of any claim or loss against Consultant arising out of the work performed under this agreement. Town assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve Town.

Claim for Payment
Pursuant to Government Code Section 17561
ANIMAL ADOPTION

For State Controller Use Only

(19) Program Number: 00213
(20) Date Filed ____/____/____
(21) LRS Input ____/____/____

Program **213**

(01) Claimant Identification Number	9836022
(02) Claimant Name	Town of Apple Valley
Mailing Address	Box 429
Street Address or P.O. Box	
City	Apple Valley
State CA	Zip Code 92307

Type of Claim	Estimated Claim	Reimbursement Claim
	(03) Estimated ☐	(09) Reimbursement ☒
	(04) Combined ☐	(10) Combined ☐
	(05) Amended ☐	(11) Amended ☒
Fiscal Year of Cost	(06)	(12) 2008-09
Total Claimed	(07)	(13) $1,377,474
Less: 10% Late Penalty, but not to exceed $1,000 (if applicable)		(14)
Less: Estimated Claim Payment Received		(15)
Net Claimed Amount		(16) $1,377,474
Due from State	(08)	(17) $1,377,474
Due to State	(09)	(18)

(22) AA-1 (04)(A)(1)(f)	
(23) AA-1 (04)(A)(2)(f)	
(24) AA-1 (04)(A)(3)(f)	
(25) AA-1 (04)(B)(1)(f)	1,233,364
(26) AA-1 (04)(B)(2)(f)	
(27) AA-1 (04)(B)(3)(f)	73,318
(28) AA-1 (04)(B)(4)(f)	3,881
(29) AA-1 (04)(B)(5)(f)	66,911
(30) AA-1 (04)(B)(6)(f)	
(31) AA-1 (04)(B)(7)(f)	
(32) AA-1 (04)(B)(8)(f)	
(33) AA-1 (04)(B)(9)(f)	
(34) AA-1 (04)(B)(10)(f)	
(35) AA-1 (06)	

(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 this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application for nor any grant or payment received, other that from the claimant, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documents currently maintained by the claimant.

The amount for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statement. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Representative — **Date**

Kaye Reynolds
Type of Print Name

Assistant Finance Director
Title

Name of Contact Person for Claim	Telephone Number	E-Mail Address
Annette S. Chinn (CRS)	*(916) 939-7901*	*AChinnCRS@aol.com*

Chapters 752/98

Form FAM-27

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-1

(01) Claimant	(02) Type of Claim	Fiscal Year
Town of Apple Valley	Reimbursement [X]	2008-09
	Estimated [ ]	(see FAM-27 for estimate)

Claim Statistics

(03) Department	Animal Shelter

Direct Costs — Object Accounts

(04) Reimbursable Components	(a) Salaries	(b) Benefits	(c & d) Services and Supplies	(e) Fixed Assets	(f) Travel and Training	(g) Total
A. ONE-TIME COSTS						
1. Policies and Procedures						
2. Training						
3. Computer Software						
B. ON-GOING COSTS						
1. Acquiring Space / Facilities			$1,233,364			$1,233,364
2. Renovating Facilities						
3. Care of Dogs and Cats			$73,318			$73,318
4. Care of Other Animals			$3,881			$3,881
5. Holding Period			$66,911			$66,911
6. Feral Cats						
7. Lost and Found Lists						
8. Non-Medical Records						
9. Veterinary Care						
10. Procuring Equipment						
(05) Total Direct Costs			$1,377,474			$1,377,474

Indirect Costs

(06) Indirect Cost Rate (applied to salaries)	(from ICRP) (Applied to Salaries)	
(07) Total Indirect Costs	Line (06) x line (05)(a) or line(06) x [line (05)(a) + line(05)(b)]	
(08) Total Direct and Indirect Costs	Line (05)(d) + line (07)	$1,377,474

Cost Reductions

(09) Less: Offsetting Savings, if applicable		
(10) Less: Other Reimbursements, if applicable		
(11) Total Claimed Amount	Line (08)- (line(09) + Line(10)]	**$1,377,474**

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: Town of Apple Valley (02) Fiscal Year Costs Were Incurred: 2008-09

(03) Reimbursable Components: Check only one box per form to identify the component being claimed

A. One-Time Costs

- ☐ Policies and Procedures
- ☐ Training
- ☐ Computer Software

B. On-Going Costs

- ☒ **Acquiring Space / Facilities**
- ☐ Renovating Facilities
- ☐ Care of Dogs & Cats
- ☐ Care of Other Animals
- ☐ Holding Period
- ☐ Feral Cats
- ☐ Lost and Found Lists
- ☐ Non-Medical Records
- ☐ Veterinary Care
- ☐ Procuring Equipment

(04) Description of Expenses: Complete columns (a) through (f)

(a) Employee Names, Job Class., Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	Benefit Rate	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f & g) Services and Supplies	(h) Fixed Assets	(i) Travel and Training	Total Salaries & Benefits
New Facility Architectural and Land Acquisition costs In FY 2005-06, the Town of Apple Valley took over and established it's own animal shelter/facility. Until March of 2005, the Town had contracted for animal shelter services with the City of Hesperia. After the transition, temporary capital improvements were made to allow for the housing of animals in their jurisdiction. This year the City continued it's construction project of the new shelter facility TOTAL FACILITY COSTS $ 11,008,301 Facility costs claimed 07-08 = $ (1,437,231) **Total Costs Remaining = $ 9,571,070** Percentaged billed for shelter = 100% Net costs attibutable to shelter $ 9,571,070 **Percentage allowable per State Formula** = 12.9% 12.9% x $9,571,070 =						$1,233,364			
(05) Total						**$1,233,364**			

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: Town of Apple Valley **(02) Fiscal Year Costs Were Incurred:** 2008-09

(03) Reimbursable Components: Check only one box per form to identify the component being claimed

A. One-Time Costs

- [ ] Policies and Procedures
- [ ] Training
- [ ] Computer Software

B. On-Going Costs

- [ ] Acquiring Space / Facilities
- [ ] Renovating Facilities
- [x] **Care of Dogs & Cats**
- [ ] Care of Other Animals
- [ ] Holding Period
- [ ] Feral Cats
- [ ] Lost and Found Lists
- [ ] Non-Medical Records
- [ ] Veterinary Care
- [ ] Procuring Equipment

(04) Description of Expenses: Complete columns (a) through (f)

(a) Employee Names, Job Class., Functions Performed and Description of Expenses			(b) Hourly Rate or Unit Cost	Benefit Rate	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f & g) Services and Supplies	(h) Fixed Assets	(i) Travel and Training	Total Salaries & Benefits
Total Dogs Held =		2,714									
Total Cats Held =		2,232									
Total Other Animals Held =		269									
at an average daily census of		58,669									
Total STRAY Dogs Euthanized =		1,309						$30,979			
Total STRAY Cats Euthanized =		1,789						$42,339			
(mandate added 2 extra holding days)											
TOTAL SHELTER COSTS											
(Amount related to Shelter =		**$694,234**									
Shelter Dept. Actual Expend.	=	$ 669,840									
less ineligible costs											
+ plus Overhead											
+40% of M.S. Director		$ 69,731									
- - Spay/Neuter Program		$ (45,337)									
Total Annual Shelter Costs	=	$ 694,234									
Cost per animal =		$133.12									
Cost per animal/per day =		$11.83									
Total Mandate Related Costs =		$694,234									
Eligible Pop. Extra Days											
or 6,572 / 58,669		Extra Stray/Euth. Days / Total Days of Service									
= 11.2%		of total Shelter Costs relate to eligible mandated costs.									
(05) Total								**$73,318**			

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: Town of Apple Valley (02) Fiscal Year Costs Were Incurred: 2008-09

(03) Reimbursable Components: Check only one box per form to identify the component being claimed

A. One-Time Costs

- [ ] Policies and Procedures
- [ ] Training
- [ ] Computer Software

B. On-Going Costs

- [ ] Acquiring Space / Facilities
- [ ] Renovating Facilities
- [ ] Care of Dogs & Cats
- [X] **Care of Other Animals**
- [ ] Holding Period
- [ ] Feral Cats
- [ ] Lost and Found Lists
- [ ] Non-Medical Records
- [ ] Veterinary Care
- [ ] Procuring Equipment

(04) Description of Expenses: Complete columns (a) through (f)

(a) Employee Names, Job Class., Functions Performed and Description of Expenses		(b) Hourly Rate or Unit Cost	Benefit Rate	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f & g) Services and Supplies	(h) Fixed Assets	(i) Travel and Training	Total Salaries & Benefits
Total Dogs Held =	2,714									
Total Cats Held =	2,232									
Total Other Animals Held =	269									
at an average daily census of	58,669									
Total OTHER Animals Euthanized	82						$3,881			
(mandate added 4 extra holding days)										
TOTAL SHELTER COSTS										
(Amount related to Shelter =	**$694,234**									
Cost per animal =	$133.12									
Cost per animal/per day =	$11.83									
(05) Total							$3,881			

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: Town of Apple Valley **(02) Fiscal Year Costs Were Incurred:** 2008-09

(03) Reimbursable Components: Check only one box per form to identify the component being claimed

A. One-Time Costs

- ☐ Policies and Procedures
- ☐ Training
- ☐ Computer Software

B. On-Going Costs

- ☐ Acquiring Space / Facilities
- ☐ Renovating Facilities
- ☐ Care of Dogs & Cats
- ☐ Care of Other Animals
- ☒ **Holding Period**
- ☐ Feral Cats
- ☐ Lost and Found Lists
- ☐ Non-Medical Records
- ☐ Veterinary Care
- ☐ Procuring Equipment

(04) Description of Expenses: Complete columns (a) through (f)

(a) Employee Names, Job Class., Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	Benefit Rate	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f & g) Services and Supplies	(h) Fixed Assets	(i) Travel and Training	Total Salaries & Benefits
Cost of increasing hours of operation per Hayden Bill									
Number of additional hours facility operating hours pursuant to Hayden Bill = 6 additional hrs/week									
Total Shelter Costs = $ 624,503									
Total hours of facility ops.= 2,912									
Additional Hours mandated = 312									
Cost per hour = $214									
Cost of Addit. Hours mandated : $66,911						$66,911			
(the city keeps it's facility open Saturday from 9-3 to the public to comply with the Hayden Bill state mandate)									
(05) Total						**$66,911**			

2008-09 Animal Services Statistics

Fiscal 2008-09	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009	Total 2008-09
Dog Intake - Report													
Owner Turn-In DOA	3	4	2	3	2	3	1	1	2	0	5	2	28
Stray DOA Dogs by ACO/CalTrans	13	12	8	10	16	6	4	17	13	16	9	9	133
Total Dogs DOA	16	16	10	13	18	9	5	18	15	16	14	11	161
Stray Dogs by ACO	105	108	89	111	100	123	87	95	73	96	73	79	1139
Stray Dogs by Public	60	60	44	53	48	38	66	52	62	54	69	58	664
Owner Turn-In Dogs(Shelter/Field)	55	47	49	47	40	43	67	44	50	43	68	62	615
Abandoned Dogs	17	3	1	2	1	8	3	0	0	0	2	1	38
Adoption Return Dogs	11	3	7	4	3	8	8	4	9	3	2	1	63
Quarantined Dogs at Shelter	0	0	2	1	0	0	1	0	0	1	1	0	6
Warrant (Dogs) by ACO	0	6	1	0	8	1	0	0	0	2	0	2	20
LLV Picked up by ACO	6	2	16	14	9	7	10	9	9	7	9	5	103
Misc. (Litters born in shelter,etc.)	3	0	13	9	5	2	12	10	5	2	4	1	66
Total Live Dogs Received	257	229	222	241	214	230	254	214	208	208	228	209	2714
Citizen Holding Dogs	15	18	17	16	17	13	12	8	19	10	16	6	167
Total Dogs Processed	288	263	249	270	249	252	271	240	242	234	258	226	3042

Dog Disposition - Report													
Adopted Dogs	51	58	50	51	53	55	63	63	58	55	56	30	643
Rescued Dogs	9	2	2	10	14	21	29	6	13	12	11	27	156
Dogs in Foster Care	4	0	1	2	3	1	8	10	3	0	4	0	36
RTO (Licensed, S/N Dogs) $0	20	16	17	25	30	20	17	7	15	10	25	10	212
RTO (Licensed/UnLicensed & Not S/N) $115	18	15	25	14	12	7	10	18	12	30	14	15	190
RTO (Not Licensed & S/N) $80	11	9	5	11	13	8	9	19	3	11	22	14	135
RTO (Under 4months Old) $65	0	0	1	2	1	0	0	1	5	3	4	0	17
RTO (Citizen-to-Owner)	3	3	3	1	2	3	2	2	5	0	3	3	30
RTO (Officer-to-owner)							4	1	0	2	1	0	
Total RTO Dogs	52	43	51	53	58	38	42	48	40	56	69	42	592
Warrant Return	0	0	0	0	0	1	0	0	0	0	0	0	1
Escaped	0	0	0	0	0	0	1	0	1	0	0	0	2
Died/Other/Misc	5	3	1	4	6	18	17	23	19	27	1	10	134
Stolen	1	0	0	0	0	1	0	0		0	0	0	2
Euthanized	127	115	105	114	94	81	112	109	103	75	106	109	1250
Total Dogs Going Out of Shelter	249	221	210	234	228	216	272	259	237	225	247	218	2816

2008-09 Animal Services Statistics

Fiscal 2008-09	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009	Total 2008-09
CAT Intake - Report													
Owner Turn-In DOA	1	0	1	2	1	0	0	0	0	2	2	0	9
Stray DOA Cats by ACO/CalTrans	16	19	10	8	10	15	17	14	13	30	35	10	197
Total Cats DOA	17	19	11	10	11	15	17	14	13	32	37	10	206
Stray Cats by ACO	56	46	60	79	21	22	35	27	18	32	55	56	507
Stray Cats by Public	106	114	102	94	91	45	57	46	56	47	184	87	1029
Owner Turn-In Cats (Shelter/Field)	32	27	34	44	28	13	24	21	29	72	93	86	503
Abandoned Cats	1	0	0	0	8	3	2	0	4	0	0	1	19
Adoption Return Cats	1	1	3	2	3	1	5	0	4	5	3	0	28
Quarantined Cats at Shelter	0	1	0	1	1	0	1	0	0	0	1	0	5
Warrant Cats by ACO	60	5	0	13	0	1	0	0	0	0	0	0	79
Misc. (Litters born in shelter, etc.)	0	19	13	4	1	6	0	9	4	1	5	0	62
Total Live Cats Received	256	213	212	237	153	91	124	103	115	157	341	230	2232
Citizen Holding Cats	1	0	0	0	0	0	0	1	0	0		0	2
Total Cats Processed	274	232	124	247	164	106	141	118	128	189	378	240	2341

Cat Disposition - Report													
Adopted Cats	28	51	39	28	23	28	42	26	30	53	38	25	411
Rescued Cats	0	0	0	0	13	12	1	0	0	1	6	0	33
Cats in Foster Care	17	13	8	0	3	0	0	11	17	16	18	0	103
RTO Cats	0	0	1	1	2	8	2	6	0	3	0	1	24
RTO Citizen-To-Owner	0	0	0	0	0	0	0	0	0	0	0	0	0
Warrant Return	0	0	0	0	0	0	0	0	0	0	0	0	0
Escaped	0	0	0	0	1	0	1	0	1	0	1	1	5
Died/DOA/Other/Misc	6	6	12	3	10	19	27	16	20	35	39	13	206
Stolen	0	0	0	0	0	0	0	0	0	0	0	0	0
Euthanized	190	167	148	215	143	64	58	65	69	89	221	173	1602
Total Cats Going Out of Shelter	241	237	208	247	195	131	131	124	137	197	323	213	2384

2008-09 Animal Services Statistics

Fiscal 2008-09	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009	Total 2008-09
Other Intake - Report													
Owner Turn-In DOA	0	0	0	0	0	0	6	0	1	0	0		7
Stray DOA Others by ACO	32	19	11	12	8	3	0	0	10	14	0	17	126
Stray DOA Others by Public	1	5	0	0	0	0	0	0		0	31		37
Total Other DOA	33	24	11	12	8	3	6	0	11	14	31	17	170
Stray Others by ACO	13	6	9	8	4	6	6	6	13	11	26	36	144
Stray Others by Public	6	2	7	2	4	0	0	2	7	10	14	5	59
Owner Turn-In Others (Shelter/Field)	4	1	2	0	0	3	2	2	1	3	1	3	22
Abandoned Others	0	0	0	0	0	2	0	0	0	0	0	0	2
Adoption Return Others	0	0	0	0	0	0	0	0	0	0	0	0	0
Quarantined Others at Shelter	0	0	0	0	1	0	0	0	0	0	1	0	2
Warrant Others by ACO	0	0	0	0	0	0	0	0	0	0	0	0	0
Misc.	0	0	3	0	2	0	0	0	4	7	17	7	40
Total Live Other Received	23	9	21	10	11	11	8	10	25	31	59	51	269
Citizen Holding Other	0	0	0	0	0	0	0	1	0	0	0		1
Total Other Processed	56	33	32	22	19	14	14	11	36	45	90	68	440
Other Disposition - Report													
Adopted	0	1	1	6	1	1	4	3	3	2	2	2	26
Rescued	3	0	1	1	0	0	0	0	0	0	5	2	12
Rehab/Foster Care	1	0	0	0	0	0	0	0	1	5	0	0	7
Released Wildlife	12	9	5	5	2	2	3	3	6	17	26	11	101
RTO	0	0	0	2	1	1	0	2	0	1	1	0	8
RTO Citizen-To-Owner	0	0	0	0	0	0	0	0	0	0	0	0	0
Warrant Return	0	0	0	0	0	0	0	0	0	0	0	0	0
Escaped	0	0	0	0	0	0	0	0	0	0	1	0	1
Died/DOA/Other/Misc	1	0	2	0	1	7	7	1	18	13	39	32	121
Stolen	0	0	0	0	0	0	0	0	0	0	0	0	0
Euthanized	7	7	4	1	2	4	0	4	14	5	16	18	82
Total Others Going Out of Shelter	24	17	13	15	7	15	14	13	42	43	90	65	358

Live Release & Adoption Rates	2006-07	2007-08	2008-09 YTD	2009-10	20010-11	20011-12	20012-13
Dogs & Cats Only	39%	38%	36%				
All Species	40%	40%	44%				
Dogs	50%	48%	51%				
Cats	24%	23%	21%				
Others	57%	70%	59%				

2008-09 Animal Services Statistics

Fiscal 2008-09	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009	Total 2008-09
RVT Exams	596	515	565	524	518	402	563	490	474	538	680	495	6360
Lab Tests/Diagnostics													
Fecal Analysis (Intestinal Parasites)	8	7	1	2	1	41	5	3	8	2	1	4	83
Parvovirus Test	2	2	5	12	7	4	10	4	6	5	4	0	61
Skin Scraping (Mange)	1	0	0	0	0	0	5	0	1	1	0	0	8
Felv/FIV Test (Feline Leukemia/AIDS)	7	7	0	0	2	1	4	0	0	1	1	0	23
Ear Swab Analysis (Earmites)	9	3	3	2	6	9	11	6	3	6	8	16	82
Woods Lamp (Ringworm)	4	1	0	15	2	0	0	0	1	0	3	5	31
Total Tests/Diagnostics Performed	**31**	**20**	**9**	**31**	**18**	**55**	**35**	**13**	**19**	**15**	**17**	**25**	**288**
Diagnosed Illnesses													
Healthy (No Significant Findings)	359	313	319	313	291	262	357	329	340	365	426	317	3991
Kennel Cough	12	11	10	7	7	12	7	7	12	19	8	15	127
Parvovirus (Confirmed)	3	0	5	9	3	0	27	11	3	6	6	1	74
Distemper (Potential)	1	0	0	0	0	0	0	0	0	0	1	1	3
Canine Respiratory Illness	17	27	38	17	12	10	15	19	15	28	16	20	234
Internal/External Parasites	55	31	14	1	4	6	20	6	5	2	2	2	148
Feline Upper Respiratory Infection	87	104	45	84	49	36	14	33	19	52	92	40	655
Feline Leukemia and/or AIDS	0	0	0	0	0	0	0	0	0	0	0	0	0
Ringworm	4	1	4	9	2	0	0	0	1	0	0	5	26
Earmites	20	10	18	3	4	12	15	5	3	5	10	15	120
Total Contagious Illnesses	**199**	**184**	**134**	**130**	**81**	**76**	**98**	**81**	**58**	**112**	**135**	**99**	**1387**
Other Illnesses	94	59	91	81	69	60	117	61	61	63	104	77	937
Total Illness/Injury Identified	**293**	**243**	**225**	**211**	**150**	**136**	**215**	**142**	**119**	**175**	**239**	**176**	**3711**
Medical Tmts Initiated	215	278	153	143	294	388	537	943	875	838	1075	618	6357
Medical Tmts Performed	1613	2085	1148	1073	2205	2910	537	943	875	838	1075	618	15,920
Preventive Care Admin.													
Canine DA2PP (Distemper/Parvo) Vac	91	56	75	62	54	15	27	33	25	29	23	19	509
Canine Bordatella (Intranasal)	91	58	75	62	54	15	27	33	25	29	23	19	511
Feline FVRCP Vac	86	88	99	104	67	15	49	29	6	40	42	24	649
Deworm (Routine-Non Dx)			to be added 2009					21	19	20	7	9	76
Total Preventive Care Admin.	**268**	**202**	**249**	**228**	**175**	**45**	**103**	**116**	**75**	**118**	**95**	**71**	**1745**
Microchips	62	82	56	68	60	63	70	77	78	75	57	51	799

649

08-09 Total Number of Animals Euthanized

	CANINE					FELINE					OTHER	MONTHLY
	A	H	S	O	TOTAL	A	H	S	O	TOTAL	ANIMALS	TOTALS
July	48	53	17	4	122	51	111	9	0	171	6	299
August	43	47	22	4	116	80	86	3	0	169	6	291
September	41	44	16	4	105	48	105	2	0	155	4	264
October	32	54	18	6	110	76	129	2	2	209	2	321
November	29	21	34	6	90	55	75	8	1	139	3	232
December	31	26	26	2	85	24	41	1	0	66	4	155
January	28	51	21	6	106	38	18	1	3	60	0	166
February	17	47	40	5	110	33	24	6	2	65	4	186
March	28	35	28	12	103	39	26	0	4	69	14	186
April	25	36	5	9	75	32	52	2	4	90	5	170
May	23	48	24	11	106	49	165	6	1	221	16	343
June	22	53	28	6	109	51	116	4	2	173	18	300
YTD	367	515	279	75	1237	576	948	44	19	1587	82	2913

Total Number of Animals Vaccinated That Were Euthanized

	Canine			MO TOT	Feline			MO TOT
	H	S	A	K-9	H	S	A	FEL.
July	24	0	4	28	48	0	4	52
August	11	3	2	16	41	3	3	47
September	13	5	5	23	29	3	0	32
October	5	11	3	19	76	0	5	81
November	4	5	2	11	37	7	4	48
December	1	2	0	3	10	0	0	10
January	5	0	0	5	1	0	0	1
February	0	0	0	0	8	3	1	12
March	0	0	0	0	3	0	1	4
April	0	0	0	0	1	0	1	2
May	1	0	0	1	1	0	0	1
June	0	0	0	0	0	0	0	0
YTD	64	26	16	106	255	16	19	290

O is for owner turn-in w/ PTS request.

75 - dogs
19 - cats
0 - other.

Expenditure Status Report
Town of Apple Valley

Periods: 1 through 14 7/1/2008 throug 6/30/2009

Animal Shelter

Account Number		Adjusted Appropriation	Expenditures	Year-to-date Expenditures	Year-to-date Encumbrances	Balance	Prct Used
1001	General Fund						
1001-2130-7010-0000	Salaries Regular	353,750.00	383,254.64	383,254.64	0.00	-29,504.64	108.34
1001-2130-7010-1000	Salary/Benefit Allocation	0.00	61.21	61.21	0.00	-61.21	0.00
1001-2130-7030-0000	Overtime	2,000.00	1,778.21	1,778.21	0.00	221.79	88.91
1001-2130-7110-0000	Cafeteria and other Benefits	73,500.00	76,899.12	76,899.12	0.00	-3,399.12	104.62
1001-2130-7140-0000	Health/Life Insurance Benefits	0.00	1,121.59	1,121.59	0.00	-1,121.59	0.00
1001-2130-7150-0000	Medicare	5,129.00	5,778.36	5,778.36	0.00	-649.36	112.66
1001-2130-7160-0000	PERS	78,812.00	80,724.84	80,724.84	0.00	-1,912.84	102.43
1001-2130-7180-0000	Uniform Expenses	1,800.00	2,327.82	2,327.82	0.00	-527.82	129.32
1001-2130-7205-0000	Advertising	2,000.00	216.34	216.34	0.00	1,783.66	10.82
1001-2130-7229-0000	Education & Training	3,000.00	1,717.04	1,717.04	0.00	1,282.96	57.23
1001-2130-7241-0000	Meetings & Conferences	1,500.00	845.43	845.43	0.00	654.57	56.36
1001-2130-7247-0000	Membership & Dues	250.00	125.00	125.00	0.00	125.00	50.00
1001-2130-7253-0000	Mileage Exp/Allowance	0.00	270.24	270.24	0.00	-270.24	0.00
1001-2130-7265-0000	Office Supplies/Exp	1,800.00	407.07	407.07	0.00	1,392.93	22.62
1001-2130-7277-0000	Printing	1,350.00	219.33	219.33	0.00	1,130.67	16.25
1001-2130-7289-0000	Subscriptions	250.00	204.00	204.00	0.00	46.00	81.60
1001-2130-7295-0847	Utilities: Electricity Usage	0.00	7,395.48	7,395.48	0.00	-7,395.48	0.00
1001-2130-7295-0848	Utilities: Natural Gas Usage	0.00	5,205.48	5,205.48	0.00	-5,205.48	0.00
1001-2130-7295-0849	Utilities: Water Usage	0.00	1,065.71	1,065.71	0.00	-1,065.71	0.00
1001-2130-7305-0000	Animal Food Supplies	10,000.00	11,763.59	11,763.59	0.00	-1,763.59	117.64
1001-2130-7330-0000	Hardware/Software Supplies/Exp	5,700.00	6,029.59	6,029.59	0.00	-329.59	105.78
1001-2130-7360-0000	Safety & Security	0.00	877.37	877.37	0.00	-877.37	0.00
1001-2130-7370-0000	Special Dept Supplies/Exp	15,000.00	16,550.56	16,550.56	0.00	-1,550.56	110.34
1001-2130-7655-0000	Building Maintenance	0.00	9,807.29	9,807.29	0.00	-9,807.29	0.00
1001-2130-8940-0000	Contract Services	10,200.00	9,601.28	9,601.28	0.00	598.72	94.13
1001-2130-8944-0000	County Public Health	0.00	-25.00	-25.00	0.00	25.00	0.00
1001-2130-8956-0000	Drugs/Vaccinations	22,000.00	22,331.69	22,331.69	0.00	-331.69	101.51
1001-2130-8960-0000	Emergency Vet Service	6,000.00	2,249.80	2,249.80	0.00	3,750.20	37.50
1001-2130-8988-0000	Spay/Neuter Program	30,000.00	45,337.13	45,337.13 ←	0.00	-15,337.13	151.12
1001-2130-8992-0000	Stiles Removal/D & D Removal	6,200.00	5,700.00	5,700.00	0.00	500.00	91.94
Total	General Fund	630,241.00	699,840.21	699,840.21	0.00	-69,599.21	111.04
Grand Total		630,241.00	699,840.21	699,840.21	0.00	-69,599.21	111.04

651

Expenditure Status Report

Town of Apple Valley

Periods: 1 through 14 7/1/2008 throug 6/30/2009

Animal Control

Account Number		Adjusted Appropriation	Expenditures	Year-to-date Expenditures	Year-to-date Encumbrances	Balance	Prct Used
1001	General Fund						
1001-2120-7010-0000	Salaries Regular	365,225.00	373,366.83	373,366.83	0.00	-8,141.83	102.23
1001-2120-7030-0000	Overtime	10,500.00	7,162.60	7,162.60	0.00	3,337.40	68.22
1001-2120-7110-0000	Cafeteria and other Benefits	73,500.00	66,160.93	66,160.93	0.00	7,339.07	90.01
1001-2120-7140-0000	Health/Life Insurance Benefits	0.00	1,317.12	1,317.12	0.00	-1,317.12	0.00
1001-2120-7150-0000	Medicare	8,296.00	6,021.43	6,021.43	0.00	2,274.57	72.58
1001-2120-7160-0000	PERS	81,368.00	86,163.76	86,163.76	0.00	-4,795.76	105.89
1001-2120-7180-0000	Uniform Expenses	3,500.00	2,457.16	2,457.16	0.00	1,042.84	70.20
1001-2120-7205-0000	Advertising	1,500.00	296.28	296.28	0.00	1,203.72	19.75
1001-2120-7229-0000	Education & Training	3,000.00	1,414.75	1,414.75	0.00	1,585.25	47.16
1001-2120-7241-0000	Meetings & Conferences	0.00	1,037.68	1,037.68	0.00	-1,037.68	0.00
1001-2120-7247-0000	Membership & Dues	300.00	0.00	0.00	0.00	300.00	0.00
1001-2120-7265-0000	Office Supplies/Exp	1,500.00	3,396.25	3,396.25	0.00	-1,896.25	226.42
1001-2120-7277-0000	Printing	2,800.00	1,717.56	1,717.56	0.00	1,082.44	61.34
1001-2120-7289-0000	Subscriptions	500.00	318.47	318.47	0.00	181.53	63.69
1001-2120-7295-0109	Utilities: Phones, Internet, Cell Phone	0.00	2,008.15	2,008.15	0.00	-2,008.15	0.00
1001-2120-7330-0000	Hardware/Software Supplies/Exp	10,000.00	2,053.71	2,053.71	0.00	7,946.29	20.54
1001-2120-7360-0000	Safety & Security	0.00	64.00	64.00	0.00	-64.00	0.00
1001-2120-7370-0000	Special Dept Supplies/Exp	6,000.00	4,013.63	4,013.63	0.00	1,986.37	66.89
1001-2120-7655-0000	Building Maintenance	0.00	304.00	304.00	0.00	-304.00	0.00
1001-2120-8940-0000	Contract Services	0.00	636.50	636.50	0.00	-636.50	0.00
1001-2120-8944-0000	County Public Health	2,525.00	2,500.00	2,500.00	0.00	25.00	99.01
1001-2120-8956-0000	Drugs/Vaccinations	0.00	52.09	52.09	0.00	-52.09	0.00
1001-2120-8972-0000	Legal Services	7,000.00	6,739.02	6,739.02	0.00	260.98	96.27
1001-2120-8988-0000	Spay/Neuter Program	30,000.00	50,767.00	50,767.00	0.00	-20,767.00	169.22
1001-2120-8992-0000	Stiles Removal/D & D Removal	7,000.00	5,700.00	5,700.00	0.00	1,300.00	81.43
Total	General Fund	614,514.00	625,668.92	625,668.92	0.00	-11,154.92	101.82
Grand Total		614,514.00	625,668.92	625,668.92	0.00	-11,154.92	101.82

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: Document Source Not Defined

4020 RDA PA#2 Capital Projects

Date	Ref No./Description	Budget	Encumbrance	Debit	Credit	Net
Department: 4710						
06/25/2008	10347 / Rcd From: CIMARRON ESCROW	0.00	0.00	0.00	61.89	-61.89
	Department: 4710 Total	0.00	0.00	0.00	61.89	-61.89
	Fund: 61.89 Total	0.00	0.00	0.00	61.89	-61.89
	Document Source: Rcd From: CIMARRON ESCROW Total	0.00	0.00	0.00	61.89	-61.89

BUDADJ: Budget Supplemental Adjustment

4020 RDA PA#2 Capital Projects

Date	Ref No./Description	Budget	Encumbrance	Debit	Credit	Net
Department: 4710						
07/01/2008	08/09 BUDGET / 08/09 BUDGET @ 9/30/08	6,800,000.00	0.00	0.00	0.00	0.00
07/01/2009	2009-10 / LOAD 2009-2010 BUDGET	7,900,000.00	0.00	0.00	0.00	0.00
	Department: 4710 Total	14,700,000.00	0.00	0.00	0.00	0.00
	Fund: 7,900,000.00 Total	14,700,000.00	0.00	0.00	0.00	0.00
	Document Source: LOAD 2009-2010 BUDGET Total	14,700,000.00	0.00	0.00	0.00	0.00

GENJOURN: Document Source Not Defined

4020 RDA PA#2 Capital Projects

Date	Ref No./Description	Budget	Encumbrance	Debit	Credit	Net
Department: 4710						
06/18/2008	/ JE 47 LAND PURCHASE FM QUINNAU	0.00	0.00	865,226.93	0.00	865,226.93
06/30/2008	/ JE 153 ACCRUE LIABILITIES @ 6/	0.00	0.00	79,629.38	0.00	79,629.38
06/30/2008	/ JE 186 ACCRUE LIABILITIES @ 6/	0.00	0.00	600.00	0.00	600.00
07/01/2008	/ JE 95-2 REVERSE 6/30 ACCRUAL	0.00	0.00	0.00	79,629.38	-79,629.38
07/01/2008	/ JE 137 REVERSE 6/30 ACCRUAL	0.00	0.00	0.00	600.00	-600.00
09/30/2008	/ JE 81 A/C FACILITY FEES XFR	0.00	0.00	90,060.66	0.00	90,060.66
	Department: 4710 Total	0.00	0.00	1,035,516.97	80,229.38	955,287.59
	Fund: 90,060.66 Total	0.00	0.00	1,035,516.97	80,229.38	955,287.59
	Document Source: JE 81 A/C FACILITY FEES XFR Total	0.00	0.00	1,035,516.97	80,229.38	955,287.59

GENJRNL: General Journal Entry

4020 RDA PA#2 Capital Projects

Date	Ref No./Description	Budget	Encumbrance	Debit	Credit	Net
Department: 4710						
04/20/2010	JE 33 / ANIMAL SHELTER FINAL COMM FEES	0.00	0.00	90,060.66	0.00	90,060.66
04/30/2010	JE 27 / TR AVMSUS SEWER FEES TO 5010	0.00	0.00	12,554.06	0.00	12,554.06
06/30/2010	JE 154 / TR RETENTION RELEASE FR EXPENS	0.00	0.00	0.00	632.50	-632.50
06/30/2010	JE 161 / CORRECT 12/1/09 PBID INVOICE	0.00	0.00	1,035.22	0.00	1,035.22
06/30/2010	JE 150 / TR FR 4020 TO 5010	0.00	0.00	69,765.50	0.00	69,765.50
	Department: 4710 Total	0.00	0.00	173,415.44	632.50	172,782.94
	Fund: 69,765.50 Total	0.00	0.00	173,415.44	632.50	172,782.94
	Document Source: TR FR 4020 TO 5010 Total	0.00	0.00	173,415.44	632.50	172,782.94

GL_CR: GI Cash Receipts

4020 RDA PA#2 Capital Projects

Date	Ref No./Description	Budget	Encumbrance	Debit	Credit	Net
Department: 4710						
12/01/2009	093290110111 / APPLE VALLEY RANCHOSFULLY EXEC	0.00	0.00	0.00	2,024.95	-2,024.95
06/30/2010	101810110074 / APPLE VALLEY RANCHOSMAIN EXT A	0.00	0.00	0.00	149,350.35	-149,350.35
	Department: 4710 Total	0.00	0.00	0.00	151,375.30	-151,375.30
	Fund: 149,350.35 Total	0.00	0.00	0.00	151,375.30	-151,375.30
	Document Source: APPLE VALLEY RANCHOSMAIN EXT A Total	0.00	0.00	0.00	151,375.30	-151,375.30

INVOICE: Ap Invoices

4020 RDA PA#2 Capital Projects

Date	Ref No./Description	Budget	Encumbrance	Debit	Credit	Net
Department: 4710						
09/13/2007	67291 / WALD, RUHNKE & DOST ARCHITECTS	0.00	0.00	12,854.89	0.00	12,854.89

10/25/2007	68504 / WALD, RUHNKE & DOST ARCHITECTS	0.00	0.00	19,630.47	0.00	19,630.47
11/20/2007	69527 / WALD, RUHNKE & DOST ARCHITECTS	0.00	0.00	23,183.49	0.00	23,183.49
12/06/2007	69926 / WALD, RUHNKE & DOST ARCHITECTS	0.00	0.00	34,072.81	0.00	34,072.81
01/17/2008	71081 / WALD, RUHNKE & DOST ARCHITECTS	0.00	0.00	116,561.16	0.00	116,561.16
02/20/2008	72048 / WALD, RUHNKE & DOST ARCHITECTS	0.00	0.00	70,099.61	0.00	70,099.61
03/13/2008	72617 / THOMPSON APPRAISALS INC.	0.00	0.00	2,250.00	0.00	2,250.00
03/13/2008	72539 / WALD, RUHNKE & DOST ARCHITECTS	0.00	0.00	86,563.68	0.00	86,563.68
03/19/2008	72747 / SO & ASSOCIATES-	0.00	0.00	1,840.00	0.00	1,840.00
03/26/2008	73097 / THOMPSON APPRAISALS INC.	0.00	0.00	1,000.00	0.00	1,000.00
04/16/2008	73716 / WALD, RUHNKE & DOST ARCHITECTS	0.00	0.00	30,037.24	0.00	30,037.24
04/24/2008	73957 / DICK LARSEN	0.00	0.00	681.97	0.00	681.97
05/14/2008	74493 / COUNTY OF SAN BERNARDINO	0.00	0.00	50.00	0.00	50.00
05/15/2008	74605 / WALD, RUHNKE & DOST ARCHITECTS	0.00	0.00	15,621.27	0.00	15,621.27
05/28/2008	74984 / APPLE VALLEY BLUEPRINT	0.00	0.00	82.64	0.00	82.64
06/04/2008	75170 / PATEL AND ASSOCIATES, INC.	0.00	0.00	500.00	0.00	500.00
06/11/2008	75490 / PATEL AND ASSOCIATES, INC.	0.00	0.00	2,300.00	0.00	2,300.00
06/11/2008	75384 / J.E. MILLER & ASSOCIATES	0.00	0.00	3,500.00	0.00	3,500.00
06/11/2008	75409 / SAN BERNARDINO COUNTY SURVEYOR	0.00	0.00	420.00	0.00	420.00
06/18/2008	75669 / STATE WATER RESOURCES CONTROL	0.00	0.00	379.00	0.00	379.00
06/18/2008	75576 / WALD, RUHNKE & DOST ARCHITECTS	0.00	0.00	11,198.51	0.00	11,198.51
06/18/2008	75590 / APPLE VALLEY BLUEPRINT	0.00	0.00	22.79	0.00	22.79
06/30/2008	76214 / WALD, RUHNKE & DOST ARCHITECTS	0.00	0.00	59,152.01	0.00	59,152.01
08/06/2008	76983 / WALD, RUHNKE & DOST ARCHITECTS	0.00	0.00	79,629.38	0.00	79,629.38
08/20/2008	77617 / APPLE VALLEY BLUEPRINT	0.00	0.00	22.03	0.00	22.03
09/03/2008	77765 / APPLE VALLEY RANCHOS	0.00	0.00	1,000.00	0.00	1,000.00
09/03/2008	77813 / EBERHARDT CONSTRUCTION INC	0.00	0.00	4,440.00	0.00	4,440.00
09/04/2008	77925 / APPLE VALLEY BLUEPRINT	0.00	0.00	89.59	0.00	89.59
09/11/2008	78129 / APPLE VALLEY BLUEPRINT	0.00	0.00	9.00	0.00	9.00
09/11/2008	78156 / APPLE VALLEY BLUEPRINT	0.00	0.00	61.79	0.00	61.79
09/25/2008	78436 / WALD, RUHNKE & DOST ARCHITECTS	0.00	0.00	70,457.90	0.00	70,457.90
10/01/2008	78627 / CHARLES ABBOTT ASSOCIATES	0.00	0.00	70.00	0.00	70.00
10/01/2008	78754 / APPLE VALLEY BLUEPRINT	0.00	0.00	5.88	0.00	5.88
10/02/2008	78820 / EBERHARDT CONSTRUCTION INC	0.00	0.00	34,590.00	0.00	34,590.00
10/15/2008	79168 / EBERHARDT CONSTRUCTION INC	0.00	0.00	24,060.00	0.00	24,060.00
10/24/2008	79619 / APPLE VALLEY BLUEPRINT	0.00	0.00	465.68	0.00	465.68
10/24/2008	79481 / MERRELL-JOHNSON ENGINEERING	0.00	0.00	908.00	0.00	908.00
11/06/2008	28933 / AV ANIMAL SHELTER	0.00	0.00	33.89	0.00	33.89
11/13/2008	102008 / REIMBURSEABLES	0.00	0.00	2,157.43	0.00	2,157.43
11/13/2008	QUINNAULT PROP / STREET PLANS AC FACILITY	0.00	0.00	1,500.00	0.00	1,500.00
11/21/2008	0710814 / SHELTER	0.00	0.00	21,469.72	0.00	21,469.72
11/21/2008	0710815 / SHELTER	0.00	0.00	18,534.05	0.00	18,534.05
12/10/2008	007 / SHELTER	0.00	0.00	22,020.00	0.00	22,020.00
12/10/2008	103108 / SHELTER	0.00	0.00	697.94	0.00	697.94
12/30/2008	46878 / RELOCATE FACILITIES	0.00	0.00	9,893.27	0.00	9,893.27
12/31/2008	46779 / LINE EXTENSION	0.00	0.00	286.25	0.00	286.25
01/07/2009	0710816 / SHELTER	0.00	0.00	7,935.77	0.00	7,935.77
01/16/2009	113008 / SHELTER	0.00	0.00	12,180.00	0.00	12,180.00
01/21/2009	0710817 / SHELTER	0.00	0.00	3,790.64	0.00	3,790.64
01/22/2009	123108S / SHELTER	0.00	0.00	16,200.00	0.00	16,200.00
02/04/2009	50979 / LINE EXTENSION	0.00	0.00	39.15	0.00	39.15
02/04/2009	0710818 / SHELTER DESIGN	0.00	0.00	3,555.60	0.00	3,555.60
02/04/2009	02-520 / SHELTER PRINTS	0.00	0.00	6,402.45	0.00	6,402.45
02/12/2009	013109 / SHELTER	0.00	0.00	68,000.00	0.00	68,000.00
02/12/2009	A02032009 / EXPENSES	0.00	0.00	781.02	0.00	781.02
02/12/2009	20098 / FIELD OBSERVATIONS	0.00	0.00	2,177.00	0.00	2,177.00
02/18/2009	166799 / WATER MAIN EXTENSION	0.00	0.00	143,411.97	0.00	143,411.97
02/27/2009	28687C / OVERPAID INV 28687	0.00	0.00	0.00	0.20	-0.20
03/04/2009	09A-71 / SHELTER PRINTS	0.00	0.00	20.82	0.00	20.82
03/04/2009	T12001984 / STRAW WATTLE	0.00	0.00	1,663.18	0.00	1,663.18
03/04/2009	09A-62 / TOWN HALL EXPANSION	0.00	0.00	25.41	0.00	25.41
03/04/2009	0508-8-1 / BLDG CONCRETE	0.00	0.00	14,200.00	0.00	14,200.00
03/04/2009	0710819 / SHELTER, JAN	0.00	0.00	1,794.40	0.00	1,794.40
03/04/2009	2029 / ROAD DEDICATION	0.00	0.00	250.00	0.00	250.00
03/04/2009	10853 / EARTHWORK, SHELTER	0.00	0.00	29,532.93	0.00	29,532.93
03/04/2009	2015 / EASEMENT DOCS.	0.00	0.00	250.00	0.00	250.00

03/04/2009	0508-4-1 / SITE CONCRETE	0.00	0.00	8,300.00	0.00	8,300.00
03/19/2009	28184-1 / SHELTER	0.00	0.00	100,180.50	0.00	100,180.50
03/19/2009	2063 / ROAD DEDICATION	0.00	0.00	250.00	0.00	250.00
03/19/2009	1 / SHELTER	0.00	0.00	8,274.00	0.00	8,274.00
03/19/2009	136 / SHELTER	0.00	0.00	26,590.00	0.00	26,590.00
03/19/2009	022809A / SHELTER	0.00	0.00	46,500.00	0.00	46,500.00
03/19/2009	1 / SHELTER	0.00	0.00	95,145.00	0.00	95,145.00
03/19/2009	14717100501 / SHELTER	0.00	0.00	10,000.00	0.00	10,000.00
03/19/2009	2045 / SURVEYING SHELTER	0.00	0.00	2,552.00	0.00	2,552.00
03/19/2009	2056 / SURVEYING SHELTER	0.00	0.00	1,435.50	0.00	1,435.50
04/01/2009	1 / SHELTER	0.00	0.00	15,450.00	0.00	15,450.00
04/08/2009	20111 / SHELTER TESTING	0.00	0.00	5,708.30	0.00	5,708.30
04/08/2009	167249 / LINE EXT.	0.00	0.00	5,892.60	0.00	5,892.60
04/08/2009	167257 / LINE EXT.	0.00	0.00	3,659.25	0.00	3,659.25
04/09/2009	10863 / SHELTER	0.00	0.00	32,682.27	0.00	32,682.27
04/15/2009	2 / SHELTER	0.00	0.00	104,255.00	0.00	104,255.00
04/15/2009	033110 / SHELTER MARCH	0.00	0.00	40,985.00	0.00	40,985.00
04/15/2009	1 / SHELTER	0.00	0.00	29,346.95	0.00	29,346.95
04/15/2009	1 / SHELTER	0.00	0.00	9,000.00	0.00	9,000.00
04/15/2009	2091 / SHELTER	0.00	0.00	3,987.50	0.00	3,987.50
04/15/2009	28184-2 / SHELTER	0.00	0.00	86,542.30	0.00	86,542.30
04/15/2009	3389 / SHELTER	0.00	0.00	40,700.00	0.00	40,700.00
04/15/2009	2234 / SHELTER	0.00	0.00	4,000.00	0.00	4,000.00
04/15/2009	4897 / SHELTER	0.00	0.00	2,379.00	0.00	2,379.00
04/15/2009	150 / SHELTER	0.00	0.00	113,000.00	0.00	113,000.00
04/16/2009	34 / AED UNITS	0.00	0.00	1,629.95	0.00	1,629.95
04/16/2009	0100164-IN / 1254-4 COVERS	0.00	0.00	754.25	0.00	754.25
04/23/2009	0710820 / FEB SVCS	0.00	0.00	3,774.03	0.00	3,774.03
05/20/2009	0710821 / MARCH SVCS	0.00	0.00	4,827.60	0.00	4,827.60
05/22/2009	20140 / SHELTER	0.00	0.00	6,090.00	0.00	6,090.00
05/22/2009	20145 / SHELTER	0.00	0.00	1,620.00	0.00	1,620.00
05/27/2009	09A-0226 / SHELTER	0.00	0.00	29.94	0.00	29.94
05/27/2009	09A-0329 / QUINNAULT RD	0.00	0.00	11.96	0.00	11.96
05/27/2009	4-8-09 / QUINNAULT BETWEEN ~	0.00	0.00	6,300.00	0.00	6,300.00
05/27/2009	0710822 / SHELTER	0.00	0.00	2,092.08	0.00	2,092.08
05/27/2009	DEPOSIT / DEPOSIT FOR DOORS	0.00	0.00	16,245.00	0.00	16,245.00
05/28/2009	1 / SHELTER	0.00	0.00	187.33	0.00	187.33
05/28/2009	1 / SHELTER	0.00	0.00	884.60	0.00	884.60
05/28/2009	1 / SHELTER PARTS	0.00	0.00	6,610.07	0.00	6,610.07
05/28/2009	1 / SHELTER PARTS	0.00	0.00	3,804.62	0.00	3,804.62
05/28/2009	14757500401 / SHELTER	0.00	0.00	3,000.00	0.00	3,000.00
05/28/2009	105699 / SHELTER	0.00	0.00	1,325.00	0.00	1,325.00
05/28/2009	3417 / SHELTER	0.00	0.00	44,510.50	0.00	44,510.50
05/28/2009	2120 / SHELTER	0.00	0.00	797.50	0.00	797.50
05/28/2009	28184-3 / SHELTER	0.00	0.00	6,492.07	0.00	6,492.07
05/28/2009	4760 / SHELTER	0.00	0.00	805.00	0.00	805.00
05/28/2009	124 / SHELTER	0.00	0.00	139,811.67	0.00	139,811.67
05/28/2009	043009 / SHELTER	0.00	0.00	47,988.00	0.00	47,988.00
05/28/2009	10879 / SHELTER	0.00	0.00	1,778.73	0.00	1,778.73
05/28/2009	10886 / SHELTER	0.00	0.00	32,675.85	0.00	32,675.85
05/28/2009	2823-APR / SHELTER	0.00	0.00	2,756.00	0.00	2,756.00
05/28/2009	4771 / SHELTER	0.00	0.00	450.00	0.00	450.00
05/28/2009	1 / SHELTER	0.00	0.00	13,289.00	0.00	13,289.00
05/28/2009	1 / SHELTER PARTS	0.00	0.00	31,273.64	0.00	31,273.64
06/17/2009	053109 / SHELTER	0.00	0.00	31,979.66	0.00	31,979.66
06/19/2009	2959 / SHELTER DUST CONTROL	0.00	0.00	1,350.00	0.00	1,350.00
06/24/2009	1 / SHELTER	0.00	0.00	1,235.40	0.00	1,235.40
06/24/2009	1 / SHELTER	0.00	0.00	24,630.67	0.00	24,630.67
06/24/2009	1 / SHELTER	0.00	0.00	5,372.89	0.00	5,372.89
06/24/2009	1 / SHELTER	0.00	0.00	5,526.86	0.00	5,526.86
06/24/2009	1 / SHELTER	0.00	0.00	7,057.40	0.00	7,057.40
06/24/2009	1 / SHELTER	0.00	0.00	55,416.59	0.00	55,416.59
06/24/2009	1 / SHELTER	0.00	0.00	9,508.00	0.00	9,508.00
06/24/2009	1 / SHELTER	0.00	0.00	23,134.57	0.00	23,134.57
06/24/2009	1 / SHELTER	0.00	0.00	576.71	0.00	576.71

06/24/2009	1 / SHELTER	0.00	0.00	480.29	0.00	480.29
06/24/2009	0710823 / MAY SVCS	0.00	0.00	2,079.18	0.00	2,079.18
06/24/2009	1 / SHELTER	0.00	0.00	13,540.33	0.00	13,540.33
06/24/2009	105899 / SHELTER	0.00	0.00	1,425.00	0.00	1,425.00
06/24/2009	173 / SHELTER	0.00	0.00	33,771.00	0.00	33,771.00
06/24/2009	2 / SHELTER	0.00	0.00	79,177.53	0.00	79,177.53
06/24/2009	4790 / SHELTER	0.00	0.00	900.00	0.00	900.00
06/24/2009	2 / SHELTER	0.00	0.00	90,555.93	0.00	90,555.93
06/24/2009	3444 / SHELTER	0.00	0.00	51,600.00	0.00	51,600.00
06/24/2009	2157 / SHELTER	0.00	0.00	1,595.00	0.00	1,595.00
06/24/2009	28184-4 / SHELTER	0.00	0.00	42,467.14	0.00	42,467.14
06/24/2009	4 REVISED / SHELTER	0.00	0.00	70,975.93	0.00	70,975.93
06/24/2009	20148 / TESTING SHELTER	0.00	0.00	13,968.00	0.00	13,968.00
06/24/2009	E17423M-IN / DEPOSIT ON WASHER~	0.00	0.00	7,835.84	0.00	7,835.84
06/24/2009	124160-6-09 / WATER	0.00	0.00	260.28	0.00	260.28
06/25/2009	1 / SHELTER	0.00	0.00	1,235.40	0.00	1,235.40
06/25/2009	1 / SHELTER	0.00	0.00	24,630.67	0.00	24,630.67
06/30/2009	132 / SHELTER	0.00	0.00	10,265.57	0.00	10,265.57
06/30/2009	2 / SHELTER	0.00	0.00	61,513.05	0.00	61,513.05
06/30/2009	3470 / SHELTER	0.00	0.00	4,820.75	0.00	4,820.75
06/30/2009	3 / JUNE SHELTER	0.00	0.00	181,242.28	0.00	181,242.28
06/30/2009	69120-1 / SHELTER	0.00	0.00	16,800.00	0.00	16,800.00
06/30/2009	3 / SHELTER	0.00	0.00	85,413.14	0.00	85,413.14
06/30/2009	131 / SHELTER	0.00	0.00	23,800.00	0.00	23,800.00
06/30/2009	1 / SHELTER	0.00	0.00	0.00	24,630.67	-24,630.67
06/30/2009	1 / SHELTER	0.00	0.00	0.00	1,235.40	-1,235.40
06/30/2009	6-2009 / JUNE SHELTER WORK	0.00	0.00	3,107.26	0.00	3,107.26
06/30/2009	A0609 / SHELTER	0.00	0.00	44,473.49	0.00	44,473.49
06/30/2009	28184-5 / SHELTER	0.00	0.00	20,185.26	0.00	20,185.26
06/30/2009	6-2009 / JUNE SHELTER WORK	0.00	0.00	12,368.14	0.00	12,368.14
06/30/2009	6-2009 / SHELTER	0.00	0.00	4,482.41	0.00	4,482.41
06/30/2009	6-2009 / SHELTER	0.00	0.00	25,171.89	0.00	25,171.89
06/30/2009	6-2009 / SHELTER	0.00	0.00	26,304.44	0.00	26,304.44
06/30/2009	6-2009 / SHELTER	0.00	0.00	111,981.73	0.00	111,981.73
06/30/2009	6-2009 / SHELTER	0.00	0.00	1,021.17	0.00	1,021.17
06/30/2009	6-2009 / JUNE SHELTER WORK	0.00	0.00	1,896.74	0.00	1,896.74
06/30/2009	6-2009 / JUNE SHELTER WORK	0.00	0.00	24,777.68	0.00	24,777.68
06/30/2009	124160-7-09 / WATER	0.00	0.00	145.21	0.00	145.21
06/30/2009	04-22-09 / APRIL PURCHASES	0.00	0.00	213.15	0.00	213.15
06/30/2009	053109 ADD / INS RENEWAL	0.00	0.00	6,891.89	0.00	6,891.89
06/30/2009	20150 / SHELTER	0.00	0.00	8,338.00	0.00	8,338.00
06/30/2009	124160-6-09 / WATER	0.00	0.00	111.74	0.00	111.74
07/08/2009	63924 / RELOCATE POLE	0.00	0.00	13,557.63	0.00	13,557.63
07/16/2009	2835 DEPOSIT / DEPOSIT ON KENNELS & CAGES	0.00	0.00	171,767.93	0.00	171,767.93
07/22/2009	270719D / EQUIPMENT DEPOSIT	0.00	0.00	5,991.58	0.00	5,991.58
07/22/2009	DEPOSIT / DEPOSIT ON FREEZER	0.00	0.00	6,960.00	0.00	6,960.00
07/29/2009	DEPOSIT / DEPOSIT ON SHELTER DOORS	0.00	0.00	6,850.00	0.00	6,850.00
08/05/2009	A073109 / SHELTER	0.00	0.00	44,448.31	0.00	44,448.31
08/13/2009	2984 / WATER TRUCK SHELTER	0.00	0.00	2,325.00	0.00	2,325.00
08/24/2009	10922 / SHELTER	0.00	0.00	13,483.80	0.00	13,483.80
08/24/2009	69120-2 / SHELTER	0.00	0.00	55,790.00	0.00	55,790.00
08/24/2009	4 / SHELTER	0.00	0.00	129,275.44	0.00	129,275.44
08/24/2009	135 / SHELTER	0.00	0.00	179,594.04	0.00	179,594.04
08/24/2009	136 / SHELTER	0.00	0.00	822.15	0.00	822.15
08/24/2009	30853 / SHELTER	0.00	0.00	5,544.00	0.00	5,544.00
08/24/2009	3508 / SHELTER	0.00	0.00	19,054.75	0.00	19,054.75
08/24/2009	2 / SHELTER	0.00	0.00	89,331.77	0.00	89,331.77
08/24/2009	7-2009 / SHELTER	0.00	0.00	1,716.85	0.00	1,716.85
08/24/2009	7-2009 / SHELTER	0.00	0.00	1,569.70	0.00	1,569.70
08/24/2009	7-2009 / SHELTER	0.00	0.00	5,356.38	0.00	5,356.38
08/24/2009	7-2009 / SHELTER	0.00	0.00	61,385.90	0.00	61,385.90
08/24/2009	7-2009 / SHELTER	0.00	0.00	7,612.92	0.00	7,612.92
08/24/2009	7-2009 / SHELTER	0.00	0.00	24,297.12	0.00	24,297.12
08/24/2009	7-2009 / SHELTER	0.00	0.00	9,978.90	0.00	9,978.90
08/24/2009	7-2009 / SHELTER	0.00	0.00	1,185.81	0.00	1,185.81

08/24/2009	7-2009 / SHELTER	0.00	0.00	5,973.04	0.00	5,973.04
08/24/2009	7-2009 / SHELTER	0.00	0.00	3,271.13	0.00	3,271.13
08/24/2009	7-2009 / SHELTER	0.00	0.00	554.15	0.00	554.15
08/24/2009	7-2009 / SHELTER	0.00	0.00	13,940.09	0.00	13,940.09
08/24/2009	10918 / SHELTER	0.00	0.00	28,545.58	0.00	28,545.58
08/24/2009	4 / SHELTER	0.00	0.00	158,524.38	0.00	158,524.38
08/24/2009	7361 / SHELTER	0.00	0.00	74,898.75	0.00	74,898.75
08/24/2009	28184-6 / SHELTER	0.00	0.00	39,300.22	0.00	39,300.22
08/24/2009	0710824 / SHELTER	0.00	0.00	2,679.03	0.00	2,679.03
08/24/2009	201 / SHELTER	0.00	0.00	5,396.00	0.00	5,396.00
08/24/2009	2208 & 2210 / SHELTER	0.00	0.00	3,880.00	0.00	3,880.00
08/25/2009	09A-0239 / CORRECT #	0.00	0.00	11.96	0.00	11.96
08/25/2009	09A-0329C / WRONG #	0.00	0.00	0.00	11.96	-11.96
08/28/2009	20156 / SHELTER	0.00	0.00	9,429.00	0.00	9,429.00
09/17/2009	124160-9-09 / UTILITIES	0.00	0.00	92.76	0.00	92.76
09/23/2009	SW-0004687 / SHELTER PERMIT	0.00	0.00	462.00	0.00	462.00
09/24/2009	47454 / BUILDING & SAFETY JULY	0.00	0.00	5,389.00	0.00	5,389.00
09/25/2009	AS083109 / SHELTER FOR AUG	0.00	0.00	24,510.74	0.00	24,510.74
09/25/2009	RW7077 / WATER USAGE	0.00	0.00	4,955.14	0.00	4,955.14
10/01/2009	3 / SHELTER	0.00	0.00	4,939.37	0.00	4,939.37
10/01/2009	22785 / SHELTER	0.00	0.00	38,070.61	0.00	38,070.61
10/01/2009	136 / SHELTER	0.00	0.00	1,000.00	0.00	1,000.00
10/01/2009	137 / SHELTER	0.00	0.00	6,742.98	0.00	6,742.98
10/01/2009	3525 / SHELTER	0.00	0.00	23,336.50	0.00	23,336.50
10/01/2009	12826 / SHELTER	0.00	0.00	48,395.68	0.00	48,395.68
10/01/2009	8-2009 / SHELTER	0.00	0.00	2,544.75	0.00	2,544.75
10/01/2009	8-2009 / SHELTER	0.00	0.00	1,564.78	0.00	1,564.78
10/01/2009	8-2009 / SHELTER	0.00	0.00	611.14	0.00	611.14
10/01/2009	8-2009 / SHELTER	0.00	0.00	43,558.82	0.00	43,558.82
10/01/2009	8-2009 / SHELTER	0.00	0.00	3,208.46	0.00	3,208.46
10/01/2009	5 / SHELTER	0.00	0.00	151,817.10	0.00	151,817.10
10/01/2009	11983 / SHELTER	0.00	0.00	2,826.00	0.00	2,826.00
10/01/2009	47508 / AUG B & S	0.00	0.00	2,124.00	0.00	2,124.00
10/01/2009	2996 / WATER TRUCK	0.00	0.00	5,100.00	0.00	5,100.00
10/01/2009	8-2009 / SHELTER	0.00	0.00	3,208.46	0.00	3,208.46
10/01/2009	8-2009 / SHELTER	0.00	0.00	13,892.92	0.00	13,892.92
10/01/2009	8-2009 / SHELTER	0.00	0.00	3,257.02	0.00	3,257.02
10/01/2009	8-2009 / SHELTER	0.00	0.00	32,099.32	0.00	32,099.32
10/01/2009	8-2009 / SHELTER	0.00	0.00	43,918.87	0.00	43,918.87
10/01/2009	8-2009 / SHELTER	0.00	0.00	895.56	0.00	895.56
10/01/2009	HT090309 / PROJECT ID SIGNS	0.00	0.00	392.23	0.00	392.23
10/01/2009	7370 / SHELTER	0.00	0.00	57,190.75	0.00	57,190.75
10/01/2009	28184-7 / SHELTER	0.00	0.00	48,375.18	0.00	48,375.18
10/01/2009	5 / SHELTER	0.00	0.00	62,555.50	0.00	62,555.50
10/02/2009	0710825 / AUG SERVICES	0.00	0.00	1,919.88	0.00	1,919.88
10/14/2009	2905-AUGUST / BP 24	0.00	0.00	3,749.00	0.00	3,749.00
10/14/2009	AS093009 / SHELTER SEPT	0.00	0.00	42,106.13	0.00	42,106.13
10/14/2009	8-2009 REMAINDER / INITIAL INV SHORT PAID	0.00	0.00	3,603.03	0.00	3,603.03
10/14/2009	BP 3 INT / RETENTION INTEREST	0.00	0.00	28.21	0.00	28.21
10/14/2009	BP 34 INT / RETENTION INTEREST	0.00	0.00	162.86	0.00	162.86
10/14/2009	ESCROW INT TO 8-09 / INTEREST ON RETENTION	0.00	0.00	29.71	0.00	29.71
10/14/2009	ESCROW INT TO 8-09 / INTEREST ON RETENTION	0.00	0.00	4.16	0.00	4.16
10/22/2009	1 / SHELTER	0.00	0.00	0.00	7,057.40	-7,057.40
10/28/2009	9-2009 / SHELTER	0.00	0.00	6,434.35	0.00	6,434.35
10/28/2009	9-2009 / SHELTER	0.00	0.00	461.24	0.00	461.24
10/28/2009	9-2009 / SHELTER	0.00	0.00	57.29	0.00	57.29
10/28/2009	9-2009 / SHELTER	0.00	0.00	8,854.83	0.00	8,854.83
10/28/2009	1 / SHELTER	0.00	0.00	2,735.00	0.00	2,735.00
10/28/2009	9-09 / SHELTER	0.00	0.00	4,907.03	0.00	4,907.03
10/28/2009	9-09 / SHELTER	0.00	0.00	23,746.49	0.00	23,746.49
10/28/2009	8-09 2 / AUG PMT SHORT PAID IN ERROR	0.00	0.00	3,460.38	0.00	3,460.38
10/28/2009	6 / SHELTER	0.00	0.00	61,577.16	0.00	61,577.16
10/28/2009	23063 / SHELTER	0.00	0.00	4,519.54	0.00	4,519.54
10/28/2009	2211 / SHELTER	0.00	0.00	3,855.00	0.00	3,855.00
10/28/2009	69120-3 / SHELTER	0.00	0.00	6,891.00	0.00	6,891.00

10/28/2009	6409 / SHELTER	0.00	0.00	55,716.05	0.00	55,716.05
10/28/2009	9-09 / SHELTER	0.00	0.00	179,925.17	0.00	179,925.17
10/28/2009	1 / SHELTER	0.00	0.00	32,300.00	0.00	32,300.00
10/28/2009	12137 / SHELTER	0.00	0.00	1,884.00	0.00	1,884.00
10/28/2009	106506 / SHELTER	0.00	0.00	11,203.60	0.00	11,203.60
10/28/2009	3561 / SHELTER	0.00	0.00	32,759.75	0.00	32,759.75
10/28/2009	28184-8 / SHELTER	0.00	0.00	21,467.37	0.00	21,467.37
10/28/2009	8-24-09 / AUG CAL CARD PURCHASES	0.00	0.00	1,370.24	0.00	1,370.24
10/28/2009	10058 / AED CABINET	0.00	0.00	243.24	0.00	243.24
10/28/2009	47628 / BUILDING & SAFETY 9-09	0.00	0.00	2,315.00	0.00	2,315.00
11/05/2009	213 / SHELTER	0.00	0.00	1,200.00	0.00	1,200.00
11/05/2009	270179-2 / Cleaning and Disposal Equipmen	0.00	0.00	5,991.57	0.00	5,991.57
11/05/2009	1777 / Guillotine Dog Doors for the n	0.00	0.00	17,560.40	0.00	17,560.40
11/19/2009	AS103109 / SHELTER	0.00	0.00	41,065.16	0.00	41,065.16
11/19/2009	124160 / WATER	0.00	0.00	213.36	0.00	213.36
11/24/2009	10-2009 / SHELTER	0.00	0.00	10,157.94	0.00	10,157.94
11/24/2009	1198 / SHELTER	0.00	0.00	4,200.00	0.00	4,200.00
11/24/2009	2303 / SHELTER	0.00	0.00	32,898.71	0.00	32,898.71
11/24/2009	5 / SHELTER	0.00	0.00	44,257.50	0.00	44,257.50
11/24/2009	10-2009 / SHELTER	0.00	0.00	12,465.00	0.00	12,465.00
11/24/2009	10-2009 / SHELTER	0.00	0.00	1,279.94	0.00	1,279.94
11/24/2009	12263 / SHELTER	0.00	0.00	23,550.00	0.00	23,550.00
11/24/2009	106638 / SHELTER	0.00	0.00	235,559.50	0.00	235,559.50
11/24/2009	31279 / SHELTER	0.00	0.00	7,362.50	0.00	7,362.50
11/24/2009	2823-OCT / SHELTER	0.00	0.00	84,951.60	0.00	84,951.60
11/24/2009	10-2009 / SHELTER	0.00	0.00	461.24	0.00	461.24
11/24/2009	2905-OCT / SHELTER	0.00	0.00	38,607.55	0.00	38,607.55
11/24/2009	10-2009 / SHELTER	0.00	0.00	1,902.34	0.00	1,902.34
11/24/2009	10-2009 / SHELTER	0.00	0.00	9,237.40	0.00	9,237.40
11/24/2009	106647 / SHELTER	0.00	0.00	20,130.55	0.00	20,130.55
11/24/2009	23195 / SHELTER	0.00	0.00	5,968.21	0.00	5,968.21
11/24/2009	7 / SHELTER	0.00	0.00	30,995.74	0.00	30,995.74
11/24/2009	3598 / SHELTER	0.00	0.00	147,543.00	0.00	147,543.00
11/24/2009	28184-9 / SHELTER	0.00	0.00	58,976.00	0.00	58,976.00
11/24/2009	5065 / SHELTER	0.00	0.00	58,621.00	0.00	58,621.00
11/24/2009	10-2009 / SHELTER	0.00	0.00	2,011.71	0.00	2,011.71
12/15/2009	209145 / Overhead Doors for new Animal	0.00	0.00	6,850.00	0.00	6,850.00
12/22/2009	5533-A / SHELTER CAGES	0.00	0.00	146,811.00	0.00	146,811.00
12/22/2009	AS113009 / SHELTER	0.00	0.00	21,307.60	0.00	21,307.60
12/22/2009	RI120809 / FIRE EXT REIMBURSEMENT	0.00	0.00	894.47	0.00	894.47
12/22/2009	47757 / AS	0.00	0.00	2,158.00	0.00	2,158.00
12/29/2009	165543-122109 / SHELTER	0.00	0.00	76,212.37	0.00	76,212.37
12/30/2009	3616 / AS	0.00	0.00	20,794.60	0.00	20,794.60
12/30/2009	2823-NOV / SHELTER	0.00	0.00	15,354.41	0.00	15,354.41
12/30/2009	2905-NOV / SHELTER	0.00	0.00	63,528.35	0.00	63,528.35
12/30/2009	8 / SHELTER	0.00	0.00	31,008.01	0.00	31,008.01
12/30/2009	14757500402 / SHELTER	0.00	0.00	44,700.00	0.00	44,700.00
12/30/2009	2308 / SHELTER	0.00	0.00	710.15	0.00	710.15
12/30/2009	28184-10 / AS	0.00	0.00	10,309.73	0.00	10,309.73
12/30/2009	11-2009 / SHELTER	0.00	0.00	50.28	0.00	50.28
12/30/2009	11-2009 / SHELTER	0.00	0.00	6,391.40	0.00	6,391.40
12/30/2009	11-2009 / SHELTER	0.00	0.00	275.80	0.00	275.80
12/30/2009	11-2009 / SHELTER	0.00	0.00	14,830.32	0.00	14,830.32
12/30/2009	11-2009 / SHELTER	0.00	0.00	85,689.09	0.00	85,689.09
12/30/2009	228 / SHELTER	0.00	0.00	625.00	0.00	625.00
12/30/2009	5868-2 / SHELTER	0.00	0.00	15,670.00	0.00	15,670.00
12/30/2009	69120-4 / SHELTER	0.00	0.00	4,594.00	0.00	4,594.00
12/30/2009	12344 / SHELTER	0.00	0.00	16,956.00	0.00	16,956.00
12/30/2009	23309 / SHELTER	0.00	0.00	25,342.22	0.00	25,342.22
12/30/2009	106792 / SHELTER	0.00	0.00	6,727.40	0.00	6,727.40
01/13/2010	AS123109 / SHELTER	0.00	0.00	38,882.36	0.00	38,882.36
01/20/2010	124160-1-10 / WATER	0.00	0.00	219.06	0.00	219.06
01/20/2010	3011 / WATER TRUCK AS	0.00	0.00	3,450.00	0.00	3,450.00
01/20/2010	2515 / WELD & BONDO DOORS	0.00	0.00	3,000.00	0.00	3,000.00
01/29/2010	CG900073 / SHELTER	0.00	0.00	54,336.00	0.00	54,336.00

01/29/2010	122309 / SHELTER	0.00	0.00	30,969.95	0.00	30,969.95
01/29/2010	122309-15 / SHELTER	0.00	0.00	1,663.10	0.00	1,663.10
01/29/2010	28184-11 / SHELTER	0.00	0.00	26,446.85	0.00	26,446.85
01/29/2010	CG900073-25 / SHELTER	0.00	0.00	52,250.00	0.00	52,250.00
01/29/2010	47890 / AS	0.00	0.00	2,824.00	0.00	2,824.00
01/29/2010	2 / SHELTER	0.00	0.00	61,598.50	0.00	61,598.50
01/29/2010	31636 / SHELTER	0.00	0.00	2,000.00	0.00	2,000.00
01/29/2010	12-09 / SHELTER	0.00	0.00	284.82	0.00	284.82
01/29/2010	12-09 / SHELTER	0.00	0.00	18,008.48	0.00	18,008.48
01/29/2010	12-09 / SHELTER	0.00	0.00	821.88	0.00	821.88
01/29/2010	12-09 / SHELTER	0.00	0.00	717.20	0.00	717.20
01/29/2010	12-2009 / SHELTER	0.00	0.00	14,533.10	0.00	14,533.10
01/29/2010	12-2009 / BIKE RACK, FLAGPOLES	0.00	0.00	1,617.09	0.00	1,617.09
01/29/2010	12-2009 / SHELTER	0.00	0.00	19,245.90	0.00	19,245.90
01/29/2010	23437 / SHELTER	0.00	0.00	7,169.91	0.00	7,169.91
01/29/2010	12-2009 / SHELTER	0.00	0.00	15,234.38	0.00	15,234.38
01/29/2010	2905-DEC / SHELTER	0.00	0.00	32,012.08	0.00	32,012.08
01/29/2010	2312 / SHELTER	0.00	0.00	44,043.72	0.00	44,043.72
02/03/2010	10984-10927 / SHELTER NOV.	0.00	0.00	11,881.63	0.00	11,881.63
02/03/2010	2209 / SHELTER NOV	0.00	0.00	352.50	0.00	352.50
02/03/2010	11000 / SHELTER DEC.	0.00	0.00	20,834.80	0.00	20,834.80
02/03/2010	140 / SHELTER DEC.	0.00	0.00	62,832.28	0.00	62,832.28
02/03/2010	2307 / SHELTER DEC	0.00	0.00	2,392.50	0.00	2,392.50
02/03/2010	12-2009 / SHELTER	0.00	0.00	5,966.26	0.00	5,966.26
02/03/2010	12-2009 / SHELTER	0.00	0.00	2,201.46	0.00	2,201.46
02/03/2010	SHELTER / SHELTER DEC.	0.00	0.00	780.35	0.00	780.35
02/16/2010	E17423-IN / FINAL PMT	0.00	0.00	8,610.81	0.00	8,610.81
02/16/2010	47706 / AS	0.00	0.00	2,723.50	0.00	2,723.50
02/16/2010	2-32-307-6083-2-10 / ELEC.	0.00	0.00	2,200.35	0.00	2,200.35
02/24/2010	3644 / AS DEC.	0.00	0.00	134,900.49	0.00	134,900.49
02/26/2010	1466917-002-2-10 / GAS	0.00	0.00	2,136.39	0.00	2,136.39
03/03/2010	RKS7739 / SHELTER EQUIP	0.00	0.00	53,505.00	0.00	53,505.00
03/04/2010	21597 / INSPECTION	0.00	0.00	375.00	0.00	375.00
03/04/2010	RJV6101 / AS EQUIP	0.00	0.00	760.17	0.00	760.17
03/04/2010	RKS7740 / AS EQUIP	0.00	0.00	602.48	0.00	602.48
03/04/2010	RSH9832 / AS & TH PARTS	0.00	0.00	233.00	0.00	233.00
03/04/2010	RSP6197 / AS EQUIP	0.00	0.00	105.42	0.00	105.42
03/10/2010	6 / AS	0.00	0.00	11,668.67	0.00	11,668.67
03/10/2010	12547 / AS	0.00	0.00	1,884.00	0.00	1,884.00
03/10/2010	2318 / AS	0.00	0.00	24,071.64	0.00	24,071.64
03/10/2010	11021 / AS	0.00	0.00	288.60	0.00	288.60
03/10/2010	14757500403 / AS	0.00	0.00	32,180.10	0.00	32,180.10
03/10/2010	3677 / AS	0.00	0.00	74,269.22	0.00	74,269.22
03/10/2010	6451 / AS	0.00	0.00	20,197.25	0.00	20,197.25
03/10/2010	AS020810 / TEMP LABOR REIMB	0.00	0.00	9,458.28	0.00	9,458.28
03/10/2010	AS030410 / WATER REIMB	0.00	0.00	2,968.14	0.00	2,968.14
03/10/2010	2823-JAN / AS	0.00	0.00	14,478.00	0.00	14,478.00
03/10/2010	2905-JAN / AS	0.00	0.00	2,884.97	0.00	2,884.97
03/10/2010	3 / AS	0.00	0.00	44,374.62	0.00	44,374.62
03/10/2010	280 / AS	0.00	0.00	4,969.15	0.00	4,969.15
03/10/2010	1-11-10 / DOOR WORK	0.00	0.00	210.95	0.00	210.95
03/10/2010	AS030410-1 / REIMBURSEABLES	0.00	0.00	585.06	0.00	585.06
03/10/2010	1-2010 / AS	0.00	0.00	6,325.00	0.00	6,325.00
03/10/2010	1-2010 / AS	0.00	0.00	33.08	0.00	33.08
03/10/2010	1-2010 / AS	0.00	0.00	5,097.33	0.00	5,097.33
03/10/2010	1-2010 / WITHHELD PMTS	0.00	0.00	3,498.83	0.00	3,498.83
03/10/2010	1-2010 / AS	0.00	0.00	5,990.23	0.00	5,990.23
03/10/2010	141 / AS	0.00	0.00	21,044.01	0.00	21,044.01
03/10/2010	23542 / AS	0.00	0.00	29,133.63	0.00	29,133.63
03/10/2010	1-2010 / AS	0.00	0.00	1,295.76	0.00	1,295.76
03/10/2010	1-2010 / WITHHELD PMT RELEASE	0.00	0.00	4,972.64	0.00	4,972.64
03/10/2010	1-2010 / AS	0.00	0.00	34,849.50	0.00	34,849.50
03/10/2010	1-2010 / AS	0.00	0.00	220.92	0.00	220.92
03/10/2010	1-2010 / AS	0.00	0.00	7,054.30	0.00	7,054.30
03/10/2010	WEST TECH 1-10 / AS	0.00	0.00	632.50	0.00	632.50

03/10/2010	107142 / AS	0.00	0.00	21,145.45	0.00	21,145.45
03/10/2010	28184-12 / AS	0.00	0.00	8,370.27	0.00	8,370.27
03/10/2010	31801 / AS	0.00	0.00	14,862.50	0.00	14,862.50
03/17/2010	124160-3-10 / WATER	0.00	0.00	217.03	0.00	217.03
03/17/2010	AS013110 / AS	0.00	0.00	38,882.36	0.00	38,882.36
03/26/2010	1691-2 / SHELTER	0.00	0.00	32,429.40	0.00	32,429.40
03/26/2010	7 / SHELTER	0.00	0.00	6,314.10	0.00	6,314.10
03/26/2010	9 / SHELTER	0.00	0.00	751.18	0.00	751.18
03/26/2010	3689 / SHELTER	0.00	0.00	97,184.00	0.00	97,184.00
03/26/2010	23766 / SHELTER	0.00	0.00	6,920.43	0.00	6,920.43
03/26/2010	2-2010 / SHELTER	0.00	0.00	27,170.00	0.00	27,170.00
03/26/2010	20171 / SHELTER	0.00	0.00	432.00	0.00	432.00
03/26/2010	4 / SHELTER	0.00	0.00	31,374.61	0.00	31,374.61
03/26/2010	2-2010 / SHELTER	0.00	0.00	2,003.39	0.00	2,003.39
03/26/2010	2-2010 / SHELTER	0.00	0.00	9,782.58	0.00	9,782.58
03/26/2010	31928 / SHELTER	0.00	0.00	23,150.00	0.00	23,150.00
03/26/2010	3 / SHELTER	0.00	0.00	2,140.00	0.00	2,140.00
03/26/2010	107394 / SHELTER	0.00	0.00	17,122.45	0.00	17,122.45
03/26/2010	CG90073-2 / SHELTER	0.00	0.00	112,326.12	0.00	112,326.12
03/26/2010	1511 / TREES FOR SHELTER	0.00	0.00	487.11	0.00	487.11
03/26/2010	2326 / SHELTER	0.00	0.00	14,174.30	0.00	14,174.30
03/26/2010	7 / SHELTER	0.00	0.00	8,274.00	0.00	8,274.00
03/26/2010	1466917-002-3-10 / GAS	0.00	0.00	2,101.60	0.00	2,101.60
03/26/2010	2-32-307-6083-3-10 / ELEC.	0.00	0.00	2,800.65	0.00	2,800.65
03/26/2010	AS031710 / VAPOR TEST KITS	0.00	0.00	587.76	0.00	587.76
03/26/2010	2-2010 / SHELTER	0.00	0.00	8,185.90	0.00	8,185.90
03/26/2010	2-2010 / SHELTER	0.00	0.00	2,862.06	0.00	2,862.06
03/26/2010	2-2010 / SHELTER	0.00	0.00	28.37	0.00	28.37
03/30/2010	10-103 / DEPOSIT ON FREEZER	0.00	0.00	11,592.52	0.00	11,592.52
03/30/2010	10-103-3 / INSTALL DRAIN LINE	0.00	0.00	265.04	0.00	265.04
03/31/2010	RJV6092 / PARTS	0.00	0.00	3,262.50	0.00	3,262.50
03/31/2010	RKD8561 / PARTS	0.00	0.00	3,262.50	0.00	3,262.50
03/31/2010	RKM0693 / PARTS	0.00	0.00	12,396.42	0.00	12,396.42
03/31/2010	RLJ3729 / PARTS	0.00	0.00	16,106.41	0.00	16,106.41
03/31/2010	RLM4851 / PARTS	0.00	0.00	9,200.00	0.00	9,200.00
03/31/2010	RXF6079 / PARTS	0.00	0.00	210.43	0.00	210.43
03/31/2010	47946 / SHELTER JAN.	0.00	0.00	4,305.00	0.00	4,305.00
03/31/2010	48033 / SHELTER FEB.	0.00	0.00	3,654.00	0.00	3,654.00
03/31/2010	AS022810 / AS	0.00	0.00	26,631.29	0.00	26,631.29
04/07/2010	INV008827 / WALK IN FREEZER	0.00	0.00	11,592.50	0.00	11,592.50
04/08/2010	13565 / AS	0.00	0.00	1,867.68	0.00	1,867.68
04/15/2010	AS033110 / AS	0.00	0.00	21,578.33	0.00	21,578.33
04/15/2010	2-2010 REISSUE / REISSUE VOID CK 79906	0.00	0.00	27,170.00	0.00	27,170.00
04/19/2010	2-2010 / SHELTER	0.00	0.00	0.00	27,170.00	-27,170.00
04/21/2010	32051 / AS	0.00	0.00	98,938.45	0.00	98,938.45
04/21/2010	3-2010 / AS	0.00	0.00	625.69	0.00	625.69
04/21/2010	10780 / PARTITIONS	0.00	0.00	13,790.00	0.00	13,790.00
04/21/2010	3704 / AS	0.00	0.00	19,610.73	0.00	19,610.73
04/21/2010	69120-5 / AS	0.00	0.00	5,515.60	0.00	5,515.60
04/21/2010	1691-3 / AS	0.00	0.00	24,494.60	0.00	24,494.60
04/21/2010	5 / AS	0.00	0.00	3,000.00	0.00	3,000.00
04/21/2010	3-2010 / AS	0.00	0.00	2,807.35	0.00	2,807.35
04/21/2010	23863 / AS	0.00	0.00	10,628.78	0.00	10,628.78
04/21/2010	107712 / AS	0.00	0.00	20,000.00	0.00	20,000.00
04/21/2010	107728 / AS	0.00	0.00	1,250.00	0.00	1,250.00
04/21/2010	13013 / AS	0.00	0.00	201,207.30	0.00	201,207.30
04/21/2010	28184-14 / AS	0.00	0.00	12,440.71	0.00	12,440.71
04/21/2010	AS13597 / STEEL FLANGE	0.00	0.00	85.00	0.00	85.00
04/21/2010	3-2010 / AS	0.00	0.00	555.80	0.00	555.80
04/21/2010	3-2010 / AS	0.00	0.00	13,234.90	0.00	13,234.90
04/21/2010	ASLOWESFLAG / FLAG POLE PARTS	0.00	0.00	152.48	0.00	152.48
04/21/2010	2-32-307-6083-4-10 / ELEC.	0.00	0.00	1,158.76	0.00	1,158.76
04/21/2010	1466917-002-4-10 / GAS	0.00	0.00	364.26	0.00	364.26
04/28/2010	141668 / POWER MODULES	0.00	0.00	505.77	0.00	505.77
04/28/2010	08214934 / PARTS AND TOOLS	0.00	0.00	352.21	0.00	352.21

04/29/2010	48127 / AS	0.00	0.00	4,787.00	0.00	4,787.00
04/29/2010	AS042010 / REIMB.	0.00	0.00	371.79	0.00	371.79
05/05/2010	3-22-10 / MARCH PURCHASES	0.00	0.00	1,980.60	0.00	1,980.60
05/06/2010	2056 / BLINDS FOR AS	0.00	0.00	2,028.60	0.00	2,028.60
05/06/2010	FINAL PMT / REPTILE CAGES ETC	0.00	0.00	2,155.43	0.00	2,155.43
05/06/2010	SHS3789 / CISCO COMPAT. 1000S	0.00	0.00	374.10	0.00	374.10
05/12/2010	AS041210 / REIMB FOR CLEANUP	0.00	0.00	1,368.00	0.00	1,368.00
05/12/2010	334280 / HEAT LIGHTS	0.00	0.00	293.53	0.00	293.53
05/12/2010	AS043010 / AS	0.00	0.00	21,578.33	0.00	21,578.33
05/20/2010	AS051010 / REIMB.	0.00	0.00	186.61	0.00	186.61
05/20/2010	5533 / INSTALLATION CHARGES	0.00	0.00	49,200.00	0.00	49,200.00
05/20/2010	5646 / VENT PANELS	0.00	0.00	4,850.00	0.00	4,850.00
05/26/2010	5868-03 / AS	0.00	0.00	15,670.00	0.00	15,670.00
05/26/2010	6488 / AS	0.00	0.00	1,000.00	0.00	1,000.00
05/26/2010	2058 / BLINDS	0.00	0.00	392.34	0.00	392.34
05/26/2010	33 / CLEANUP	0.00	0.00	8,695.00	0.00	8,695.00
05/26/2010	124160-5-10 / WATER	0.00	0.00	916.99	0.00	916.99
05/27/2010	67811 / AS	0.00	0.00	1,500.00	0.00	1,500.00
05/27/2010	24073 / AS	0.00	0.00	1,202.23	0.00	1,202.23
06/03/2010	1691-4 / AS	0.00	0.00	42,988.00	0.00	42,988.00
06/03/2010	28184-15 / AS	0.00	0.00	15,455.00	0.00	15,455.00
06/03/2010	4 / AS	0.00	0.00	4,493.74	0.00	4,493.74
06/03/2010	4-2010 / AS	0.00	0.00	1,045.48	0.00	1,045.48
06/03/2010	08214989 / PARTS	0.00	0.00	85.29	0.00	85.29
06/03/2010	2480 / SECURITY	0.00	0.00	1,216.80	0.00	1,216.80
06/03/2010	17966 / DISHMACHINE RACK	0.00	0.00	182.99	0.00	182.99
06/03/2010	01782 / PARTS	0.00	0.00	368.65	0.00	368.65
06/03/2010	71922652 / FILTERS AND MATS	0.00	0.00	506.61	0.00	506.61
06/03/2010	64249 / RELOCATE RADIOS	0.00	0.00	653.56	0.00	653.56
06/09/2010	01533 / SHELTER PARTS	0.00	0.00	243.60	0.00	243.60
06/09/2010	14054 / SHELTER PARTS	0.00	0.00	177.02	0.00	177.02
06/09/2010	01858 / SHELTER PARTS	0.00	0.00	611.27	0.00	611.27
06/09/2010	01859 / SHELTER PARTS	0.00	0.00	677.08	0.00	677.08
06/10/2010	52 / AS	0.00	0.00	15,461.56	0.00	15,461.56
06/10/2010	48167 / AS	0.00	0.00	1,392.00	0.00	1,392.00
06/10/2010	77546 / Factory Cat MiniMag Walk-Behin	0.00	0.00	8,938.78	0.00	8,938.78
06/15/2010	4-22-10 / APRIL CAL CARD PURCHASES	0.00	0.00	5,014.20	0.00	5,014.20
06/17/2010	71965241 / MATS	0.00	0.00	431.30	0.00	431.30
06/17/2010	2343 / AS	0.00	0.00	4,851.22	0.00	4,851.22
06/17/2010	6 / AS	0.00	0.00	2,346.03	0.00	2,346.03
06/17/2010	108001 / AS	0.00	0.00	1,500.00	0.00	1,500.00
06/17/2010	31165 / AS	0.00	0.00	7,935.40	0.00	7,935.40
06/17/2010	5-2010 / AS	0.00	0.00	116.80	0.00	116.80
06/17/2010	SJC1373 / PHONES	0.00	0.00	5,162.37	0.00	5,162.37
06/17/2010	8 / AS	0.00	0.00	5,227.06	0.00	5,227.06
06/22/2010	4809 / LOCKS AND KEYS	0.00	0.00	79.66	0.00	79.66
06/23/2010	18280 / DISHMACHINE RACK	0.00	0.00	94.56	0.00	94.56
06/24/2010	10 / AS	0.00	0.00	4,503.49	0.00	4,503.49
06/24/2010	3746 / AS	0.00	0.00	1,277.74	0.00	1,277.74
06/24/2010	1 / AS	0.00	0.00	46,292.00	0.00	46,292.00
06/24/2010	AS053110 / AS	0.00	0.00	86.38	0.00	86.38
06/24/2010	141680 / AS FINAL PMT	0.00	0.00	76,212.36	0.00	76,212.36
06/30/2010	48306 / AS	0.00	0.00	87.00	0.00	87.00
06/30/2010	0710832 / AS	0.00	0.00	2,188.16	0.00	2,188.16
06/30/2010	14757500499 / CONTRACT RECOUP	0.00	0.00	0.00	5,301.76	-5,301.76
06/30/2010	0710834 / INTEREST	0.00	0.00	252.02	0.00	252.02
06/30/2010	310 RETENTION / CONTRACT RECOUP	0.00	0.00	0.00	1,744.59	-1,744.59
06/30/2010	48379 / AS	0.00	0.00	87.00	0.00	87.00
06/30/2010	71918784 / SUPPLIES	0.00	0.00	404.98	0.00	404.98
06/30/2010	AS063010 / JUNE MANAGEMENT FEES	0.00	0.00	7,000.00	0.00	7,000.00
06/30/2010	5-24-10 / MAY PURCHASES	0.00	0.00	1,020.82	0.00	1,020.82
06/30/2010	0710827 / AS	0.00	0.00	1,767.09	0.00	1,767.09
06/30/2010	0710828 / AS	0.00	0.00	1,713.65	0.00	1,713.65
06/30/2010	0710829 / AS	0.00	0.00	1,950.26	0.00	1,950.26
06/30/2010	0710830 / AS	0.00	0.00	3,400.00	0.00	3,400.00

06/30/2010	0710831 / AS	0.00	0.00	3,563.37	0.00	3,563.37
06/30/2010	3800 / COUNTER MODIFY	0.00	0.00	945.00	0.00	945.00
06/30/2010	0710833 / AS	0.00	0.00	64.93	0.00	64.93
06/30/2010	2326-2 / SHORT PAID INVOICE IN ERROR	0.00	0.00	0.43	0.00	0.43
06/30/2010	0710826 / AS	0.00	0.00	2,154.98	0.00	2,154.98
06/30/2010	CG90073-3 / AS	0.00	0.00	80,305.92	0.00	80,305.92
06/30/2010	PBID PMT 08-09 / 08-09 ASSESSMENTS	0.00	0.00	1,038.43	0.00	1,038.43
08/19/2010	PLI060910 / PROFESSIONAL LIABILITY INS.	0.00	0.00	746.13	0.00	746.13
08/26/2010	2002541 / WIRING	0.00	0.00	600.00	0.00	600.00
09/02/2010	02800 / CEILING FANS	0.00	0.00	177.76	0.00	177.76
09/14/2010	AS063010 / AS REISSUE	0.00	0.00	7,000.00	0.00	7,000.00
09/14/2010	AS063010 / JUNE MANAGEMENT FEES	0.00	0.00	0.00	7,000.00	-7,000.00
09/16/2010	0710835 / INT.	0.00	0.00	252.02	0.00	252.02
09/16/2010	0710836 / INT.	0.00	0.00	219.20	0.00	219.20
09/16/2010	TRR4952 / TV	0.00	0.00	1,880.45	0.00	1,880.45
09/22/2010	P279222201026 / EYE WASH	0.00	0.00	131.91	0.00	131.91
	Department: 4710 Total	0.00	0.00	10,105,820.12	74,151.98	10,031,668.14
	Fund: 131.91 Total	0.00	0.00	10,105,820.12	74,151.98	10,031,668.14
	Document Source: EYE WASH Total	0.00	0.00	10,105,820.12	74,151.98	10,031,668.14

PO: Purchase Order
PO: Purchase Order
PO: Purchase Order
PO: Po Number
PO: Po Number
PO: Po Number

4020 RDA PA#2 Capital Projects

Date	Ref No./Description	Budget	Encumbrance	Debit	Credit	Net
Department: 4710						
10/27/2009	0910-000044 / Cleaning and Disposal Equipmen	0.00	5,991.57	0.00	0.00	0.00
10/27/2009	0910-000046 / Guillotine Dog Doors for the n	0.00	16,244.00	0.00	0.00	0.00
11/05/2009	270179-2 / Cleaning and Disposal Equipmen	0.00	-5,991.57	0.00	0.00	0.00
11/05/2009	1777 / Guillotine Dog Doors for the n	0.00	-16,244.00	0.00	0.00	0.00
11/25/2009	0910-000067 / Overhead Doors for new Animal	0.00	6,850.00	0.00	0.00	0.00
12/15/2009	209145 / Overhead Doors for new Animal	0.00	-6,850.00	0.00	0.00	0.00
12/22/2009	0910-000081 / Kennels and Cages for the new	0.00	146,811.00	0.00	0.00	0.00
12/22/2009	0910-000081 / Kennels and Cages for the new	0.00	-146,811.00	0.00	0.00	0.00
04/09/2010	0910-000111 / Factory Cat MiniMag Walk-Behin	0.00	9,000.00	0.00	0.00	0.00
06/10/2010	77546 / Factory Cat MiniMag Walk-Behin	0.00	-9,000.00	0.00	0.00	0.00
	Department: 4710 Total	0.00	0.00	0.00	0.00	0.00
	Fund: -9,000.00 Total	0.00	0.00	0.00	0.00	0.00
	Document Source: Factory Cat MiniMag Walk-Behin Total	0.00	0.00	0.00	0.00	0.00
	Object: 9264 Total	14,700,000.00	0.00	11,314,752.53	306,451.05	11,008,301.48
	Grand Total	14,700,000.00	0.00	11,314,752.53	306,451.05	11,008,301.48

PLEASE SEE LAST YEAR'S
2008-09 CLAIM (PRE-AMENDMENT)
AND FY 2007-08 CLAIMS
FOR ADDITIONAL BACKUP

Claim for Payment
Pursuant to Government Code Section 17561
ANIMAL ADOPTION

For State Controller Use Only

(19) Program Number: 00213 — Program **213**

(20) Date Filed ___/___/___

(21) LRS Input ___/___/___

(01) Claimant Identification Number	9836022
(02) Claimant Name	Town of Apple Valley
Mailing Address	Box 429
Street Address or P.O. Box	
City	Apple Valley
State CA	Zip Code 92307

Type of Claim	Estimated Claim	Reimbursement Claim
	(03) Estimated ☐	(09) Reimbursement ☒
	(04) Combined ☐	(10) Combined ☐
	(05) Amended ☐	(11) Amended ☐
Fiscal Year of Cost	(06)	(12) 2008-09
Total Claimed	(07)	(13) $4,954,073
Less: 10% Late Penalty, but not to exceed $1,000 (if applicable)		(14)
Less: Estimated Claim Payment Received		(15)
Net Claimed Amount		(16) $4,954,073
Due from State	(08)	(17) $4,954,073
Due to State	(09)	(18)

(22) AA-1 (04)(A)(1)(f)	
(23) AA-1 (04)(A)(2)(f)	
(24) AA-1 (04)(A)(3)(f)	
(25) AA-1 (04)(B)(1)(f)	4,810,280
(26) AA-1 (04)(B)(2)(f)	
(27) AA-1 (04)(B)(3)(f)	73,318
(28) AA-1 (04)(B)(4)(f)	3,564
(29) AA-1 (04)(B)(5)(f)	66,911
(30) AA-1 (04)(B)(6)(f)	
(31) AA-1 (04)(B)(7)(f)	
(32) AA-1 (04)(B)(8)(f)	
(33) AA-1 (04)(B)(9)(f)	
(34) AA-1 (04)(B)(10)(f)	
(35) AA-1 (06)	

(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 this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application for nor any grant or payment received, other that from the claimant, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documents currently maintained by the claimant.

The amount for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statement. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Representative — **Date**

Kaye Reynolds — 1-9-10

Kaye Reynolds
Type of Print Name

Assistant Finance Director
Title

Name of Contact Person for Claim	Telephone Number	E-Mail Address
Annette S. Chinn (CRS)	*(916) 939-7901*	*AChinnCRS@aol.com*

Claim for Payment
Pursuant to Government Code Section 17561
ANIMAL ADOPTION

For State Controller Use Only

(19) Program Number: 00213
(20) Date Filed ____/____/____
(21) LRS Input ____/____/____

Program 213

(01) Claimant Identification Number	9836022
(02) Claimant Name	Town of Apple Valley
Mailing Address	Box 429
Street Address or P.O. Box	
City	Apple Valley
State CA	**Zip Code** 92307

Type of Claim	**Estimated Claim**	**Reimbursement Claim**
	(03) Estimated ☐	(09) Reimbursement ☒
	(04) Combined ☐	(10) Combined ☐
	(05) Amended ☐	(11) Amended ☐
Fiscal Year of Cost	(06)	(12) 2008-09
Total Claimed	(07)	(13) $4,954,073
Less: 10% Late Penalty, but not to exceed $1,000 (if applicable)		(14)
Less: Estimated Claim Payment Received		(15)
Net Claimed Amount		(16) $4,954,073
Due from State	(08)	(17) $4,954,073
Due to State	(09)	(18)

(22) AA-1 (04)(A)(1)(f)	
(23) AA-1 (04)(A)(2)(f)	
(24) AA-1 (04)(A)(3)(f)	
(25) AA-1 (04)(B)(1)(f)	4,810,280
(26) AA-1 (04)(B)(2)(f)	
(27) AA-1 (04)(B)(3)(f)	73,318
(28) AA-1 (04)(B)(4)(f)	3,564
(29) AA-1 (04)(B)(5)(f)	66,911
(30) AA-1 (04)(B)(6)(f)	
(31) AA-1 (04)(B)(7)(f)	
(32) AA-1 (04)(B)(8)(f)	
(33) AA-1 (04)(B)(9)(f)	
(34) AA-1 (04)(B)(10)(f)	
(35) AA-1 (06)	

(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 this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application for nor any grant or payment received, other that from the claimant, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documents currently maintained by the claimant.

The amount for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statement. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Representative **Date**

Kaye Reynolds
Type of Print Name

Assistant Finance Director
Title

Name of Contact Person for Claim	**Telephone Number**	**E-Mail Address**
Annette S. Chinn (CRS)	***(916) 939-7901***	***AChinnCRS@aol.com***

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-1

(01) Claimant	(02) Type of Claim	Fiscal Year
Town of Apple Valley	Reimbursement [X]	2008-09
	Estimated [ ]	(see FAM-27 for estimate)

Claim Statistics

(03) Department	Animal Shelter

Direct Costs — Object Accounts

(04) Reimbursable Components	(a) Salaries	(b) Benefits	(c & d) Services and Supplies	(e) Fixed Assets	(f) Travel and Training	(g) Total
A. ONE-TIME COSTS						
1. Policies and Procedures						
2. Training						
3. Computer Software						
B. ON-GOING COSTS						
1. Acquiring Space / Facilities			$4,810,280			$4,810,280
2. Renovating Facilities						
3. Care of Dogs and Cats			$73,318			$73,318
4. Care of Other Animals			$3,564			$3,564
5. Holding Period			$66,911			$66,911
6. Feral Cats						
7. Lost and Found Lists						
8. Non-Medical Records						
9. Veterinary Care						
10. Procuring Equipment						
(05) Total Direct Costs			$4,954,073			$4,954,073

Indirect Costs

(06) Indirect Cost Rate (applied to salaries)	(from ICRP) (Applied to Salaries)	
(07) Total Indirect Costs	Line (06) x line (05)(a) or line(06) x [line (05)(a) + line(05)(b)]	
(08) Total Direct and Indirect Costs	Line (05)(d) + line (07)	$4,954,073

Cost Reductions

(09) Less: Offsetting Savings, if applicable		
(10) Less: Other Reimbursements, if applicable		
(11) Total Claimed Amount	Line (08)- (line(09) + Line(10)]	**$4,954,073**

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: Town of Apple Valley **(02) Fiscal Year Costs Were Incurred:** 2008-09

(03) Reimbursable Components: Check only one box per form to identify the component being claimed

A. One-Time Costs

- ☐ Policies and Procedures
- ☐ Training
- ☐ Computer Software

B. On-Going Costs

- ☒ **Acquiring Space / Facilities**
- ☐ Renovating Facilities
- ☐ Care of Dogs & Cats
- ☐ Care of Other Animals
- ☐ Holding Period
- ☐ Feral Cats
- ☐ Lost and Found Lists
- ☐ Non-Medical Records
- ☐ Veterinary Care
- ☐ Procuring Equipment

(04) Description of Expenses: Complete columns (a) through (f)

(a) Employee Names, Job Class., Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	Benefit Rate	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f & g) Services and Supplies	(h) Fixed Assets	(i) Travel and Training	Total Salaries & Benefits
New Facility Architectural and Land Acquisition costs In FY 2005-06, the Town of Apple Valley took over and established it's own animal shelter/facility. Until March of 2005, the Town had contracted for animal shelter services with the City of Hesperia. After the transition, temporary capital improvements were made to allow for the housing of animals in their jurisdiction. This year the City continued it's construction project of the new shelter facility TOTAL FACILITY COSTS $ 11,156,920 Facility costs claimed 07-08 = $ (1,437,231) **Total Costs Remaining = $ 9,719,689** Percentaged billed for shelter = 100% Net costs attibutable to shelter $ 9,719,689 **Percentage allowable per State Formula** = 49.5% 49.5% x $9,719,689 = total amount claimed						$4,810,280			
(05) Total		**667**				**$4,810,280**			

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: Town of Apple Valley **(02) Fiscal Year Costs Were Incurred:** 2008-09

(03) Reimbursable Components: Check only one box per form to identify the component being claimed

A. One-Time Costs

- [ ] Policies and Procedures
- [ ] Training
- [ ] Computer Software

B. On-Going Costs

- [ ] Acquiring Space / Facilities
- [ ] Renovating Facilities
- [X] **Care of Dogs & Cats**
- [ ] Care of Other Animals
- [ ] Holding Period
- [ ] Feral Cats
- [ ] Lost and Found Lists
- [ ] Non-Medical Records
- [ ] Veterinary Care
- [ ] Procuring Equipment

(04) Description of Expenses: Complete columns (a) through (f)

(a) Employee Names, Job Class., Functions Performed and Description of Expenses		(b) Hourly Rate or Unit Cost	Benefit Rate	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f & g) Services and Supplies	(h) Fixed Assets	(i) Travel and Training	Total Salaries & Benefits
Total Dogs Held =	2,714									
Total Cats Held =	2,232									
Total Other Animals Held =	269									
at an average daily census of	58,669									
Total STRAY Dogs Euthanized =	1,309						$30,979			
Total STRAY Cats Euthanized =	1,789						$42,339			
(mandate added 2 extra holding days)										
TOTAL SHELTER COSTS										
(Amount related to Shelter =	**$694,234**									
Shelter Dept. Actual Expend. =	$ 669,840									
less ineligible costs										
+ plus Overhead										
+40% of M.S. Director	$ 69,731									
- - Spay/Neuter Program	$ (45,337)									
Total Annual Shelter Costs =	$ 694,234									
Cost per animal =	$133.12									
Cost per animal/per day =	$11.83									
Total Mandate Related Costs =	$694,234									
Eligible Pop. Extra Days										
or 6,572 / 58,669	Extra Stray/Euth. Days / Total Days of Service									
= 11.2%	of total Shelter Costs relate to eligible mandated costs.									
(05) Total							**$73,318**			

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: Town of Apple Valley **(02) Fiscal Year Costs Were Incurred:** 2008-09

(03) Reimbursable Components: Check only one box per form to identify the component being claimed

A. One-Time Costs

- ☐ Policies and Procedures
- ☐ Training
- ☐ Computer Software

B. On-Going Costs

- ☐ Acquiring Space / Facilities
- ☐ Renovating Facilities
- ☐ Care of Dogs & Cats
- ☒ **Care of Other Animals**
- ☐ Holding Period
- ☐ Feral Cats
- ☐ Lost and Found Lists
- ☐ Non-Medical Records
- ☐ Veterinary Care
- ☐ Procuring Equipment

(04) Description of Expenses: Complete columns (a) through (f)

(a) Employee Names, Job Class., Functions Performed and Description of Expenses		(b) Hourly Rate or Unit Cost	Benefit Rate	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f & g) Services and Supplies	(h) Fixed Assets	(i) Travel and Training	Total Salaries & Benefits
Total Dogs Held =	2,714									
Total Cats Held =	2,232									
Total Other Animals Held =	269									
at an average daily census of	58,669									
Total OTHER Animals Euthanized	75						$3,564			
(mandate added 4 extra holding days)										
Stray Other % = =	92%									
TOTAL SHELTER COSTS										
(Amount related to Shelter =	**$694,234**									
Cost per animal =	$133.12									
Cost per animal/per day =	$11.83									
(05) Total							**$3,564**			

MANDATED COSTS
ANIMAL ADOPTION
CLAIM SUMMARY

FORM AA-2

(01) Claimant: Town of Apple Valley **(02) Fiscal Year Costs Were Incurred:** 2008-09

(03) Reimbursable Components: Check only one box per form to identify the component being claimed

A. One-Time Costs

- ☐ Policies and Procedures
- ☐ Training
- ☐ Computer Software

B. On-Going Costs

- ☐ Acquiring Space / Facilities
- ☐ Renovating Facilities
- ☐ Care of Dogs & Cats
- ☐ Care of Other Animals
- ☒ **Holding Period**
- ☐ Feral Cats
- ☐ Lost and Found Lists
- ☐ Non-Medical Records
- ☐ Veterinary Care
- ☐ Procuring Equipment

(04) Description of Expenses: Complete columns (a) through (f)

(a) Employee Names, Job Class., Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	Benefit Rate	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f & g) Services and Supplies	(h) Fixed Assets	(i) Travel and Training	Total Salaries & Benefits
Cost of increasing hours of operation per Hayden Bill									
Number of additional hours facility operating hours pursuant to Hayden Bill = 6 additional hrs/week									
Total Shelter Costs = $ 624,503									
Total hours of facility ops.= 2,912									
Additional Hours mandated = 312									
Cost per hour = $214									
Cost of Addit. Hours mandated : $66,911						$66,911			
(the city keeps it's facility open Saturday from 9-3 to the public to comply with the Hayden Bill state mandate)									
(05) Total						**$66,911**			

STATE FORMULA

(note - there was no facility in 1998)

	animal stats 2005	old facility sq footage	2008-09	new facility sq footage	
		5,500 (A)		36,000	(E)
dogs	1,727	pre-hayden bill	2,714		
cats	690	pre-hayden bill	2,232		
other			269		
total	2,417		5,215		
daily census pre hayden bill	7,251	(B) = (D)	26,075	(F)	
sq feet of animal/day	0.76	(C)			
				9,892	(G)
				1,076	(H)
				7,911	(I)
				6,367	(J)
				14,278	(K)
				100%	(L)
				14,278	(M)
				816	(N)
		eligible percent per state formula ==		49.5%	(P)

2008-09 Animal Services Statistics

Fiscal 2008-09	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009	Total 2008-09
Dog Intake - Report													
Owner Turn-In DOA	3	4	2	3	2	3	1	1	2	0	5	2	28
Stray DOA Dogs by ACO/CalTrans	13	12	8	10	16	6	4	17	13	16	9	9	133
Total Dogs DOA	16	16	10	13	18	9	5	18	15	16	14	11	161
Stray Dogs by ACO	105	108	89	111	100	123	87	95	73	96	73	79	1139
Stray Dogs by Public	60	60	44	53	48	38	66	52	62	54	69	58	664
Owner Turn-In Dogs(Shelter/Field)	55	47	49	47	40	43	67	44	50	43	68	62	615
Abandoned Dogs	17	3	1	2	1	8	3	0	0	0	2	1	38
Adoption Return Dogs	11	3	7	4	3	8	8	4	9	3	2	1	63
Quarantined Dogs at Shelter	0	0	2	1	0	0	1	0	0	1	1	0	6
Warrant (Dogs) by ACO	0	6	1	0	8	1	0	0	0	2	0	2	20
LLV Picked up by ACO	6	2	16	14	9	7	10	9	9	7	9	5	103
Misc. (Litters born in shelter,etc.)	3	0	13	9	5	2	12	10	5	2	4	1	66
Total Live Dogs Received	257	229	222	241	214	230	254	214	208	208	228	209	2714
Citizen Holding Dogs	15	18	17	16	17	13	12	8	19	10	16	6	167
Total Dogs Processed	288	263	249	270	249	252	271	240	242	234	258	226	3042
Dog Disposition - Report													
Adopted Dogs	51	58	50	51	53	55	63	63	58	55	56	30	643
Rescued Dogs	9	2	2	10	14	21	29	6	13	12	11	27	156
Dogs in Foster Care	4	0	1	2	3	1	8	10	3	0	4	0	36
RTO (Licensed, S/N Dogs) $0	20	16	17	25	30	20	17	7	15	10	25	10	212
RTO (Licensed/UnLicensed & Not S/N) $115	18	15	25	14	12	7	10	18	12	30	14	15	190
RTO (Not Licensed & S/N) $80	11	9	5	11	13	8	9	19	3	11	22	14	135
RTO (Under 4months Old) $65	0	0	1	2	1	0	0	1	5	3	4	0	17
RTO (Citizen-to-Owner)	3	3	3	1	2	3	2	2	5	0	3	3	30
RTO (Officer-to-owner)							4	1	0	2	1	0	
Total RTO Dogs	52	43	51	53	58	38	42	48	40	56	69	42	592
Warrant Return	0	0	0	0	0	1	0	0	0	0	0	0	1
Escaped	0	0	0	0	0	0	1	0	1	0	0	0	2
Died/Other/Misc	5	3	1	4	6	18	17	23	19	27	1	10	134
Stolen	1	0	0	0	0	1	0	0		0	0	0	2
Euthanized	127	115	105	114	94	81	112	109	103	75	106	109	1250
Total Dogs Going Out of Shelter	249	221	210	234	228	216	272	259	237	225	247	218	2816

672

2008-09 Animal Services Statistics

Fiscal 2008-09	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009	Total 2008-09
CAT Intake - Report													
Owner Turn-In DOA	1	0	1	2	1	0	0	0	0	2	2	0	9
Stray DOA Cats by ACO/CalTrans	16	19	10	8	10	15	17	14	13	30	35	10	197
Total Cats DOA	17	19	11	10	11	15	17	14	13	32	37	10	206
Stray Cats by ACO	56	46	60	79	21	22	35	27	18	32	55	56	507
Stray Cats by Public	106	114	102	94	91	45	57	46	56	47	184	87	1029
Owner Turn-In Cats (Shelter/Field)	32	27	34	44	28	13	24	21	29	72	93	86	503
Abandoned Cats	1	0	0	0	8	3	2	0	4	0	0	1	19
Adoption Return Cats	1	1	3	2	3	1	5	0	4	5	3	0	28
Quarantined Cats at Shelter	0	1	0	1	1	0	1	0	0	0	1	0	5
Warrant Cats by ACO	60	5	0	13	0	1	0	0	0	0	0	0	79
Misc. (Litters born in shelter, etc.)	0	19	13	4	1	6	0	9	4	1	5	0	62
Total Live Cats Received	256	213	212	237	153	91	124	103	115	157	341	230	2232
Citizen Holding Cats	1	0	0	0	0	0	0	1	0	0		0	2
Total Cats Processed	274	232	124	247	164	106	141	118	128	189	378	240	2341

Cat Disposition - Report													
Adopted Cats	28	51	39	28	23	28	42	26	30	53	38	25	411
Rescued Cats	0	0	0	0	13	12	1	0	0	1	6	0	33
Cats in Foster Care	17	13	8	0	3	0	0	11	17	16	18	0	103
RTO Cats	0	0	1	1	2	8	2	6	0	3	0	1	24
RTO Citizen-To-Owner	0	0	0	0	0	0	0	0	0	0	0	0	0
Warrant Return	0	0	0	0	0	0	0	0	0	0	0	0	0
Escaped	0	0	0	0	1	0	1	0	1	0	1	1	5
Died/DOA/Other/Misc	6	6	12	3	10	19	27	16	20	35	39	13	206
Stolen	0	0	0	0	0	0	0	0	0	0	0	0	0
Euthanized	190	167	148	215	143	64	58	65	69	89	221	173	1602
Total Cats Going Out of Shelter	241	237	208	247	195	131	131	124	137	197	323	213	2384

2008-09 Animal Services Statistics

Fiscal 2008-09	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009	Total 2008-09
Other Intake - Report													
Owner Turn-In DOA	0	0	0	0	0	0	6	0	1	0	0		7
Stray DOA Others by ACO	32	19	11	12	8	3	0	0	10	14	0	17	126
Stray DOA Others by Public	1	5	0	0	0	0	0	0		0	31		37
Total Other DOA	33	24	11	12	8	3	6	0	11	14	31	17	170
Stray Others by ACO	13	6	9	8	4	6	6	6	13	11	26	36	144
Stray Others by Public	6	2	7	2	4	0	0	2	7	10	14	5	59
Owner Turn-In Others (Shelter/Field)	4	1	2	0	0	3	2	2	1	3	1	3	22
Abandoned Others	0	0	0	0	0	2	0	0	0	0	0	0	2
Adoption Return Others	0	0	0	0	0	0	0	0	0	0	0	0	0
Quarantined Others at Shelter	0	0	0	0	1	0	0	0	0	0	1	0	2
Warrant Others by ACO	0	0	0	0	0	0	0	0	0	0	0	0	0
Misc.	0	0	3	0	2	0	0	0	4	7	17	7	40
Total Live Other Received	23	9	21	10	11	11	8	10	25	31	59	51	269
Citizen Holding Other	0	0	0	0	0	0	0	1	0	0	0		1
Total Other Processed	56	33	32	22	19	14	14	11	36	45	90	68	440
Other Disposition - Report													
Adopted	0	1	1	6	1	1	4	3	3	2	2	2	26
Rescued	3	0	1	1	0	0	0	0	0	0	5	2	12
Rehab/Foster Care	1	0	0	0	0	0	0	0	1	5	0	0	7
Released Wildlife	12	9	5	5	2	2	3	3	6	17	26	11	101
RTO	0	0	0	2	1	1	0	2	0	1	1	0	8
RTO Citizen-To-Owner	0	0	0	0	0	0	0	0	0	0	0	0	0
Warrant Return	0	0	0	0	0	0	0	0	0	0	0	0	0
Escaped	0	0	0	0	0	0	0	0	0	0	1	0	1
Died/DOA/Other/Misc	1	0	2	0	1	7	7	1	18	13	39	32	121
Stolen	0	0	0	0	0	0	0	0	0	0	0	0	0
Euthanized	7	7	4	1	2	4	0	4	14	5	16	18	82
Total Others Going Out of Shelter	24	17	13	15	7	15	14	13	42	43	90	65	358

Live Release & Adoption Rates	2006-07	2007-08	2008-09 YTD	2009-10	20010-11	20011-12	20012-13
Dogs & Cats Only	39%	38%	36%				
All Species	40%	40%	44%				
Dogs	50%	48%	51%				
Cats	24%	23%	21%				
Others	57%	70%	59%				

2008-09 Animal Services Statistics

Fiscal 2008-09	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009	Total 2008-09
RVT Exams	596	515	565	524	518	402	563	490	474	538	680	495	6360
Lab Tests/Diagnostics													
Fecal Analysis (Intestinal Parasites)	8	7	1	2	1	41	5	3	8	2	1	4	83
Parvovirus Test	2	2	5	12	7	4	10	4	6	5	4	0	61
Skin Scraping (Mange)	1	0	0	0	0	0	5	0	1	1	0	0	8
FeIv/FIV Test (Feline Leukemia/AIDS)	7	7	0	0	2	1	4	0	0	1	1	0	23
Ear Swab Analysis (Earmites)	9	3	3	2	6	9	11	6	3	6	8	16	82
Woods Lamp (Ringworm)	4	1	0	15	2	0	0	0	1	0	3	5	31
Total Tests/Diagnostics Performed	**31**	**20**	**9**	**31**	**18**	**55**	**35**	**13**	**19**	**15**	**17**	**25**	**288**
Diagnosed Illnesses													
Healthy (No Significant Findings)	359	313	319	313	291	262	357	329	340	365	426	317	3991
Kennel Cough	12	11	10	7	7	12	7	7	12	19	8	15	127
Parvovirus (Confirmed)	3	0	5	9	3	0	27	11	3	6	6	1	74
Distemper (Potential)	1	0	0	0	0	0	0	0	0	0	1	1	3
Canine Respiratory Illness	17	27	38	17	12	10	15	19	15	28	16	20	234
Internal/External Parasites	55	31	14	1	4	6	20	6	5	2	2	2	148
Feline Upper Respiratory Infection	87	104	45	84	49	36	14	33	19	52	92	40	655
Feline Leukemia and/or AIDS	0	0	0	0	0	0	0	0	0	0	0	0	0
Ringworm	4	1	4	9	2	0	0	0	1	0	0	5	26
Earmites	20	10	18	3	4	12	15	5	3	5	10	15	120
Total Contagious Illnesses	**199**	**184**	**134**	**130**	**81**	**76**	**98**	**81**	**58**	**112**	**135**	**99**	**1387**
Other Illnesses	94	59	91	81	69	60	117	61	61	63	104	77	937
Total Illness/Injury Identified	**293**	**243**	**225**	**211**	**150**	**136**	**215**	**142**	**119**	**175**	**239**	**176**	**3711**
Medical Tmts Initiated	215	278	153	143	294	388	537	943	875	838	1075	618	6357
Medical Tmts Performed	1613	2085	1148	1073	2205	2910	537	943	875	838	1075	618	15,920
Preventive Care Admin.													
Canine DA2PP (Distemper/Parvo) Vac	91	56	75	62	54	15	27	33	25	29	23	19	509
Canine Bordatella (Intranasal)	91	58	75	62	54	15	27	33	25	29	23	19	511
Feline FVRCP Vac	86	88	99	104	67	15	49	29	6	40	42	24	649
Deworm (Routine-Non Dx)			to be added 2009					21	19	20	7	9	76
Total Preventive Care Admin.	**268**	**202**	**249**	**228**	**175**	**45**	**103**	**116**	**75**	**118**	**95**	**71**	**1745**
Microchips	62	82	56	68	60	63	70	77	78	75	57	51	799

675

08-09 Total Number of Animals Euthanized

	CANINE					FELINE					OTHER	MONTHLY
	A	H	S	O	TOTAL	A	H	S	O	TOTAL	ANIMALS	TOTALS
July	48	53	17	4	**122**	51	111	9	0	**171**	**6**	**299**
August	43	47	22	4	**116**	80	86	3	0	**169**	**6**	**291**
September	41	44	16	4	**105**	48	105	2	0	**155**	**4**	**264**
October	32	54	18	6	**110**	76	129	2	2	**209**	**2**	**321**
November	29	21	34	6	**90**	55	75	8	1	**139**	**3**	**232**
December	31	26	26	2	**85**	24	41	1	0	**66**	**4**	**155**
January	28	51	21	6	**106**	38	18	1	3	**60**	**0**	**166**
February	17	47	40	5	**110**	33	24	6	2	**65**	**4**	**186**
March	28	35	28	12	**103**	39	26	0	4	**69**	**14**	**186**
April	25	36	5	9	**75**	32	52	2	4	**90**	**5**	**170**
May	23	48	24	11	**106**	49	165	6	1	**221**	**16**	**343**
June	22	53	28	6	**109**	51	116	4	2	**173**	**18**	**300**
YTD	367	515	279	75	**1237**	576	948	44	19	**1587**	**82**	**2913**

Total Number of Animals Vaccinated That Were Euthanized

	Canine			MO TOT	Feline			MO TOT
	H	S	A	K-9	H	S	A	FEL.
July	24	0	4	28	48	0	4	52
August	11	3	2	16	41	3	3	47
September	13	5	5	23	29	3	0	32
October	5	11	3	19	76	0	5	81
November	4	5	2	11	37	7	4	48
December	1	2	0	3	10	0	0	10
January	5	0	0	5	1	0	0	1
February	0	0	0	0	8	3	1	12
March	0	0	0	0	3	0	1	4
April	0	0	0	0	1	0	1	2
May	1	0	0	1	1	0	0	1
June	0	0	0	0	0	0	0	0
YTD	64	26	16	106	255	16	19	290

O is for owner turn-in w/ PTS request.

75 - dogs
19 - cats
0 - other.

Expenditure Status Report
Town of Apple Valley

7/1/2008 throug 6/30/2009

Animal Shelter

Account Number		Adjusted Appropriation	Expenditures	Year-to-date Expenditures	Year-to-date Encumbrances	Balance	Prct Used
1001	General Fund						
1001-2130-7010-0000	Salaries Regular	353,750.00	383,254.64	383,254.64	0.00	-29,504.64	108.34
1001-2130-7010-1000	Salary/Benefit Allocation	0.00	61.21	61.21	0.00	-61.21	0.00
1001-2130-7030-0000	Overtime	2,000.00	1,778.21	1,778.21	0.00	221.79	88.91
1001-2130-7110-0000	Cafeteria and other Benefits	73,500.00	76,899.12	76,899.12	0.00	-3,399.12	104.62
1001-2130-7140-0000	Health/Life Insurance Benefits	0.00	1,121.59	1,121.59	0.00	-1,121.59	0.00
1001-2130-7150-0000	Medicare	5,129.00	5,778.36	5,778.36	0.00	-649.36	112.66
1001-2130-7160-0000	PERS	78,812.00	80,724.84	80,724.84	0.00	-1,912.84	102.43
1001-2130-7180-0000	Uniform Expenses	1,800.00	2,327.82	2,327.82	0.00	-527.82	129.32
1001-2130-7205-0000	Advertising	2,000.00	216.34	216.34	0.00	1,783.66	10.82
1001-2130-7229-0000	Education & Training	3,000.00	1,717.04	1,717.04	0.00	1,282.96	57.23
1001-2130-7241-0000	Meetings & Conferences	1,500.00	845.43	845.43	0.00	654.57	56.36
1001-2130-7247-0000	Membership & Dues	250.00	125.00	125.00	0.00	125.00	50.00
1001-2130-7253-0000	Mileage Exp/Allowance	0.00	270.24	270.24	0.00	-270.24	0.00
1001-2130-7265-0000	Office Supplies/Exp	1,800.00	407.07	407.07	0.00	1,392.93	22.62
1001-2130-7277-0000	Printing	1,350.00	219.33	219.33	0.00	1,130.67	16.25
1001-2130-7289-0000	Subscriptions	250.00	204.00	204.00	0.00	46.00	81.60
1001-2130-7295-0847	Utilities: Electricity Usage	0.00	7,395.48	7,395.48	0.00	-7,395.48	0.00
1001-2130-7295-0848	Utilities: Natural Gas Usage	0.00	5,205.48	5,205.48	0.00	-5,205.48	0.00
1001-2130-7295-0849	Utilities: Water Usage	0.00	1,065.71	1,065.71	0.00	-1,065.71	0.00
1001-2130-7305-0000	Animal Food Supplies	10,000.00	11,763.59	11,763.59	0.00	-1,763.59	117.64
1001-2130-7330-0000	Hardware/Software Supplies/Exp	5,700.00	6,029.59	6,029.59	0.00	-329.59	105.78
1001-2130-7360-0000	Safety & Security	0.00	877.37	877.37	0.00	-877.37	0.00
1001-2130-7370-0000	Special Dept Supplies/Exp	15,000.00	16,550.56	16,550.56	0.00	-1,550.56	110.34
1001-2130-7655-0000	Building Maintenance	0.00	9,807.29	9,807.29	0.00	-9,807.29	0.00
1001-2130-8940-0000	Contract Services	10,200.00	9,601.28	9,601.28	0.00	598.72	94.13
1001-2130-8944-0000	County Public Health	0.00	-25.00	-25.00	0.00	25.00	0.00
1001-2130-8956-0000	Drugs/Vaccinations	22,000.00	22,331.69	22,331.69	0.00	-331.69	101.51
1001-2130-8960-0000	Emergency Vet Service	6,000.00	2,249.80	2,249.80	0.00	3,750.20	37.50
1001-2130-8988-0000	Spay/Neuter Program	30,000.00	45,337.13	45,337.13 ←	0.00	-15,337.13	151.12
1001-2130-8992-0000	Stiles Removal/D & D Removal	6,200.00	5,700.00	5,700.00	0.00	500.00	91.94
Total	General Fund	630,241.00	699,840.21	699,840.21	0.00	-69,599.21	111.04
Grand Total		630,241.00	699,840.21	699,840.21	0.00	-69,599.21	111.04

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Expenditure Status Report

Town of Apple Valley

Periods: 1 through 14 7/1/2008 throug 6/30/2009

Animal Control

Account Number		Adjusted Appropriation	Expenditures	Year-to-date Expenditures	Year-to-date Encumbrances	Balance	Prct Used
1001	General Fund						
1001-2120-7010-0000	Salaries Regular	365,225.00	373,366.83	373,366.83	0.00	-8,141.83	102.23
1001-2120-7030-0000	Overtime	10,500.00	7,162.60	7,162.60	0.00	3,337.40	68.22
1001-2120-7110-0000	Cafeteria and other Benefits	73,500.00	66,160.93	66,160.93	0.00	7,339.07	90.01
1001-2120-7140-0000	Health/Life Insurance Benefits	0.00	1,317.12	1,317.12	0.00	-1,317.12	0.00
1001-2120-7150-0000	Medicare	8,296.00	6,021.43	6,021.43	0.00	2,274.57	72.58
1001-2120-7160-0000	PERS	81,368.00	86,163.76	86,163.76	0.00	-4,795.76	105.89
1001-2120-7180-0000	Uniform Expenses	3,500.00	2,457.16	2,457.16	0.00	1,042.84	70.20
1001-2120-7205-0000	Advertising	1,500.00	296.28	296.28	0.00	1,203.72	19.75
1001-2120-7229-0000	Education & Training	3,000.00	1,414.75	1,414.75	0.00	1,585.25	47.16
1001-2120-7241-0000	Meetings & Conferences	0.00	1,037.68	1,037.68	0.00	-1,037.68	0.00
1001-2120-7247-0000	Membership & Dues	300.00	0.00	0.00	0.00	300.00	0.00
1001-2120-7265-0000	Office Supplies/Exp	1,500.00	3,396.25	3,396.25	0.00	-1,896.25	226.42
1001-2120-7277-0000	Printing	2,800.00	1,717.56	1,717.56	0.00	1,082.44	61.34
1001-2120-7289-0000	Subscriptions	500.00	318.47	318.47	0.00	181.53	63.69
1001-2120-7295-0109	Utilities: Phones, Internet, Cell Phone	0.00	2,008.15	2,008.15	0.00	-2,008.15	0.00
1001-2120-7330-0000	Hardware/Software Supplies/Exp	10,000.00	2,053.71	2,053.71	0.00	7,946.29	20.54
1001-2120-7360-0000	Safety & Security	0.00	64.00	64.00	0.00	-64.00	0.00
1001-2120-7370-0000	Special Dept Supplies/Exp	6,000.00	4,013.63	4,013.63	0.00	1,986.37	66.89
1001-2120-7655-0000	Building Maintenance	0.00	304.00	304.00	0.00	-304.00	0.00
1001-2120-8940-0000	Contract Services	0.00	636.50	636.50	0.00	-636.50	0.00
1001-2120-8944-0000	County Public Health	2,525.00	2,500.00	2,500.00	0.00	25.00	99.01
1001-2120-8956-0000	Drugs/Vaccinations	0.00	52.09	52.09	0.00	-52.09	0.00
1001-2120-8972-0000	Legal Services	7,000.00	6,739.02	6,739.02	0.00	260.98	96.27
1001-2120-8988-0000	Spay/Neuter Program	30,000.00	50,767.00	50,767.00	0.00	-20,767.00	169.22
1001-2120-8992-0000	Stiles Removal/D & D Removal	7,000.00	5,700.00	5,700.00	0.00	1,300.00	81.43
Total	General Fund	614,514.00	625,668.92	625,668.92	0.00	-11,154.92	101.82
Grand Total		614,514.00	625,668.92	625,668.92	0.00	-11,154.92	101.82

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Expenditure Status Report
Town of Apple Valley

Periods: 1 through 14 7/1/2008 throug 6/30/2009

Shelter Facility Costs

Account Number		Adjusted Appropriation	Expenditures	Year-to-date Expenditures	Year-to-date Encumbrances	Balance	Prct Used
4020	RDA PA#2 Capital Projects						
4020-4710-7010-0000	Salaries Regular	231,800.00	222,040.57	222,040.57	0.00	9,759.43	95.79
4020-4710-7020-0000	Salaries Part-Time	3,420.00	4,587.87	4,587.87	0.00	-1,167.87	134.15
4020-4710-7110-0000	Cafeteria and other Benefits	0.00	20,697.90	20,697.90	0.00	-20,697.90	0.00
4020-4710-7120-0000	Deferred Comp	6,360.00	7,015.61	7,015.61	0.00	-655.61	110.31
4020-4710-7130-0000	FICA	221.00	190.82	190.82	0.00	30.18	86.34
4020-4710-7140-0000	Health/Life Insurance Benefits	25,200.00	622.45	622.45	0.00	24,577.55	2.47
4020-4710-7150-0000	Medicare	3,361.00	3,355.74	3,355.74	0.00	5.26	99.84
4020-4710-7160-0000	PERS	52,827.00	54,356.77	54,356.77	0.00	-1,529.77	102.90
4020-4710-7205-0000	Advertising	3,000.00	1,408.50	1,408.50	0.00	1,591.50	46.95
4020-4710-7229-0000	Education & Training	2,000.00	1,623.85	1,623.85	0.00	376.15	81.19
4020-4710-7241-0000	Meetings & Conferences	6,000.00	9,374.58	9,374.58	0.00	-3,374.58	156.24
4020-4710-7247-0000	Membership & Dues	3,500.00	4,443.72	4,443.72	0.00	-943.72	126.96
4020-4710-7253-0000	Mileage Exp/Allowance	8,000.00	3,091.53	3,091.53	0.00	4,908.47	38.64
4020-4710-7259-0000	Miscellaneous Costs	1,000.00	157.53	157.53	0.00	842.47	15.75
4020-4710-7265-0000	Office Supplies/Exp	1,800.00	1,329.35	1,329.35	0.00	470.65	73.85
4020-4710-7271-0000	Postage	500.00	0.00	0.00	0.00	500.00	0.00
4020-4710-7277-0000	Printing	1,000.00	100.17	100.17	0.00	899.83	10.02
4020-4710-7289-0000	Subscriptions	5,600.00	0.00	0.00	0.00	5,600.00	0.00
4020-4710-7330-0000	Hardware/Software Supplies/Exp	1,800.00	1,161.94	1,161.94	0.00	638.06	64.55
4020-4710-7350-0000	Public Information	72,000.00	46,869.04	46,869.04	0.00	25,130.96	65.10
4020-4710-8916-0000	Audit	0.00	178.13	178.13	0.00	-178.13	0.00
4020-4710-8940-0000	Contract Services	20,000.00	23,976.32	23,976.32	0.00	-3,976.32	119.88
4020-4710-9264-0000	Animal Shelter Facility	6,800,000.00	3,044,817.97	3,044,817.97	0.00	3,755,182.03	44.78
4020-4710-9534-0000	Public Works Facility/Yard	5,000,000.00	1,567,169.04	1,567,169.04	0.00	3,432,830.96	31.34
4020-4710-9588-0000	Yucca Loma Bridge	13,000,000.00	15,239.98	15,239.98	0.00	12,984,760.02	0.12
4020-4710-9610-0000	Operating Transfer	205,155.00	217,255.46	217,255.46	0.00	-12,100.46	105.90
4020-4710-9610-3020	Transfer - 3020	-25,454,544.00	-5,074,278.55	-5,074,278.55	0.00	-20,380,265.45	19.93
4020-4710-9610-4910	Transfer - 4910	0.00	-224,172.04	-224,172.04	0.00	224,172.04	0.00
4020-4710-9860-0000	Interest	0.00	48,175.31	48,175.31	0.00	-48,175.31	0.00
Total	RDA PA#2 Capital Projects	0.00	789.56	789.56	0.00	-789.56	0.00

	old accts	New Accts
2008 E	406-502-906010	4020-4710-9444-0000 Land Acquisition
2008 E	406-502-906128	4020-4710-9543-0000 RDA-Public Works Yard
2008 E	406-502-906129	4020-4710-9264-0000 Animal Shelter Facility
2008 E	406-502-906130	4020-4710-9534-0000 Public Works Facility/Yard

Subj: **FW: Animal Control/Shelter project**
Date: 2/16/2010 12:10:47 P.M. Pacific Standard Time
From: KReynolds@applevalley.org
To: AChinnCRS@aol.com
CC: DDrenk@applevalley.org

Hi Annette,

Below is a summary of the $11,156,920.

Thank you,
Kaye

From: Kaye Reynolds
Sent: Wednesday, January 27, 2010 8:16 PM
To: Dennis Cron; Claude Stewart
Cc: Kenneth Henderson; Frank Robinson; Tom Brown
Subject: Animal Control/Shelter project

Dennis,

In reviewing Eberhardt's payment requests this afternoon, it became apparent that a recap of the Animal Control/Shelter project was needed. Of the $32,066,898.66 received in bond funds for RDA PA#2 Capital Projects, approximately $8,000,000 was earmarked for the animal shelter. To date, I estimate the cost of the project to be $11,156,920.13.

I would like to confirm that the funding source of this project was $8,000,000 bond proceeds and $3,156,920.13 RDA PA#2 tax increment. Following is a recap of the costs:

Base contract	8,119,547.00		
Change orders	3,607.00		
Revised Contract	8,123,154.00		
Land	865,227.00		
Architect	675,071.00		
Eberhardt	540,000.00		
Audio Visual	141,368.00		Not yet approved by Council
Offsite Street Improvements	159,408.00		
Communications Equipment	99,000.00		Not yet approved by Council
Furniture	152,425.00		
Fees	90,060.66		
V Ranchos	153,913.47		
Other *	157,293.00		

REVISED TOTAL	11,156,920.13	**	
Includes: HUB, Altec, Merrill Johnson, So & Assoc., Thompson Appraisal, A V Blueprint, Frick, Frick, County Taxes, County Surveyor, State Water Resource Board			
* May be reduced by a reduction in the landscape			

Please let me know if you have any questions.

Thank you,
Kaye

STATE FORMULA

(note - there was no facility in 1998)

	animal stats 2005	old facility sq footage	2008-09	new facility sq footage	
		5,500 (A)		36,000	(E)
dogs	1,727	pre-hayden bill	2,714		
cats	690	pre-hayden bill	2,232		
other			269		
total	2,417		5,215		
daily census pre hayden bill	7,251	(B) = (D)	26,075	(F)	
sq feet of animal/day	0.76	(C)			
				9,892	(G)
				1,076	(H)
				7,911	(I)
				6,367	(J)
				14,278	(K)
				100%	(L)
				14,278	(M)
				816	(N)
		eligible percent per state formula ==		49.5%	(P)

SEE LAST YEARS FY 2007-08 CLAIM
FOR ADDITIONAL BACKUP
REGARDING FACILITY CONSTRUCTION
INFORMATION SUCH AS STAFF REPORTS

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On August 10, 2017, I served the:

- **Notice of Complete Incorrect Reduction Claim Filing and Schedule for Comments issued August 10, 2017**
- **Incorrect Reduction Claim (IRC) filed by Town of Apple Valley (Claimant) on August 1, 2017**

  Animal Adoption, 17-9811-I-04
  Civil Code Sections 1834 and 1846; Food and Agriculture Code sections 31108, 31752, 31752.5, 31753, 32001, and 32003;
  Statutes 1998, Chapter 752 and Statutes 2004, Chapter 313
  Fiscal Years: 2007-2008 and 2008-2009
  Town of Apple Valley, Claimant

by making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on August 10, 2017 at Sacramento, California.

Jill L. Magee
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 8/7/17

Claim Number: 17-9811-I-04

Matter: Animal Adoption

Claimant: Town of Apple Valley

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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Claimant Representative
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Exhibit B

RECEIVED
October 19, 2017
Commission on
State Mandates

BETTY T. YEE
California State Controller

October 17, 2017

Heather Halsey
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Re: Incorrect Reduction Claim
Animal Adoption, 17-9811-I-04
Civil Code Sections 1834 and 1846;
Food and Agriculture Code Sections 31108, 31752, 31752.5, 31753, 32001, and 32003;
Statutes of 1998, Chapter 752; Statutes of 2004, Chapter 313
Fiscal Years 2007-2008 and 2008-09
Town of Apple Valley, Claimant

Dear Ms. Halsey:

The State Controller's Office is transmitting our response to the above-named IRC.

If you have any questions, please contact me by telephone at (916) 323-5849.

Sincerely,

JIM L. SPANO, CPA
Assistant Division Chief, Division of Audits

JLS/kw

18570

RESPONSE BY THE STATE CONTROLLER'S OFFICE TO THE INCORRECT REDUCTION CLAIM (IRC) BY THE TOWN OF APPLE VALLEY

Animal Adoption Program

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Note: References to Exhibits relate to the Town's IRC filed on August 1, 2017, as follows:

- Exhibit 1, Appendix A – PDF page 30
- Exhibit 1, Appendix A – PDF pages 112-120
- Exhibit 1, Appendix C – PDF pages 204-205
- Exhibit 1, Appendix C - PDF pages 208-209
- Exhibit 2 – PDF pages 210-276
- Exhibit 3 – PDF pages 338-346

- Exhibit 3 – PDF pages 349-350
- Exhibit 3 – PDF pages 351-361
- Exhibit 3 – PDF pages 385-400
- Exhibit 4 – PDF page 404
- Exhibit 4 – PDF pages 441-444
- Exhibit 4 – PDF page 642
- Exhibit 4 – PDF pages 652-662

Tab 1

OFFICE OF THE STATE CONTROLLER
3301 C Street, Suite 725
Sacramento, CA 94816
Telephone No.: (916) 323-5849

BEFORE THE

COMMISSION ON STATE MANDATES

STATE OF CALIFORNIA

INCORRECT REDUCTION CLAIM (IRC) ON: *Animal Adoption Program* Civil Code Sections 1834 and 1846 and Food and Agriculture Code Sections 31108, 31752, 31752.5, 31753, 32001, and 32003 (Statutes of 1998, Chapter 752; and Statutes of 2004, Chapter 313) TOWN OF APPLE VALLEY, Claimant	No.: IRC 17-9811-I-04 AFFIDAVIT OF ASSISTANT DIVISION CHIEF

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

1) I am an employee of the State Controller's Office (SCO) and am over the age of 18 years.

2) I am currently employed as an assistant division chief, and have been so since July 1, 2017. Before that, I was employed as a bureau chief for 17 years and two months, and as an audit manager for two years and three months.

3) I am a California Certified Public Accountant.

4) I reviewed the work performed by the SCO auditor.

5) Any attached copies of records are true copies of records, as provided by the Town of Apple Valley or retained at our place of business.

6) The records include claims for reimbursement, along with any attached supporting documentation, explanatory letters, or other documents relating to the above-entitled Incorrect Reduction Claim.

7) A field audit of the claims for fiscal year (FY) 2007-08 and FY 2008-09 started on June 15, 2015 (issuance of the audit start letter) and ended on August 15, 2016 (issuance of the final report).

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

Date: October 17, 2017

OFFICE OF THE STATE CONTROLLER

By: _____

Jim L. Spano, CPA
Assistant Division Chief
Division of Audits
State Controller's Office

Tab 2

STATE CONTROLLER'S OFFICE ANALYSIS AND RESPONSE TO THE INCORRECT REDUCTION CLAIM BY TOWN OF APPLE VALLEY

For Fiscal Year (FY) FY 2007-08 and FY 2008-09

Animal Adoption Program
Civil Code Sections 1834 and 1846; and Food and Agriculture Code Sections 31108, 31752, 31752.5, 31753, 32001, and 32003 (Statutes of 1998, Chapter 752; and Statutes of 2004, Chapter 313)

SUMMARY

The following is the State Controller's Office's (SCO) response to the Incorrect Reduction Claim (IRC) that the Town of Apple Valley submitted on August 1, 2017. The SCO audited the town's claims for costs of the legislatively mandated Animal Adoption Program for the period of July 1, 2007, through June 30, 2009. The SCO issued its final report on August 15, 2016 **(Exhibit 1- pages 285-336)**.

The town submitted amended reimbursement claims totaling $2,256,209—$878,735 for fiscal year (FY) 2007-08 (**Exhibit 2 - pages 401-407**), and $1,377,474 for FY 2008-09 (**Exhibit 3 - pages 640-645**). Subsequently, the SCO audited these claims and determined that $215,608 is allowable and $2,040,601 is unallowable because the town overstated allowable costs, claimed unallowable and unsupported costs, claimed misclassified costs and ineligible animals, and misstated animal census data.

The following table summarizes the audit results:

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustments
July 1, 2007, through June 30, 2008			
Direct costs:			
Acquiring space/facilities	$ 745,135	$ -	$ (745,135)
Care and maintenance of dogs, cats, and other animals	76,034	18,562	(57,472)
Increased holding period	57,566	45,483	(12,083)
Maintaining non-medical records	-	31,065	31,065
Procuring equipment	-	5,252	5,252
Total direct costs	878,735	100,362	(778,373)
Indirect costs	-	6,627	-
Total direct and indirect costs	878,735	106,989	(771,746)
Less late filing penalty	(10,000)	-	10,000
Total program costs	$ 868,735	106,989	$ (761,746)
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		$ 106,989	

Acquiring space/facilities	$ 1,233,364	$ -	$ (1,233,364)
Care and maintenance of dogs, cats, and other animals	77,199	14,097	(63,102)
Increased holding period	66,911	46,496	(20,415)
Lost and found lists	-	995	995
Maintaining non-medical records	-	31,912	31,912
Procuring Equipment	-	8,113	8,113
Total direct costs	1,377,474	101,613	(1,275,861)
Indirect costs	-	6,081	6,081
Total direct and indirect costs	1,377,474	107,694	(1,269,780)
Less late filing penalty	-	-	-
Total program costs	$ 1,377,474	107,694	$ (1,269,780)
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		$ 107,694	

Summary: July 1, 2007, through June 30, 2009

Direct costs:			
Acquiring space/facilities	$ 1,978,499	$ -	$ (1,978,499)
Care and maintenance of dogs, cats, and other animals	153,233	32,659	(120,574)
Increased holding period	124,477	91,979	(32,498)
Lost and found lists	-	995	995
Maintaining non-medical records	-	62,977	62,977
Procuring equipment	-	13,365	13,365
Total direct costs	2,256,209	201,975	(2,054,234)
Indirect costs	-	12,708	12,708
Total direct and indirect costs	2,256,209	214,683	(2,041,526)
Less late filing penalty	(10,000)	-	10,000
Total program costs	$ 2,246,209	214,683	$ (2,031,526)
Less amount paid by the State[1]		-	
Allowable costs claimed in excess of (less than) amount paid		$ 214,683	

[1] Payment information current as of October 10, 2017.

I. ANIMAL ADOPTION PROGRAM CRITERIA

Adopted Parameters and Guidelines–February 28, 2002

Food and Agriculture Code sections 31108, 31752, 31753, 32001, and 32003 (added and amended by Statutes of 1998, Chapter 752) attempted to end the euthanasia of adoptable and treatable animals. It expressly identifies the state policy that no adoptable animal should be euthanized if it can be adopted into a suitable home, and that no treatable animal should be euthanized. The legislation also increases the holding period for stray and abandoned dogs, cats, and other specified animals. It also requires public or private shelters to:

- Verify the temperament of feral cats;
- Post lost-and-found lists;
- Maintain records for impounded animals; and
- Ensure that impounded animals receive necessary and prompt veterinary care.

The Commission on State Mandates (Commission) determined that Chapter 752, Statutes of 1998, imposed a state mandate reimbursable under Government Code (GC) section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The Commission adopted the parameters and guidelines on February 28, 2002 and corrected them on March 20, 2002. On January 26, 2006, the Commission adopted amended parameters and guidelines for the Animal Adoption program **(Exhibit 2 -pages 257-276)**. In compliance with GC section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated-program reimbursable costs. The amended parameters and guidelines are applicable to the town's FY 2007-08 and FY 2008-09 claims.

The amended parameters and guidelines clarify the source documentation requirements by defining the terms "actual costs" and "source documents." In addition, these parameters and guidelines state that corroborating documents cannot be substituted for source documents.

The amended parameters and guidelines also provide a specific formula for claimants to use when calculating costs under the Acquiring Space and Facilities, Remodeling/Renovating, and Care and Maintenance cost components. The eligible costs for these components take into account the increased holding period as a result of the mandate relative to the animal census (the total days an animal is impounded).

SCO Claiming Instructions

The SCO annually issues mandated cost claiming instructions, which contain filing instructions for mandated cost programs. The SCO issued amended claiming instructions on October 26, 2009 **(Exhibit 2 - pages 210-256)**. These 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 town filed its FY 2007-08 and FY 2008-09 mandated cost claims.

II. ACQUISITION OF ADDITIONAL SPACE AND/OR CONSTRUCTION OF NEW FACILITIES COSTS

Issue

The town objects to the SCO's determination that the entire amount the town claimed for this component is unallowable. The SCO concluded that the town did not provide a Board Agenda or other

similar documentation to support claims that the construction of new facilities was a direct result of the increased holding period requirements of this mandated program. In addition, many of the costs claimed were incurred outside of the audit period. The town did not document the calculations required by the parameters and guidelines to show the proportionate share (percentage) of costs attributable to this cost component. The town claimed services and supplies costs totaling $1,978,499 for construction of new facilities. Our audit found that the entire amount is unallowable **(Exhibit 3 - pages 285-400).**

SCO's Analysis:

The town did not provide sufficient supporting documentation showing that the construction of the new animal shelter was necessary as a result of the legislative requirements of the Hayden Bill, which extended the holding period requirements of sheltered animals. Specifically, per the Statutes of 1998, Chapter 752, the town must demonstrate that due to the increased holding periods, the existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats, and other specified animals that are ultimately euthanized. The town argues that it did provide the proper documentation. We disagree. Based on documentation provided in the town's claims and documentation gathered during the course of the audit, the town constructed a new shelter due to reasons such as population growth, the temporary nature of the town's existing animal shelter, and the cost-effectiveness of building a new shelter at that point in time. Also, the parameters and guidelines require the claimant to provide calculations showing the proportionate share of costs incurred to plan, design, acquire, and/or build facilities in a given fiscal year. These calculations are based on the pro-rata representation of impounded stray or abandoned dogs, cats, and other animals that are held during the increased holding period (or are euthanized after the increased holding period) to the population of animals housed in the facility during the entire holding period.

Even if the town had provided sufficient documentation to show that the shelter was constructed due to the increased holding period requirements of this mandated program, it did not show how it calculated the pro-rata percentages that it applied to its total costs for each fiscal year. Furthermore, the amount the town claimed was based on "total facility costs". Per the transaction detail report provided in the town's FY 2008-09 claim, these costs ranged from July 1, 2006, through October 25, 2010. Therefore, as we document later, many of these costs were incurred outside of the audit period.

Town's Response

ISSUE 1 — DENIAL OF PORTION OF ANIMAL SHELTER CONSTRUCTION COSTS CLAIMED

The State Controller's Office (SCO) denied reimbursement for cost claimed for the construction of the new Animal Shelter.

SCO Response 1: **"Town did not support, through Board Agenda or other similar document, that the construction was a direct result of the Increased holding period requirements of this mandate program."**

The Town disputes this conclusion and believes they did provide material that shows that the construction of a new facility was necessary to provide appropriate and adequate shelter space to comply with the mandate activities. Further, only an eligible share of the costs related directly to the increased holding period mandated were claimed.

In the late 1990s through almost the end of FY 2003-04 (May 2004), the Town contracted with Victor Valley Animal Protective League for their shelter services. This arrangement ended because of increased costs for sheltering services being presented by Victor Valley Animal Protective League without audited records to support the increased fee request. (See Appendix C)

In June of 2004, the Town contracted with the City of Hesperia to care and shelter their animals because the Town ended their contract with Victor Valley Animal Protective League and needed emergency animal sheltering services while the Town constructed a temporary animal shelter for Apple Valley animals. Sheltering with the City of Hesperia ended when the Town completed the renovation of an old residential dwelling and warehouse

structure in March of 2005. The renovation provided a temporary animal sheltering facility within the Town's jurisdiction and eliminated the need for animal services staff to travel outside of their jurisdiction to place impounded animals into a contract shelter for housing and an easy accessible facility where town residents could look for their lost pets. (Appendix C)

It soon became evident that this facility was inadequate because the building was not purpose built and did not provide necessary, isolation, quarantine or kennel space for an increasing number of impounded animals or adequate rooms to provide necessary medical treatment. Discussion and planning began to construct a new Shelter Facility in September 2008, with specific consideration for increased kennel capacity, quarantine rooms, isolation facilities for sick/injured animals, increased holding times and a ventilation system to filter airborne diseased and minimize cross contamination of animals. (See Appendix C)

Page 2 of the April 2007, Request for Qualifications to Design the Animal Shelter Facility stated, "The Proposed Animal Control Shelter will be designed to increase the hold time for potentially adoptable animals…" (see Town of Apple Valley's June 17, 2016 Response to the Draft Audit – SCO website- beginning on page 63. http://sco.ca.gov/Files-AUD/MandCosts/08_2016_applevalley_animal.pdf

Further, at the July 10, 2007 Council meeting audio recording (at 1:32:37 of the recording) contains Councilman Jasper's statement that the need to build new animal shelter is because it is "Mandated by the State to take care of our animals".

The formula in the claiming instruction formulas, limit reimbursement to those costs which are attributable to the passage of the Hayden Bill and not normal population growth. The statistical information requirements in the instructions (such as animal census statistics) are all included in the claim backup under the formula section. The percentage of eligible construction costs were claimed based on the calculation of this formula; however, the method was not reviewed or discussed by the SCO as they denied the costs as completely ineligible due to their conclusion that Board documentation was lacking.

The claimant believes that they did provide support adequate to show that the project was necessary and due in part to the requirements of the passage of the new State Mandate program which required increased space due to the increased hold time for animals and also because the facility was not configured or equipped properly. (see Appendix C)

State Law requires that local agencies be reimbursed for the increased cost incurred to comply with Costs Mandated by the State. The computed percentage of construction costs claimed are the direct result of increased animal population that were experienced to comply with the State Mandate Animal Adoption program, and thus should be reimbursed by the State.

SCO Response 2: Many of the costs claimed occurred outside of the audit period.

The record shows in its original and amended claims that the Town did incur costs in the eligible time period. Cost incurred includes obligated and expended costs during the fiscal years claimed.

SCO Response 3: Calculations to support the percentages claimed per fiscal year not provided.

The records shows that the Town did provide the calculations used to determine the percentage of facility costs claimed were included in both the FY 2007-08 and the FY 2008-09 actual and amended claims. Town also provided the page again showing percentages claimed in its June, 2016 Response letter to the Draft Audit. If the auditor felt something further was missing or lacking, they could have requested the information from the Town.

Town request that the allowable share of facility construction costs be restored.

SCO's Comments

The town's comments in its IRC filed on August 1, 2017, related to the audit finding for unallowable acquisition of additional space and/or construction of new facilities costs, are very similar to the comments that it provided on June 17, 2016, for the SCO's draft audit report. In our final audit report, we noted that the services and supplies costs claimed in FY 2007-08 and FY 2008-09 for the

construction of new facilities were unallowable because "the town did not support, through a Board agenda or other similar supporting documentation that the construction was a direct result of the increased holding period requirements of this mandated program." This is the primary reason for the unallowable costs. The two other issues noted in our final report (costs incurred outside of the audit period and lack of calculations to support the pro-rata percentages claimed per fiscal year) are secondary. We will address the town's comments related to the primary reason first.

Lack of required documentation for costs incurred

In its IRC filing, the town provides a brief summary of its animal shelter services from the late 1990s through the present time. However, a more detailed chronology of events would include the following:

- Late 1990s through March 31, 2004 – The town operated under a contract for animal shelter services with the Victor Valley Animal Protection League.
- Town Council meeting on February 10, 2004 – Item #6 **(Exhibit 1 – Appendix C, pages 204-205)** – Various council members expressed concerns with the Victor Valley Animal Protection League. The Council voted to continue under the current contract for animal control services with the Protection League, but directed staff to look for other entities that provided sheltering services and to enter into negotiations for temporary shelter services.
- April 1, 2004 – An emergency animal sheltering arrangement was negotiated with the City of Hesperia.
- August 10, 2004 – Town Council meeting – Item #6 **(Exhibit 1 – Appendix C, page 208)** – The Council finalized a formal animal sheltering agreement with the City of Hesperia for the remainder of FY 2004-05.
- June 2004 through March 2005 – The town operated under a contract for animal shelter services with the City of Hesperia. (Note: Hesperia is approximately 11 miles southwest of Apple Valley.)
- March 2005 – A temporary animal shelter was completed within the Town of Apple Valley. According to the claimant, "The renovation provided a temporary animal sheltering facility within the town's jurisdiction and eliminated the need for animal services staff to travel outside of their jurisdiction to place impounded animals into a contract shelter for housing and an easily accessible facility where town residents could look for their lost pets."
- July 2005 – The contract with City of Hesperia concluded and the town started offering animal services at its temporary shelter facility.
- February 16, 2007 – Town Council Special Meeting (Workshop) **(Tab 7)** – The Deputy Town Manager noted that "Apple Valley has experienced a population growth" and that "the existing animal shelter was always a temporary solution." The Council directed staff to proceed with an RFP (Request for Proposals) for architectural design for various capital projects, which included an animal shelter.
- April 2, 2007 – The town issued a Request for Proposals to obtain architectural services for a new animal shelter facility **(Exhibit 1, Appendix C – pages 351-361)**.
- May 8, 2007 – Town Council Meeting **(Exhibit 4, pages 441-444)** – The Town Council passed RDA Resolution No. 2007-02 authorizing the sale of $33,500,000 in tax allocation bonds related to the Apple Valley Redevelopment Project Area No. 2.
- July 7, 2007 – Town Council Meeting **(Tab 8)** – Acknowledging the discussion that took place during "the 2007 edition of the Council/Staff strategic planning and goal-setting workshop," the council "authorized staff to commence the process of issuing redevelopment tax allocation bonds for the …Animal Shelter facilities," awarded a Professional Services Agreement to an architectural firm related to the animal shelter, and directed staff to issue an RFP for construction management services for various capital projects, which included the animal shelter facility.
- September 9, 2008 – Town Council meeting – Item #6 **(Exhibit 1 – Appendix C, page 209)** – The Council reviewed and approved the construction plans for "a purpose built Animal Shelter Facility including office space" and directed staff to proceed with the project.

- February 25, 2009 – The town's website announced the groundbreaking for its new Apple Valley Municipal Animal Shelter **(Tab 9)**, noting that $8 million in project funding came from bonds issued against increased tax revenues from redevelopment areas.
- October 25, 2010 – Construction was completed for the new animal shelter **(Tab 9)**.

This chronology of events does not support that the town began construction of a 36,000 square foot animal shelter starting in February of 2009 due to the increased holding period requirements of the Hayden bill (the test claim legislation). The evidence in the record shows that:

- The town contracted with the Victor Valley Animal Protection League from "the late 1990s through almost the end of FY 2003-04 (May 2004)." It ended its contract with the League on March 31, 2004 "because of increased costs for sheltering services being presented by Victor Valley Animal Protective League without audited records to support the increased fee request."
- The town then began contracting with the City of Hesperia under an "emergency sheltering arrangement" followed by a formal contract which continued through June 30, 2005. The town terminated this contract and began offering animal services in a renovated facility within the town's jurisdiction because it "eliminated the need for animal services staff to travel outside of their jurisdiction to place impounded animals into a contract shelter for housing and an easily accessible facility where town residents could look for their lost pets."
- The town stated that "this facility was inadequate because the building was not purpose built and did not provide necessary, isolation, quarantine or kennel space for an increasing number of impounded animals or adequate rooms to provide necessary medical treatment." The Town Council's workshop held on February 16, 2007, notes that the town had experienced population growth and that "the existing animal shelter was always a temporary solution."

This record of evidence does not include language stating that acquiring additional space and/or construction of new facilities is necessary for the increased holding period requirements of the mandated program. In addition, the record of evidence does not provide a statement that "remodeling existing facilities is not feasible and/or is more expensive than acquiring additional space and/or constructing new facilities" or that "contracting with existing private or public shelters in the area to house the increase of impounded stray or abandoned dogs, cats, or other animals…is not feasible or is more expensive than acquiring additional space and/or constructing new facilities."

We also noted that the amended parameters and guidelines state on pages 5 and 6 that:

> Statutes 2004, Chapter 313 specifies that costs incurred to address preexisting shelter overcrowding or animal population growth are not reimbursable. The mandate reimburses the costs required due to the increased holding period requirement required by Statutes 1998, Chapter 752.

The claimant indicates in its IRC filing that then-Mayor Pro Tem Jasper stated at a Town Council meeting held on July 10, 2007, that a new animal shelter is needed because it is "[m]andated by the State to take care of our animals." However, that is not a new requirement resulting from the test claim legislation. The test claim legislation merely imposed new requirements that resulted in this mandated program. In its response to the draft audit report, the claimant also made the same assertion and provided a link to a recording of that Town Council meeting **(see Exhibit 3-page 298)**. A review of that recording confirms that Mr. Jasper made that statement, although there was no discussion at that meeting concerning shelter overcrowding due to the increased holding period or any other topics related to the requirements of the mandated program.

However, after listening to the recorded meeting and reviewing relevant documents for our response to the town's IRC filing, we found an issue that was not addressed in the SCO's audit report dated August 15, 2016. That issue concerns the funding mechanism used to finance the construction of the town's new animal shelter, which was through the issuance of redevelopment tax allocation bonds. This was noted in the following items:

- Special Meeting (Workshop) of Town Council on February 16, 2007 **(Tab 7)** – During that meeting, the then-Deputy Town Manager explained that the animal shelter facility "could be designed and constructed using RDA funds."
- Town Council Meeting on May 8, 2007 **(Exhibit 4, pages 441-444)** – The Town Council passed RDA Resolution No. 2007-02 authorizing the sale of $33,500,000 in tax allocation bonds related to the Apple Valley Redevelopment Project Area No. 2.
- Town Council meeting on July 10, 2007 – Documentation for agenda item #15 **(Tab 8)** – Notes that subsequent to the February 16, 2007, workshop, town staff was authorized to issue redevelopment tax allocation bonds for the Public Works and Animal Shelter facilities. In addition, listening to the recording of that meeting disclosed that the tax allocation bonds had already been issued and sold. Town Council members were urged at that meeting to approve an agreement in the amount of $670,000 with an architectural firm to begin design work for the new animal shelter facility. Concerns expressed at that meeting included a statement that since the bonds had already been sold, the town now had a three-year window to use the bond proceeds to complete the project. Bond proceeds not used during that time frame would have to be refunded and the town's credit rating would be put at risk.
- February 25, 2009 – The town's website announced the groundbreaking for its new Apple Valley Municipal Animal Shelter **(Tab 9)**, noting that $8 million in project funding came from bonds issued against increased tax revenues from redevelopment areas.
- We reviewed the town's Comprehensive Annual Financial Report for FY 2007-08 and found that the Notes to the Financial Statements (Note IV)(E) – Detailed Notes On All Funds – Long-Term Debt) **(Tab 12)** discloses the 2007 Tax Allocation Bonds issued in July of 2007 for the Redevelopment Agency of the Town of Apple Valley for Project Area No. 2.

To gain more information about this issue, we reviewed the proposed decision provided by Commission staff to an Incorrect Reduction Claim filed by the City of Los Angeles (IRC 13-9811-I-02) related to our audit of its Animal Adoption Program claims for FYs 1998-99 through 2007-08. The proposed decision was scheduled to be Item #4 for the Commission hearing held on October 28, 2016. However, the city withdrew its IRC before the hearing date. On page 72 of that document, Commission staff discussed their review of the city's claim that using tax funds acquired through a voter-approved proposition did not disqualify it from seeking reimbursement for costs incurred to construct new animal shelters. In their analysis, Commission staff noted that "Redevelopment agencies, in particular, have been identified by the courts as being exempt from the restrictions of article XIII B, because they are funded by additional levies in excess of the base property tax." Staff concluded "that reimbursement is not required when a mandate is paid for with funds other than local tax revenues." It appears then that this same issue may exist for the Town of Apple Valley through its use of RDA funding for its new animal shelter.

Construction costs incurred during the audit period

After reviewing the first issue in the claimant's IRC filing, we next reviewed the second issue, which is the town's assertion that "[t]he record shows in its original and amended claims that the Town did incur costs in the eligible time period. Costs incurred includes obligated and expended costs during the fiscal years claimed." In its IRC filing, the town included a Transaction Detail Report for construction costs incurred for the Animal Shelter Facility dated July 1, 2006, through October 25, 2010 **(Exhibit 4 – pages 652 through 662)**.

We analyzed this report and found that the total project cost of $11,008,301 contains costs incurred covering a four-year period, as follows:

- FY 2007-08 - $1,437,396
- FY 2008-09 - $3,044,818
- FY 2009-10 - $6,522,080
- FY 2009-10 - $ 4,007

The town's claim for FY 2008-09 **(Exhibit 4 – page 642)** supports that the town based its costs incurred for FY 2008-09 related to constructing its animal shelter on the full project cost of $11,008,301 less the amount incurred and included in its claim for FY 2007-08 ($1,437,231). However, the costs incurred for FY 2008-09 should have been based on the $3,044,818 amount that its Transaction Detail Report supports.

Proportionate share of actual costs calculations

The third issue raised by the claimant is that "the Town did provide the calculations used to determine the percentage of facility costs claimed were included in both the FY 2007-08 and the FY 2008-09 actual and amended claims." In the amended claims received, the town pro-rated its costs for constructing an animal shelter at 51.8% **(Exhibit 4 – page 404)** and 12.9% **(Exhibit 4 – page 642)** respectively; the calculations to show how it arrived at these percentages were not included. In its response to the Draft Audit report, the town provided worksheets titled "State Formula," for both fiscal years showing how it arrived at these percentages **(Exhibit 1 – Appendix C, pages 349 - 350)**. However, the calculations on these worksheets are incorrect.

The mandated program allows reimbursement under this cost component only for a proportionate share of actual costs incurred. The amended parameters and guidelines include a specific formula to determine the proportionate share of actual costs. The worksheets provided by the claimant notes that "there was no facility in 1998." In addition, the formula calculations for the two fiscal years use different numbers reflecting the average daily census of animals, the number of eligible animals, and the square footage of the existing shelter for FY 1998-99. As the clamant did not provide any support for this information, it is not possible to determine which calculation, if any, is correct. It also appears that the calculations for FY 2007-08 include shelter square footage data based on the claimant's temporary facility used in 2005. Also, as indicated within Finding 2 of the final audit report, the claimed statistics used for the average daily census of animals and the total number of eligible animals for the town's FY 2007-08 and FY 2009-10 claims were misstated. The SCO conducted the audit based on the town's amended claims for both FY 2007-08 and FY 2008-09. However, as stated in our Final Audit report, the computations showing how the town arrived at the pro-rata percentages claimed are not a consideration at this point.

III. THE TOWN DID NOT CLAIM NECESSARY AND PROMPT VETERINARY CARE COSTS

Issue

The town states in its IRC that it included costs for Necessary and Prompt Veterinary Care activities in its cost per animal per day calculations under the Care and Maintenance cost component. As a result, the Town did not include any costs in its claims specifically under the Necessary and Prompt Veterinary Care cost component. Throughout the course of the audit, the town was given ample opportunity to conduct time studies to determine the amount of time that staff may have spent on reimbursable activities for this component, which includes performing initial physical exams and administering wellness vaccines. Furthermore, the town was given the opportunity to submit invoices to support the materials and supplies costs that it incurred for the wellness vaccines that it administered. During the

course of the audit, the town did not conduct the time studies necessary to determine allowable salary and benefit costs, despite numerous requests from the SCO. The town also did not submit any invoices supporting actual allowable materials and supplies costs. The town is now contending that "no costs were allowed" for this component and is requesting that the results of a time study conducted post-exit conference be used to determine allowable salary and benefit costs for the audit period. The town is also requesting that materials and supplies costs be reimbursed based on the information provided in its response to the draft audit report.

SCO's Analysis:

The town did not claim costs under the Necessary and Prompt Veterinary Care costs component for either fiscal year of the audit period; therefore, there was no finding or determination of unallowable costs. There cannot be a reinstatement of costs that were never claimed. We advised the town in an email on July 13, 2015, **(Tab 5-pages 1 and 2)** that for it to properly support salary and benefit costs potentially incurred during the audit period performing reimbursable activities for this component, it would need to conduct time studies (one for performing an initial physical exam to determine an animal's baseline health and one for administering wellness vaccines). We also advised the town that it would need to submit invoices to support any material and supplies costs incurred. We first advised the town about time studies in our Entrance Conference handout dated July 7, 2015, **(Exhibit 1, Appendix A-page 30)**. We subsequently advised and/or followed-up with the town via email messages on July 13, 2015, **(Tab 5-pages 1 and 2)**; October 14, 2015, **(Tab 5-page 3)**; February 29, 2016, **(tab 5-page 4)**; March 15, 2016, **(Tab 5-pages 5-10)**; March 18, 2016, **(Tab 5-pages 11-13)**; and March 28, 2016, **(Tab 5-page 14)**. We also inquired about the town initiating time studies via telephone on September 29, 2015; October 26, 2015; and October 29, 2015 **(Tab 6)**.

The town did not provide any feedback to these requests indicating that it would perform time studies for this or any other cost component. In an email dated March 28, 2016 **(Tab 5-page 14)**, the SCO Audit Manager advised the town's Assistant Director of Finance that due to the town's lack of response, the SCO would move forward with concluding the audit, which included scheduling an exit conference. The town then conducted a time study for this cost component more than two weeks after the exit conference. The town submitted the results of that time study in its response to the draft audit report and requested reimbursement for salary and benefit costs. The town also requested reimbursement for wellness vaccine costs in its response to the draft audit report based on email correspondence between the town and its mandated cost consultant. We believe that the town had more than adequate time to properly plan and perform any time studies during the course of the audit. In addition, the results of the time study that the town conducted do not appear to be adequate to determine allowable costs for the audit period, nor did it provide proper supporting documentation for material and supplies costs.

Town's Response

ISSUE 2 – MISSING ITEM 1 – PROMPT AND NECESSARY VETERINARY CARE – Initial Physical Examination and administration of wellness vaccine

SCO Response 1: Town did not claim any costs for this component for the audit period.

The Town did claim these costs in the composite cost per animal per day under the care and maintenance component. During the audit, the Town was informed that the costs were not calculated in an acceptable manner, and that they would be given the opportunity to conduct time studies to support eligible costs. Page 6 of the SCO **Entrance Conference Agenda** states, under the section Time Studies: "From our prior experience with this program, we have found that some components may not be properly supported. If the costs are not claimed correctly, the agency will be given the option to properly support costs and/or conduct time studies to properly support costs during the course of the audit."

SCO Response 2: The Town was notified numerous times that they would need to conduct a time study for this cost component.

The Town was working with the auditor and was in the process of conducting time studies as late as the end of April, 2016. The first time study for "Maintaining Non-Medical Records" was scheduled for completion on April 29, 2016. Less than a week later, the SCO sent their notification that they wished to conduct the exit conference.

Page 2 of the April, 2016 Time Study Plan document (that was reviewed and approved by the State Controller's Office) narrative states in the heading that the Town could chose to do other time studies for similarly repetitive activities. "The reason for this time study is to document the time spent to carry Town's the maintaining of non-medical records component contained in this mandate. There may be other activities in this mandate that are repetitive in nature and that the Town of Apple Valley reserves the right to perform a separate time study at a later date."

Days later on May 4, 2016, the SCO contacted the Town and stated that they wanted to schedule a date for their exit conference to be held via phone conference call for the following day, May 5. On May 4, 2016 they sent the City an Exit Conference Info Sheet, a pre exit status handout titled "Findings and Recommendations" with a number of schedules. (Attached in APPENDIX A).

This was the first opportunity the Town had to see the comprehensive results of the audit review and were only given a day to review before the Exit Conference all to discuss the results. The Town was assured that they would have the opportunity to review, respond, and provide additional support in response to the Preliminary Findings both during the Exit phone conference and after the formal Draft Audit Report was issued.

During the Exit Conference phone call on May 5, 2016, the Town voiced a number of questions and concerns about the preliminary findings. One of the issues raised was that no costs were allowed for the "Prompt and Necessary Vet Care" component. The Town also requested additional detailed reports to understand the calculations made by the auditor, requested reinstatement of a number of costs (such as utility charges), use of Actual indirect cost rates calculated by the Town in lieu of the 10% default rate allowed by the SCO, submission of an additional time study conducted by the Town for "Prompt and Necessary Veterinary Care."

After the conference call on May 5, 2016, Jim Venneman, SCO Audit Manager sent an email recapping issues raised in the Exit meeting conference call. Mr. Venneman stated in this May 5, 2016 email that, Note – time study results must be submitted to us prior to issuance of our audit report. Any information submitted after that date supporting allowable costs will not be considered." ***(Note that the time study in question was not for "Lost and Found" lists (as was incorrectly stated by Mr. Venneman in his email), but for the "Prompt and Necessary Veterinary Care" component.***

The following day, May 6, Mr. Venneman emailed and reversed his decision to accept a time study or to consider Town's actual ICRP calculations. He stated that, "I misspoke yesterday about accepting a time study…After discussing this audit with upper management today, we would need to re-open field work *(though the SCO auditor did not visit on site or conduct any field work related to the first time study – everything was organized and reviewed via email and telephone)* in order to adequately review any time study results. The same for an Indirect Cost rate Proposal." "We realize your positions on these three issues. You can include your objections and/or any additional information about these issues in your response to the draft report. The report may be issued in 3-4 weeks from today."

SCO's refusal to consider the Town's "Prompt and Necessary Veterinary Care" time study, despite the SCO's earlier assurances that the Town would still be able to provide additional documentation and support of costs up until the Final Audit Report was issued denied the Town of eligible costs which we now request to be restored.

SCO Response 3: In addition, the results of a two-day time study that the town conducted post-exit conference do not appear adequate to determine allowable costs for the audit period.

The Town, with the OFF-SITE approval of the SCO Auditor, developed and conducted the first Time Study Plan in April of 2016 (See Appendix A- Time Study Information) and conducted a time study for the "Maintaining Non-Medical Records" cost component. On page 3 of the Time Study document in Appendix A stated, "The process and procedures to carry out the mandated activity have not significantly fluctuated by fiscal year so the results can be reasonably projected to approximate actual cost… The time study period will be conducted for a two week period."

The same conditions existed for the "Prompt and Necessary Veterinary Care" component. The process and procedures (administering a wellness vaccine) had not significantly fluctuated by fiscal year.

In an email from the SCO auditor April 13, 2016, the Town was instructed to shorten their time study from a two week to a one week time study period. "A slight change for the upcoming time study. Currently the time study is scheduled to begin on Saturday, April 16th and end on Friday, April 29th. Go ahead and keep this same schedule. However, at the end of the first week of the time study, which would be Friday, April 22nd, go ahead and email me the daily time study logs as one PDF document. If after reviewing the logs" (NOTE, THIS REVIEW WAS DONE OFF SITE AND FIELD WORK WAS NOT NEEDED) "we determine that there is enough data to approximate the results for the audit period, and the data is relatively free of any inconsistencies, you can end the time study at that point. ...This particular activity is very repetitive in nature, as it takes place very day, throughout the entire day, so it is likely that one week will be sufficient."

After seeing the Preliminary Audit Finding, the Town decided that they wished to pursue the reinstatement of costs for the Prompt and Necessary Component and they would provide this additional information in their response to the Draft report. Because the SCO accepted a one week time study for the first "Maintenance of Non-Medical Records" Time Study, and because the eligible Prompt and Necessary Vet Care activities of – "conduct an initial physical exam to determine if the animal is adoptable, treatable, or non-rehabilitatable "and then to "administer a wellness vaccine" were also equally "repetitive in nature", and the results varied so little in time, the Town conducted a week long time study for this activity (May 18, 19, 30, and 31). The study was conducted over a 4 day – not a 2 day period as stated by the SCO).

This time study determined that it took a Registered Veterinary Technician an average of 86 seconds (or 1.43 minutes per animal) to conduct an initial exam upon intake and to determine whether the animal is treatable and then to administer a wellness vaccine to the treatable animals in compliance with the State Mandate.

SCO's stated that they denied the Town's request in May, 2016 to perform another Time Study for the "Prompt and Necessary Veterinary Care" component because the Town was too late in making this request, however the Town had just completed their first time study about a week before this. The narrative of this Time Study (which was reviewed and approved by the SCO in April, 2016) stated clearly that the Town "reserved the right to perform a separate time study at a later date for other mandated activities that were repetitive in nature" indicated that the Town was requesting the opportunity to conduct additional time studies to support other mandated activities. Requesting to do a time study for additional activities in May, 2016 (only about a week later) does not seem to be "too long" in making the request.

Also, the SCO assured the Town that having the Exit Conference didn't mean that they would not be able to submit and further support. Audit Manager Jim Venneman further stated in his May 5th email that, "time study results must be submitted to us prior to the issuance of our audit report." He also stated in his May 10, 2016 email to the Town, "You can include your objections and/or any additional documentation about these issues in your response to the draft report."

The Town did respond and provide additional documentation by required deadlines and their objections including the Time Study, the actual ICPR (overhead rate) calculations, and support for other costs, all of which were denied without review or consideration.

The SCO justification was that "examining the town's time study at this time would require us to re-open the audit and conduct additional fieldwork to analyze and verify the accuracy of the information provided." Town believes the SCO did not have to conduct additional fieldwork to review the information provided since they did not conduct any fieldwork to review the information in the first time study conducted using the same parameters. And even if they did have to conduct additional field work – why didn't they?

Further, the Town believes this denial of opportunity to have their additional documentation supporting allowable costs considered was arbitrary and capricious: the SCO had plenty of time yet to conduct their audit; and the SCO had just approved a similar time study without requiring any auditor field work.

ISSUE 2 – MISSING ITEM 1 – PROMPT AND NECESSARY VETERINARY CARE – Cost of Wellness Vaccine (See APPENDIX A)

In addition to the time spent to administer the wellness vaccine, the Town requested reimbursement for the cost of the wellness vaccines administered to eligible animal as documented in its emailed correspondence and the response to the Draft Audit Findings.

The Town identified $13,280 in costs during the FY 2007-08 time period and $16,160 in FY 2008-09. These amounts did not even include the cost of syringes and needles, which the Town later determined by reviewing other audits, that were also allowable costs, but never mentioned by the SCO auditor to our staff.

Town computed average cost per vaccine using a method allowed by the SCO in other audits:
The SCO audit determined that 5,961 animals were taken in during that fiscal year, therefore:

Wellness Vaccine Costs: $13,280.13/ 5,961 = $2.23 per animal for wellness vaccine

$2.23 x 1,622 eligible animals allowed for FY 2007-08 = $3,614 requested

In FY 2008-09, the Town expended $16,160 for purchasing wellness vaccines.

The SCO audit determined that 5,480 animals were taken in during that fiscal year, therefore:

Wellness Vaccine Costs: $16,160/ 5,480 = $2.95 per animal for wellness vaccine

$2.95 x 1,366 eligible animals allowed for FY 2008-09 = $4,030 requested

We submit that this is a reasonable and fair approach to capturing some of these eligible costs denied us in the audit. Having had the opportunity to review other agencies Audit Reports for this program, we discovered that these costs were allowed for other agencies using an identical methodology (which consequently is also allowable pursuant to the Claiming instructions). We request that these costs be allowed.

SCO Response: "We informed the town that in order to determine allowable material and supply costs for the purchase of wellness vaccines, the town would need to provide supporting documentation in the form of invoices in order to determine a unit cost per vaccine.

The SCO also stated that costs for immunization costs were denied because the Town could not provide detailed invoices showing adequate proof of costs because the Town was not able to locate all the detailed invoices. However, the Town did provide other actual documentation providing the expenditure of costs for that purpose (wellness vaccines). The Town used one vendor for this supply and the costs are consistent from year to year. Departmental accounting systems showing vendor name, date of payment, as well as expenditure and accounting system reports can detailed the vendor and the actual cost expended for the wellness vaccines. The Town also could have provided invoices from a more current year, had they been offered that option as other cities which were audited had been.

Due to the age of the records, the Town was unable to provide copies of the actual invoices documenting purchase of wellness vaccines. Town did have expenditure documents and other reports that showed the vendor from whom these supplies were acquired, the purchase dates, payment information, and the purchase costs. This information was not accepted by the Auditor.

In preparing for this IRC, the Town discovered that the SCO allowed other agencies in a similar position (they also could not locate the actual invoices from old time periods to support costs) other alternatives to support their costs were suggested and allowed by the SCO. See page 28 of City of Antioch Audit Report, "However, the city was unable to provide copies of invoices or any related cost information for any years during the audit period. So, we (SCO) used the FY 2011-12 data that the city provided and adjusted the costs incurred for vaccines by using the Consumer Price Index (CPI)." The SCO in that audit allowed $3.66 for FY 2006-07 costs for a cat wellness vaccine and $4.20 for a dog wellness vaccine.

In the case of County of Contra Costa Audit of the same program, we discovered that in that audit (see page 46, paragraph 2, "Subsequent to the Issuance of the draft report, the county provided invoices for our review representing allowable costs incurred for the purchase of wellness vaccines administered to dogs and cats. As a result, we determined that these invoices supported allowable services and supplies totaling $26,186 for the audit period."

In the case of County of El Dorado, page 42 of audit report, was also allowed to use a later year as a base for calculate eligible vaccine costs with CPI adjustments. "The county was unable to obtain invoices detailing wellness vaccine costs for FY 02-03, 02-03 and 06-07. The County proposed and we accepted that vaccine costs for these three fiscal years be based on actual costs for FY 2007-08 as reduced by the CPI."

The Town of Apple Valley could also have provided invoices from other, more recent years had that option been mentioned by the auditor. This inconsistent treatment of agencies constitutes unfair and arbitrary treatment. What is deemed acceptable documentation for one agency, should be consistent and acceptable for all agencies. The Town should have been given the same opportunities to provide alternate support of vaccine purchases. Town documentation of costs for vaccine purchases should be reexamined and allowable costs computed in a similar method allowed for other agencies.

SCO's Comments

The town contends in its IRC filing that it did claim costs for this cost component under the Care and Maintenance component. The town also states that "costs were denied" and requests that "costs be restored." In our final audit report, we noted that the town used an incorrect methodology to claim costs for this mandated program. To summarize, the town took the total expenditures for the animal shelter, subtracted costs for its spay and neuter program, added an overhead factor, and applied the results to the care and maintenance formula. This methodology is problematic because it assumes that all remaining costs were 100% related to the care and maintenance of animals. Furthermore, factors unique to claiming costs for care and maintenance are not found within other cost components. It is impossible to correctly determine or segregate out which portion of the care and maintenance costs claimed were actually attributable to the Necessary and Prompt Veterinary Care cost component or any other cost component. A cursory review of the town's claims for the audit period confirms that the town did not claim any costs for this cost component. Therefore, as stated previously, costs cannot be "reinstated" or "restored" for something that was not claimed.

In instances such as this, where a claimant does not claim costs that it incurred or incorrectly claims costs for a specific cost component, the claimant may be given the opportunity to properly support costs and/or conduct time studies. It is important to note that performing a time study is the entity's sole responsibility. This includes making a definitive decision as to whether it is going to perform the study; then properly planning the study; and finally, promptly and correctly carrying out the study. This includes providing adequate documentation maintained by the time study participants supporting how long it took them to perform any reimbursable activities. Ultimately, the burden of proof is on the entity to properly support all reimbursable costs that it may have incurred. The SCO may provide guidance on time studies, but it is not responsible for ensuring that the entity performs them. During the course of the audit, we gave the town more than ample opportunity to conduct time studies in order to determine the salary and benefit costs it incurred for this mandated program, as well as to provide supporting documentation to determine materials and supplies costs incurred for performing the mandated activities of this component. The town did neither during the fieldwork stage of the audit. The town is now requesting that costs be "restored" for salaries and benefits in addition to materials and supplies. We will begin our comments with a timeline of events.

Timeline of events

In its IRC filing, the town makes several misrepresentations regarding the timeline of events. First, it asserts that it was not given sufficient opportunity or time to conduct time studies for this cost component. It states "[t]he Town was working with the auditor and was in the process of conducting time studies as late as the end of April, 2016. The first time study for 'Maintaining Non-Medical Records' was scheduled for completion on April 29, 2016. Less than a week later, the SCO sent their notification that they wished to conduct the exit conference." As detailed under "SCO's Analysis" above, the audit began on July 7, 2015, and we notified the town on numerous occasions that it could perform time studies for cost components not claimed. The first written notification was in the Entrance

Conference handout dated July 7, 2015 **(Exhibit 1, Appendix A- page 30)**. The topic of time studies was also discussed in person at the entrance conference. The town acknowledges receipt of this handout and the language contained therein in its IRC filing when it states that "[d]uring the audit, the Town was informed that the costs were not calculated in an acceptable manner, and that they would be given the opportunity to conduct time studies to support eligible costs." Page 6 of the SCO Entrance Conference Agenda states, under the section Time Studies, "the agency will be given the option to properly support costs and/or conduct time studies to properly support costs during the audit." Subsequent to the entrance conference, we documented a total of six different email communications in which the SCO contacted town representatives regarding time studies **(Tab 5-pages 1-14)**. We also documented three different phone communications **(Tab 6)**. These communications span from July 7, 2015, through March 28, 2016, a total of eight months.

During this timeframe, the town did not respond to our communications. The time study for the Maintaining Non-Medical Records cost component that the town references as being carried out "as late as the end of April" was because the town made a last-minute decision to perform a time study for this component. The SCO Audit Manager notified the town's Assistant Director of Finance via email on March 28, 2017, that due to the town's unresponsiveness, it was the SCO's intention to end fieldwork and conclude the audit. Shortly after this, on March 30, the Assistant Director of Finance left a voicemail for the Audit Manager requesting a telephone conference **(Tab 5-pages 15-17)**. The telephone conference took place later that day, and the status of the audit was discussed.

During the call, the Assistant Director expressed interest in performing a time study for the Maintaining Non-Medical Records cost component. However, he stated that he needed to consult with the shelter staff to see if this was something they could do. He stated that he would have the shelter staff contact us the following Monday (April 4) to let us know their decision. At the end of the day on April 4, after not hearing back from the shelter staff, the SCO auditor followed up and left a voicemail for the Assistant Director. On Wednesday, April 6, the auditor called the Assistant Director once again. The Assistant Director indicated that shelter staff did want to perform the time study, but they had questions on how to go about it. Based on this, shelter staff had not made a firm decision to perform the time study.

Later that day on April 6, the auditor spoke with the shelter's Administrative Secretary, who stated that the shelter staff would perform the time study. Per this discussion, the Administrative Secretary agreed that the shelter would draft a Time Study Plan and have it ready by Friday, April 8 so that it could begin the study on Tuesday, April 12. The auditor followed up with an email message documenting our understanding **(Tab 5-page18)**. On April 8, the auditor emailed the Administrative Secretary to see if shelter staff had completed the time study plan as promised **(Tab 5-page 19)**. Four days later, on April 12, the shelter submitted its time study plan. The town ended up initiating its time study on April 16 rather than April 12. As evidenced in the chronology of events, this time study almost did not take place. Throughout the course of the audit, even at the continual urging of SCO, the town showed no particular interest in performing time studies. Only toward the end of the audit did the town express interest, and even then, it was unsure about its level of commitment and ultimately committed to performing the time study only for the Maintaining Non-Medical Records cost component.

Audit Status Updates

The second misrepresentation that we would like to clarify is the timeline of the SCO providing status updates for the audit and scheduling the exit conference. On page 3 of its IRC filing, the town states:

> ...on May 4, 2016, the SCO contacted the Town and stated that they wanted to schedule a date for their exit conference to be held via phone conference call for the following day, May 5. On May 4, 2016 they sent the City an Exit Conference Info Sheet, a pre exit status handout titled Findings and Recommendations with a number of schedules. This was the first opportunity the Town had to see the

comprehensive results of the audit review and were only given a day to review before the Exit conference…

The town is stating that prior to the exit conference, it had received *no* updates on the status of the audit and was essentially caught off guard with the results. The town is also stating that the SCO gave it a one-day notice to schedule the exit conference. That chronology of events is incorrect.

Following is the actual sequence of events as they concern the SCO keeping the town up-to-date on audit findings and for scheduling an exit conference:

- In an email dated March 15, 2016 **(Tab 5-pages 5-10)**, the SCO Audit Manager contacted the Assistant Director of Finance and the Animal Shelter Manager to provide an update on the audit. The email stated that the town had been unresponsive to auditor requests, noted that the audit was approaching the one-year mark, and requested that the town respond within three days. Attached to that email was a thorough, five-page narrative detailing the status of the audit for all of the components claimed, the components not claimed, documentation still needed, and another reminder about conducting time studies.
- The Assistant Director responded by email on March 18 **(Tab 5-pages 11-13)**, apologizing for the delay and asking whether the town could have another week to respond; we granted that request. However, we received no response from the town during the following week.
- Ten days later, in an email dated March 28, 2016 **(Tab 5-page 14)**, the Audit Manager contacted the Assistant Director and Animal Shelter Manager again. In this email, the Audit Manager provided another update, this time also identifying the dollar amounts of the allowable costs to date, while noting that we could not determine allowable salary and benefit costs in the absence of requested town payroll information. The Audit Manager also informed the town that the SCO had not received a response to the March 18 email; that the SCO's policy is to conclude audits within one year of initiation; and that the SCO was going to finalize fieldwork, begin preparing the audit report, and contact the Town to schedule an exit conference.
- The Assistant Director contacted the Audit Manager by email on March 30, 2016 **(Tab 5-pages 16-17)**, requesting a telephone conference that afternoon to discuss how best to proceed. During that conversation, we discussed outstanding documentation requests that we needed to determine additional allowable costs for the town. The Assistant Director responded later that afternoon **(Tab 5-page 15)** with payroll reports from the town's payroll system that we had requested as early as the audit's entrance conference (July 7, 2015).
- On the morning of April 12, the SCO auditor emailed **(Tab 5-page 20)** the Assistant Director of Finance to discuss options for claiming indirect costs and requested a phone conference. The SCO Audit Manager and auditor spoke with the Assistant Director later that day about this issue. It was during this conversation that the Assistant Director stated that the best option going forward would be the 10% of direct labor, excluding fringe benefits, option. He explained that the town, due to its record-retention policies, would not have sufficient support to prepare an Indirect Cost Rate Proposal.
- On April 13, the Assistant Director contacted the SCO auditor, proposing to change the date of the exit conference to May 5 **(Tab 5-pages 21-22)**.
- Between April 13 and April 28, the auditor worked with town representatives for the Non-Medical Records time study that it conducted in April and submitted for review on April 22. On April 28, the auditor provided the town with the preliminary results of our review of its time study **(Tab 5-page 23)**.
- On May 4, the auditor emailed **(Tab 5-page 24)** copies of the exit conference documents to the town for the exit conference on May 5.
- During the exit conference on May 5, the town and the Audit Manager prepared a list of items that each was going to provide the other. The Audit Manager emailed this understanding to the town later that day. Subsequently, the Audit Manager contacted the town by email on May 6, **(Tab 5-pages 25-27)** to provide the information requested and to explain our position concerning the

percentages of time staff spent on care and maintenance activities, and acceptance of further time studies or indirect cost rate information.

As evidenced in the complete chronology of events, the town was given more than a one-day notice regarding the exit conference and actually participated in scheduling for the conference. Furthermore, in addition to regular phone conversations and routine email communications, the town was also given written status updates. The town states on page 4 of its IRC that "[a]fter seeing the Preliminary Audit Finding, the Town decided that they wished to pursue the reinstatement of costs for the Prompt and Necessary Component." As stated earlier, there were no costs claimed for which to pursue reinstatement, and the SCO had already inquired of the town multiple times about performing a time study for this component.

Audit fieldwork

The last misrepresentation we would like to clarify is the definition of "fieldwork" and the sufficiency of the Necessary and Prompt Veterinary Care time study that the town initiated two weeks after the exit conference. The SCO notified the town of its position on May 6 that the fieldwork stage of the audit had concluded and accepting a time study to review post-exit conference would not be acceptable. The town proceeded to conduct a time study two weeks later anyway. In our final audit report, we explained that examining the town's time study at that point in time would require us to re-open the audit and conduct additional fieldwork to analyze and verify the accuracy of the information provided. In its IRC filing, the Town compares the Maintaining Non-Medical Records time study it had completed to the Necessary and Prompt Veterinary Care time study.

The town states "... the SCO did not have to conduct additional fieldwork to review the information in the first time study conducted using the same parameters." They further state "THIS REVIEW WAS DONE OFF SITE AND FIELDWORK WAS NOT NEEDED and "with the OFF-SITE approval of the SCO Auditor, developed and conducted the first Time Study Plan..." The town is equating fieldwork to onsite visits. In auditing, the term "fieldwork" relates to the process of gathering evidence, and then analyzing and evaluating that evidence. Fieldwork begins with the initiation of the entrance conference and ends with the exit conference. Furthermore, fieldwork is conducted both onsite (at the entity's place of business) and offsite at the offices of the SCO. Therefore, the town's argument that we should accept this second time study because we accepted the first without performing any sort of fieldwork is incorrect.

Necessary and Prompt Veterinary Care time study results

As stated in our Final Audit report, the results of the time study that the town performed for the Prompt and Necessary Veterinary Care cost component are not sufficient to determine allowable costs for the audit period. First, in our Final Audit Report, we state that the time study was conducted over a two-day period. In its IRC, the town argues that the study was conducted over a four-day period (May 18, 19, 30, and 31). However, the cover sheet for the town's time study plan that it provided in its response to the draft audit report **(Exhibit 1, Appendix C–page 342)** states that the start date is May 18, 2016, and the end date is May 20, 2016. However, the two tables behind the cover sheet **(Exhibit 1, Appendix C- pages 344-345)** show that the study was conducted in two separate two-day blocks of time. During the first two days, the town time-studied performing initial physical exams on felines only (May 19 and 20). During the second two days, the town time-studied canines only (May 30 and 31). The two tables also show that on May 19 and 20, there were a total of 26 records (transactions), and on May 30 and 31 there were a total of 14 records (transactions). Therefore, the own calculated the average time increment required to perform an initial physical exam based on only 40 transactions. This is not enough data to approximate results for the audit period.

Second, the SCO auditor had previously provided the town with a copy of the SCO's Time Study Guidelines **(Tab 4)** on April 6, 2016. While these guidelines are not authoritative, they are provided to

claimants as a guide to conducting effective time studies. We also provided the town with an example of a time study plan (redacted as necessary) that had been prepared by another claimant. The town conducted its study in two, two-day blocks, with more than a week in between. In its IRC filing, the town once again compares this time study to the first time study, indicating that we allowed the town to shorten the first time study from two weeks to one week. Therefore, the town concludes that the second study conducted for four days should be adequate. This is incorrect for several reasons. Each cost component of the mandated program is uniquely different. A time study for one component should be planned and carried out differently than a study for another component. The first time study for Non-Medical Records was conducted over the course of eight relatively consecutive days (April 16, 18, 19, 20, 21, 23, 24, and 25). Furthermore, the first time study yielded a total of 182 records (transactions) for the intake of animals, and a total of 115 records for the outcome of animals, for a grand total of 297, compared to a total of only 40 for the time study in question.

Third, the town did not provide any actual source documentation supporting the data contained in the two tables referenced above **(Exhibit 1, Appendix C–pages 344-345)**. Actual source documentation would include the individual daily logs that record the activity performed by each employee participating in the study. The daily logs should include actual start and stop times. The town did not provide this information.

Fourth, the town's calculations of allowable costs are incorrect. In its response to the draft audit report, the town shows how it applied the time study results to calculate how much it believes it should be reimbursed for this component **(Exhibit 1, Appendix C– pages 338-339)**. In its calculations, the town took the time increment derived from the time study and multiplied it by the number of "eligible" animals (5,961 animals for FY 2007-08 and 5,480 animals for FY 2008-09). These are not the correct number of "eligible" animals for this cost component. The town incorrectly used the number of "eligible animals" from the Maintaining Non-Medical Records cost component. The eligible animals for that component is basically a count of *all* animals that entered the shelter in a given fiscal year, with no exclusions applied. In contrast, the number of eligible animals for the Necessary and Prompt Veterinary Care cost component includes various exclusions of reimbursement for certain populations of animals.

The parameters and guidelines state:

> Eligible claimants are *not* entitled to reimbursement for providing "necessary and prompt veterinary care" to the following population of animals:
>
> - Animals that are irremediably suffering from a serious illness or severe injury;
> - Newborn animals that need maternal care and have been impounded without their mothers;
> - Animals too severely injured to move or where a veterinarian is not available and it would be more humane to dispose of the animal;
> - Owner relinquished animals; and
> - Stray or abandoned animals that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

The town did not apply these exclusions to calculate the number of "eligible" animals for this component. Our calculations show that after applying these exclusions, the number of "eligible" animals for FY 2007-08 is 1,638 and the number for FY 2008-09 is 1,379.

Fifth, it is unclear whether the time study conducted was limited to performing an initial physical exam or whether it also included the activity of administering a wellness vaccine. The town first submitted its time study plan and results in its response to the draft audit report **(Exhibit 1, Appendix C–pages 338-346)**. The town submitted the time study plan and results again as supporting documentation in its IRC filing **(Exhibit 1, Appendix A–pages 112-120)**. However, what the town submitted in its IRC filing is slightly different from what was originally provided. In in its response to the draft audit report, the town states that "[p]ersonnel costs to conduct the animal check up to determine if it is treatable and

to administer the wellness vaccine was calculated based on time study staff conducted after receiving the SCO preliminary draft audit response" **(Exhibit 1, Appendix C–page 338)**. It also states on the same page, "[i]t was determined that an average of 86 seconds (or 1.43 minutes) was spent by the Registered Veterinary Technician per animal to conduct an initial exam upon intake and to determine whether the animal is treatable and then to give a wellness vaccine to the treatable animals." On the following page where the town provides it calculations, the top reads "time study for vet tech = 1.43 min (or to examine animal to determine if it is treatable & give vaccine" **(Exhibit 1, Appendix C–page 339)**. It appears that the town included two separate and distinct activities in its time study. However, the two-page time study plan itself **(Exhibit 1, Appendix C-pages 342-343)** mentions only the activity of performing an initial physical exam. In contrast, in its IRC filing, the town provides a time study plan for performing an initial physical exam **(Exhibit 1, Appendix A–page 118)**, as well as a separate time study plan for administering wellness vaccines **(Exhibit 1, Appendix A-page 119)**. In addition, these two plans both state that the time study ran for just two days – May 18, 2016 to May 20, 2016.

Performing one time study for these two separate activities is incorrect for several reasons. First, the activities involved in performing an initial physical exam on an animal are distinctly different from those involved in administering wellness vaccines. Therefore, two separate time studies must be conducted, each yielding its own average time increment. Second, the average time increment derived from each separate time study should then be applied to a different population of "eligible" animals. For an initial physical exam, the time increment is applied to all "eligible" animals for this component (as described above). This would include any type of animal (dogs, cats, birds, rabbits, etc.). For the administration of a wellness vaccine, the time increment is applied only to eligible dogs and cats. Based on the reasons detailed above, it is evident that the Necessary and Prompt Veterinary Care time study that the town conducted two weeks post-exit conference is not only inadequate to determine allowable costs for the audit period, but was also incorrectly planned and executed.

The town is also requesting reimbursement for material and supplies costs "denied them" in the audit. Again, the town did not claim costs for this component. In instances such as this, where a claimant does not claim costs, it is given the opportunity to properly support costs during the course of the audit. As with the time studies, the town was given ample opportunity to submit supporting documentation for material and supplies costs incurred. For this particular component, reimbursable materials and supplies costs for administering vaccines include the cost of wellness vaccines for dogs and cats; this includes the actual vaccines, needles, and syringes. In its IRC filing, the town indicates that it identified $13,280 in costs for FY 2007-08 and $16,160 in costs for FY 2008-09. However, the town makes several misrepresentations regarding material and supplies costs for this cost component.

First, the town states that "these amounts did not even include the cost of syringes and needles, which the town later determined by reviewing other audits, that were also allowable costs, but never mentioned by the SCO auditor to our staff." We first discussed this item with shelter management during the entrance conference and the initial onsite fieldwork visit, which we later followed up with an email **(Tab 5-pages 1-2)**. This was also discussed throughout the audit during telephone conversations. Furthermore, the town retained the services of a mandated cost consultant who should have also informed the town of these reimbursable items.

Second, the town states that due to the age of its records, it was unable to provide copies of the actual invoices documenting the purchase of wellness vaccines. The town goes on to state that in preparing for this IRC, it discovered that the SCO allowed other agencies in a similar position other alternatives to support their costs. We agree. However, this IRC filing is about the costs that were claimed and substantiated by the Town of Apple Valley for its claims, not any other animal service agency. In addition, the other agencies cited worked with SCO auditors to provide requested documentation in a timely manner. The town states that it "could have provided invoices from other, more recent years had that option been mentioned by the auditor," and "should have been given the same opportunities to provide alternate support for vaccine purchases." We believe the SCO has done its due diligence in

reaching out to the town to discuss the audit issues and provide alternatives to support reimbursable costs where needed; however, the town did not respond to our requests until after audit fieldwork ended.

A good example of SCO's willingness to work with the town is in an email dated March 15, 2016 **(Tab 5-pages 5-10)**, in which the Audit Manager stated "I realize we have been asking the city to provide additional information that was not provided with its claims and that some of this information may no longer be available for the period being audited. Still – we are willing to work with you to resolve these issues as they arise." Another example of SCO's willingness to work with the town was determining allowable costs under the Procuring Equipment cost component. The town did not claim any costs for this component. However, during the course of the audit, we identified allowable costs under several different expense accounts totaling $13,365 that the town was able to support. Also, under the Care and Maintenance cost component, the town did not provide salary information for FY 2008-09 due to record-retention and software issues. Therefore, in the absence of supporting documentation for FY 2008-09, we used FY 2007-08 salary amounts as a base and applied the 2008-09 Consumer Price Index of 1.01%. We believe that the town's assertion that it has received inconsistent, unfair, and arbitrary treatment compared to that which the SCO has provided other agencies is incorrect.

Third, the town states that "Town did have expenditure documents and other reports that showed the vendor from whom these supplies were acquired, the purchase dates, payment information, and the purchase costs. This information was not accepted by the Auditor." We disagree. Throughout the course of the audit, documentation supporting materials and supplies costs for wellness vaccines was not provided or offered. As part of its response to the draft audit report, the town provided email correspondence between shelter staff and its mandated cost consultant, where shelter staff provided the total dollar amounts of its wellness vaccine costs for FY 2007-08 and FY 2008-09 **(Exhibit 1, Appendix C–pages 340-341)**. However, no supporting documentation was included to support these dollar amounts. Furthermore, detailed invoices are needed to calculate allowable material and supplies costs for this cost component because the type and number of vaccines given to cats are different than that given to dogs. Therefore, the unit cost per vaccine must be calculated separately for the two types of animals. Once the unit cost for each is calculated, it must then be applied to the count of eligible cats and the count of eligible dogs separately. Furthermore, rabies vaccines are usually administered by shelters as part of the wellness vaccine protocol for dogs. Per the parameters and guidelines, rabies vaccines are not reimbursable and therefore must be subtracted out of any total wellness vaccine costs to determine reimbursable costs for a given fiscal year. Therefore, the "computed average cost per vaccine" as provided by the town under Issue 2 above is not adequately supported; nor do we believe that it is correctly calculated. Only additional audit fieldwork would have resolved this.

IV. CARE AND MAINTENANCE COSTS

Issue

The town objects to the SCO's calculation of allowable salary and benefit costs for care and maintenance of dogs, cats, and other animals. Specifically, the town disagrees with the SCO's determination of the percentage of the daily workload that the Animal Shelter Attendant and the Animal Shelter Supervisor classifications spent on care and maintenance activities. The town believes that the Animal Shelter Attendant classification spends 85% of their time performing care and maintenance activities, rather than the 60% as determined by the audit. The town also believes the Animal Shelter Supervisor classification spends 10% of their time performing care and maintenance activities, rather than the 5% as determined by the audit.

SCO's Analysis:

As noted in the final audit report issued on August 15, 2016, the town did not claim salaries and benefits for the audit period. Instead, it claimed costs for salaries and benefits, materials and supplies, contract services, and indirect costs under the category of services and supplies. In the absence of supporting

documentation for actual salary and benefit costs incurred specifically for the care and maintenance of animals during the audit period, we requested two items: 1) actual salary amounts paid to those employee classifications directly involved with the care and maintenance function; and 2) the duty statements for the identified classifications to help determine approximately how much of their workload is devoted to care and maintenance functions. Care and maintenance functions include activities such as feeding, watering, grooming, and cleaning the animals. Any other activities are not directly related to caring for and maintaining the animals. We worked with shelter staff and ultimately identified a total of six classifications that had varying levels of involvement in care and maintenance.

When considering care and maintenance, we view the activity as a whole, where the responsibilities are divided among various employee classifications, and the sum of the responsibilities performed by the employees equals 100%. Some classifications perform care and maintenance duties more than others. Duty statements are actual documents generated by an entity and provide reliable guidance to assist in determining a reasonable allocation of time spent on certain tasks. We worked with shelter staff and asked that they propose an allocation for each of the six identified classifications. We then compared their proposal to the information provided in duty statements to make a determination of whether their allocation seemed reasonable. For the two classifications in question, we found that 60% is a reasonable allocation for the Animal Shelter Attendant, and 5% a reasonable allocation for the Animal Shelter Supervisor.

Town's Response

ISSUE 3 Care and Maintenance Costs

SCO did not allow actual time allotment for various employees for Care and Maintenance calculation and erroneously concluded that staff time should be allowed as originally requested by the Town and not reduced arbitrarily as required by the auditor:

> **Animal Shelter Attendant's time** should be classified as 85% directly related to care and maintenance activities as originally identified by the Shelter representative before the SCO auditor required that the Town reduce their time spend on care and maintenance activities to 60%.
>
> **Animal Shelter Supervisor's time** should be classified as 10% directly related to care and maintenance instead of the 5% allowed. The original allocation of 10% had to be arbitrarily cut back to satisfy the SCO auditors demand to reduce allocations.

The June 17, 2016 Town Response to the SCO Audit Report (located at the back of that document) provides copies of the email correspondences that took place on April 13, 2016 between the Auditor and the Shelter representative, Adriana Atteberry documenting this process.

First the SCO auditor asks that the Town detail the time spent by each position caring for and maintaining the animals. When Ms. Atteberry responds and state that the Animal Shelter Attendant position spent 85% of their total time on animal care/maintenance, the auditor called her and instructed her to reduce her allocations of time so that everyone's time (Shelter Supervisors, Animal Control Officers, and the Vet Techs) added together total to 100%. When Ms. Atteberry arbitrarily reduces the percentages to satisfy the SCO request, the auditor again emails and instructed Ms. Atteberry to make further reductions. Another 5% of time was deducted from the Shelter Supervisors allocation to satisfy the SCO auditor.

These demands made by the auditor were incorrect and resulted in improper reductions of eligible Town costs. While it is logical that the total time allotted for each individual on various activities must total to 100% - there is no reason why the total time spent by a GROUP of different individuals on a mandated activity must add to 100% between all of them. We asked the SCO to examine this finding and to explain their reasoning, but the SCO did not respond either formally or informally and provided no explanation.

The SCO instructions to the Town to lower their allocation of time spent on mandated activities was illogical, incorrect, and arbitrary. State statute requires the reimbursement of actual costs. The Town provided the

allocation of actual time spent on the mandated activity by position as requested. However, when the allocated times were higher than expected, the SCO required the Town to reduce their allocations arbitrarily.

We request that the allocations of time spent be based on actual amounts originally specified by the Shelter Manager, and the subsequent calculation of eligible care and maintenance costs be restored.

SCO's Comments

The town contends in its IRC filing that the SCO "arbitrarily" reduced time for two employee classifications when calculating allowable salary and benefit costs. We disagree. As stated above, the town did not claim salary and benefit costs for this component. In order to determine allowable costs, we used an appropriate and reasonable methodology and informed shelter staff of this methodology. The methodology does not become arbitrary simply because the town now disagrees with it. As explained above and in our final audit report, the town's job-duty statements are very detailed; and in this case, helped determine to what extent an employee classification's duties are directly related to care and maintenance activities, and to what extent they are related to administrative or other types of activities. In addition, the town did not provide any other type of supporting documentation detailing the percentages of time various classifications of employees spent on care and maintenance or any other activities.

For the Animal Shelter Attendant classification, the town states that employees in this position spend 85% of their total time on animal care and maintenance. However, it did not provide any analysis to support this conclusion. We analyzed the duty statement for Animal Shelter Attendants **(Tab 10)** and found that the 85% allocation preferred by the town is not supported. The duty statement lists a total of 11 bulleted "essential job functions". Only the second bullet qualifies as being mostly directly related to care and maintenance activities. That bullet states: "[p]rovides care to impounded animals by providing food, water, and comfort; observes animal behavior and health; isolates sick, quarantined, or injured animals; notifies supervisor or other staff members if an animal needs immediate veterinary care." The remaining bullets describe activities such as "cleans office areas, reviews adoption applications, assists in screening calls and visitors, takes photographs of the animals, maintains shelter and office supplies, updates and modifies impound records, oversees volunteers and work release orders, assists Registered Veterinary Technician and other staff with medical exams," etc. Based on these descriptions, this classification is also performing many other activities, some of which are reimbursable under other components of this mandated program (e.g., necessary and prompt veterinary care, maintaining non-medical records, lost and found lists), as well as various administrative activities and non-mandated activities. We believe the 60% allocation to care and maintenance activities is more representative of this classification's daily duties. In fact, it is possible that the allocation is actually lower than 60%.

For the Animal Shelter Supervisor classification, the town states that the employee in this position spends 10% of their total time on animal care and maintenance. However, it did not provide any analysis to support this conclusion. We also analyzed this position's duty statement **(Tab 11)** and found that a 5% allocation is reasonable. The "Class Characteristics" section of the duty statement says, "[w]hile the incumbents may respond to calls for service or become involved with animal care activities, the primary responsibilities are supervisory and administrative, including the coordination of activities with those of other Town departments." The duty statement lists a total of 21 bulleted "essential job functions," one of which includes care and maintenance activities. Most of the remaining activities are supervisorial in nature while others are reimbursable under other components of this mandated program. Therefore, we believe the 5% allocation of care and maintenance activities is more representative of this classification's duties.

We believe the 60% allocation for the Animal Shelter Attendant classification and the 5% allocation for the Animal Shelter Supervisor classification are reasonable determinations of the actual time spent by these employees performing care and maintenance activities. Further, the allocations were not assigned or determined arbitrarily, but rather are based on information detailed in the town's own duty statements.

V. MISSTATED INDIRECT COSTS

Issue

The town did not directly claim reimbursement for indirect costs for either year of the audit period. Instead, the town incorporated overhead costs into the Care and Maintenance cost component by adding a 40% overhead factor for the Municipal Services Director when computing total annual shelter costs. However, including a factor for overhead within a cost component is not an option outlined in the parameters and guidelines for claiming indirect costs. The parameters and guidelines state:

> Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) pursuant to the Office of Management and Budget (OMB) Circular A-87.

We worked directly with the town's Assistant Director of Finance to determine the best approach for calculating allowable indirect costs for the audit period. As noted in our comments within Issue 2 (Audit Status Updates), we noted that due to record retention and software issues experienced with the other components of this audit, the Assistant Director decided that applying the 10% to direct labor, excluding fringe benefits, would be the better of the two options. However, in its response to the draft audit report, the town decided to submit an ICRP for both fiscal years of the audit period. In our final audit report, we explained that accepting two ICRPs at such a time would require us to re-open the audit and conduct further fieldwork to analyze and verify the indirect cost rates that the town was proposing. The town is requesting that it be allowed to reverse its original decision to use the 10% option and submit ICRPs for consideration instead.

SCO's Analysis:

As noted in the final audit report issued on August 15, 2016, the town computed a 40% overhead factor and included this in its alternative formula for claiming costs using the Actual Cost Method reserved for Care and Maintenance costs. Therefore, the town did not directly claim reimbursement for indirect costs.

During the audit, we explained to the town's Assistant Director of Finance that the town did not claim salaries and benefits for the audit period and, therefore, did not claim indirect costs. However, as a result of our audit, we identified allowable salaries and benefits; therefore, we could also determine allowable indirect costs. We explained that there are two options available per this program's parameters and guidelines: the town could prepare an ICRP for both fiscal years, and after a review of the proposal, we could determine allowable indirect costs by applying the allowable indirect cost rate to allowable salaries and benefits; or, the town could apply a flat 10% to allowable salaries, excluding fringe benefits. The Assistant Director decided that due to the town's record-retention issues and unavailability of supporting documentation, using the flat 10% would be the best option. His reasoning was that all of the necessary data to compile an accurate and complete ICRP for the audit period would likely be unavailable. We concurred, and calculated allowable indirect costs using the flat 10% method.

Town's Response

ISSUE 7 Overhead costs allowed by the SCO were understated

Town calculated cost of care and maintenance by taking all of the actual Shelter Division expenditures, and dividing it by total animal days of service to derive a cost per animal per day. Because this method took into account all departmental costs, it was inappropriate to include additional departmental overhead (other than other Town wide administrative overhead).

During the Audit, the SCO explained that this method of computing actual costs was not acceptable, therefore, they then began to calculate the costs as they deemed appropriate. Under the SCO method, overhead (ICRP) costs were appropriate to include, and during the course of field work on the audit, the SCO and Assistant Director had informal conversations about the ICRPs. During the discussions, the Town believed, based on discussions with the auditor, that the best course of action was to accepting the 10% default rate. It should be noted that the Assistant Director was new to the Town and to the position and had no experience with State Mandate Claims process or the calculation of ICRP rates.

After the SCO released its Draft Audit report in May, 2016 with preliminary findings, the Finance Director and Consultant, who helped prepare the claims, had the opportunity to review the formal findings. The Consultant informed staff that the actual documentation to prepare the ICRP rates did indeed exist and that to do so would not be time consuming and would be in the best interest of the Town.

When the Town expressed their desire to calculate and preset their actual ICRP rates to the SCO for consideration, Jim Venneman, Audit Manager, stated that those rates would not be considered. (See Appendix A – Chronology). The Town felt that this was an unfair decision since "actual costs" are allowable for reimbursement and the request to provide that additional support material was made during the required audit response period.

Holding the Town to an informal agreement made before the Actual Draft Findings were provided to the claimant is not fair to the claimant. The Town had no way of assessing the impact on cost claimed based on a general conversation. Not allowing an agency to change their minds upon receipt of new information (the Assistant Director was not aware that the records required to prepare an actual ICRP in fact did exist) resulted in an incorrect reduction of costs.

When the issue was raised, the audit was still active and the decision to end field work was made solely by the SCO and not consented to by the claimant. There is no reason why the audit couldn't be continued in order to review the Town's two ICRP's. There was still at least another year in which the audit had to conclude statutorily. Further the Town was told that they would have the opportunity to comment and respond to the Draft Findings. The reality seems to be that while they could respond- their response would not be considered. If the Claimant had further issues and material to present and provide to support actual costs, they should have been allowed to do so.

There is no reason we are aware of that field work would be required to review ICRP documents. The ICRP is simply the departmental expenditure report along with salaries and job descriptions of support and administrative staff. These pieces of information can and have been reviewed via transmittal of documents electronically and via telephone discussion based on other audits the Town's Consultant, Cost Recovery Systems, has been involved with (SEAACA Animal Adoption Audit, City of Fresno DVAP and Crime Statistics Audits, currently South Lake Tahoe, Interagency Child Abuse Audit) where the SCO reviewed all the ICRP documents off site. No fieldwork was necessary in those cases to review the ICRPs.

The Town requests that the Commission have the SCO consider the actual ICRPs that were prepared and submitted. These ICRPs were based on Actual data and were prepared in compliance with claiming instructions and OMB A-87. They were also submitted to the SCO in a timely manner after the release of draft findings and within the audit response period of time allotted to the Claimant. The Town asserts that the 10% default rate grossly underestimates Actual Costs incurred, which are allowable under State Statutes and claiming instructions and should be reconsidered.

SCO's Comments

As noted previously, we worked with the town's Assistant Director of Finance to come to an agreement as to which of the two available options for calculating indirect costs was most appropriate for the town. The option ultimately agreed upon is an acceptable method outlined in the parameters and guidelines, and was chosen by the town. However, in its IRC filing, the town states that SCO "began to calculate the costs as they deemed appropriate." The town later contradicts itself when it goes on to state "the Town believed, based on discussion with the auditor that the best course of action was to accepting the 10% default rate." The town also suggests that the SCO's decision not to accept ICRPs created post-exit conference was made because the town changed its mind, resulting in an incorrect reduction of costs. As stated previously, the town did not claim indirect costs; therefore, no reductions were made.

In its IRC filing, the town makes some misrepresentations, two of which have already been addressed. One repeated misrepresentation relates to the SCO ending fieldwork and concluding the audit. In its IRC, the Town states "the decision to end fieldwork was made solely by the SCO and not consented to by the claimant." While the SCO is not obligated to get the claimant's consent to end fieldwork, the SCO did give the town more than adequate notice of its intention to do so **(Tab 5-pages 5-10, 14, and 21-22)**. As already discussed, the SCO also informed the town of our intention to schedule an exit conference, and the town selected the date for the conference. At no time did the town object to holding an exit conference to conclude the audit.

Another repeated misrepresentation is the town's use of the term "fieldwork" when arguing that fieldwork is not needed for the SCO to consider its ICRPs. Again, the town is equating fieldwork to onsite visits. As already noted, fieldwork is the process of gathering evidence and then analyzing and evaluating that evidence. This can be done both onsite and offsite. Therefore, fieldwork would need to be re-opened in order to thoroughly analyze and verify the information provided in the ICRPs for both years. For example, we performed a cursory review of the ICRP information provided by the town, which revealed various flaws. One flaw was the methodology used, in which any expenditures not included as direct costs within the town's mandated cost claims are considered to be indirect costs. This is not consistent with the indirect cost principles derived by the Office of Management and Budget. Therefore, additional fieldwork *would* have been required to conduct a thorough analysis of the information provided.

Lastly, the town argues that statutorily, the audit could have remained open for another year and, therefore, there is no reason why the audit could not be continued in order to review the town's two ICRPs. This is misleading. Pursuant to GC section 17558.5, subdivision (b), the SCO is required to complete an audit no later than two years after the date the audit commenced. This requirement should not be misconstrued to mean the SCO is statutorily obligated to keep an audit open for two years. In fact, it is the SCO's responsibility to conduct an audit in the most efficient and effective manner as possible. There is no reason why an audit of claims for only two fiscal years should be kept open for two years just because that is how long statute allows SCO to conclude it. We do not believe that keeping an audit open is effective or efficient because a claimant *may* change its mind on cost claiming options, discover additional documentation that *may* support reimbursable costs, or, because (as in this case) its mandated cost consultant advised it to pursue other cost claiming options after fieldwork concluded.

VI. CONCLUSION

The SCO audited the Town of Apple Valley's claims for costs of the legislatively mandated Animal Adoption Program (Statutes of 1998, Chapter 752; and Statutes of 2004, Chapter 313) for the period of July 1, 2007, through June 30, 2009. The town claimed $2,256,209 for the mandated program. Our audit found that $215,608 is allowable and $2,040,601 is unallowable. The costs are unallowable primarily because the town overstated allowable costs, claimed unallowable costs and unsupported costs, claimed misclassified costs and ineligible animals, and misstated animal census data.

The Commission should find that: (1) the SCO correctly reduced the town's FY 2007-08 claim by $770,821; and (2) the SCO correctly reduced the town's FY 2008-09 claim by $1,269,780.

VII. 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 October 17, 2017, at Sacramento, California, by:

Jim L. Spano, CPA
Assistant Division Chief
Division of Audits
State Controller's Office

Tab 3

BEFORE THE
COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

IN RE TEST CLAIM:

Civil Code Sections 1815, 1816, 1834, 1834.4, 1845, 1846, 1847, and 2080;
Food and Agricultural Code Sections 17005, 17006, 31108, 31752, 31752.5, 31753, 31754, 32001, and 32003;
Penal Code Sections 597.1 and 599d; and
Business and Professions Code Section 4855,

As Added or Amended by Statutes of 1978, Chapter 1314; and Statutes of 1998, Chapter 752; and

California Code of Regulations, Title 16, Division 20, Article 4, Section 2031 (Renumbered 2032.3 on May 25, 2000); and

Filed on December 22, 1998;

By the County of Los Angeles, City of Lindsay, County of Tulare, County of Fresno, and Southeast Area Animal Control Authority, Claimants.

NO. CSM 98-TC-11

Animal Adoption

STATEMENT OF DECISION PURSUANT TO GOVERNMENT CODE SECTION 17500 ET SEQ.; TITLE 2, CALIFORNIA CODE OF REGULATIONS, DIVISION 2, CHAPTER 2.5, ARTICLE 7

(Adopted on January 25, 2001)

STATEMENT OF DECISION

The attached Statement of Decision of the Commission on State Mandates is hereby adopted in the above-entitled matter.

This Decision shall become effective on February 2, 2001.

Paula Higashi

Paula Higashi, Executive Director

BEFORE THE
COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

IN RE TEST CLAIM:

Civil Code Sections 1815, 1816, 1834, 1834.4, 1845, 1846, 1847, and 2080;
Food and Agricultural Code Sections 17005, 17006, 31108, 31752, 31752.5, 31753, 31754, 32001, and 32003;
Penal Code Sections 597.1 and 599d; and
Business and Professions Code Section 4855,

As Added or Amended by Statutes of 1978, Chapter 1314; and Statutes of 1998, Chapter 752; and

California Code of Regulations, Title 16, Division 20, Article 4, Section 2031 (Renumbered 2032.3 on May 25, 2000); and

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By the County of Los Angeles, City of Lindsay, County of Tulare, County of Fresno, and Southeast Area Animal Control Authority, Claimants.

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Animal Adoption

STATEMENT OF DECISION PURSUANT TO GOVERNMENT CODE SECTION 17500 ET SEQ.; TITLE 2, CALIFORNIA CODE OF REGULATIONS, DIVISION 2, CHAPTER 2.5, ARTICLE 7

(Adopted on January 25, 2001)

STATEMENT OF DECISION

On October 26, 2000, and November 30, 2000, the Commission on State Mandates (Commission) heard this test claim during regularly scheduled hearings.

At the October 26, 2000 hearing, Mr. Leonard Kaye appeared for the County of Los Angeles. Dr. Dennis Davis, Animal Care and Control Department, Lancaster Shelter, and Mr. Robert Ballenger, Senior Manager, Animal Care and Control Department, appeared as witnesses for the County of Los Angeles. Mr. Allan Burdick and Ms. Pam Stone appeared for the City of Lindsay and County of Tulare. Lt. Ramon Figueroa, Department of Public Safety, appeared as a witness for the City of Lindsay. Ms. Pat Claerbout appeared for the Southeast Area Animal Control Authority. Ms. Meg Halloran, Deputy Attorney General, and Mr. James Apps appeared for the Department of Finance.

At the October 26, 2000 hearing, the Commission received public testimony from the following persons: Mr. Richard Ward, State Humane Association of California; Ms. Dolores Keyes, Coastal Animal Services Authority; Mr. Greg Foss, County of Mendocino; Ms. Lois Newman, The Cat and Dog Rescue Association of California; Ms. Patricia Wilcox, California Animal Control Directors Association; Ms. Kate Neiswender, on behalf of Senator Tom Hayden, author of SB 1785; Dr. Dena Mangiamele and Mr. John Humphrey, County of San Diego; Ms. Virginia Handley, The Fund for Animals; Mr. Mike Ross, Contra Costa County; Ms. Teri Barnato, Association of Veterinarians for Animal Rights; and Mr. Howard J. Davies, Mariposa County Sheriff's Department. In addition, a statement prepared by Ms. Taimie L. Bryant was read into the record by Ms. Kate Neiswender.

At the November 30, 2000, hearing, Mr. Leonard Kaye and Mr. Robert Ballenger appeared for the County of Los Angeles. Mr. Allan Burdick and Ms. Pam Stone appeared for the City of Lindsay and the County of Tulare. Mr. Hiren Patel, Deputy Attorney General, and Mr. James Apps appeared for the Department of Finance.

At the hearings, oral and documentary evidence was introduced, the test claim was submitted, and the vote was taken.

The law applicable to the Commission's determination of a reimbursable state mandated program is article XIII B, section 6 of the California Constitution, Government Code section 17500 and following, and related case law.

The Commission, by a vote of 5 to 2, partially approved this test claim.

BACKGROUND

Test Claim Legislation

In 1998, the Legislature enacted Senate Bill 1785 (Stray Animals) in an attempt to end the euthanasia of adoptable and treatable stray animals by the year 2010. The test claim legislation expressly identifies the state policy that "no adoptable animal should be euthanized if it can be adopted into a suitable home" and that "no treatable animal should be euthanized."[1] Thus, the test claim legislation provides, in part, that:

- The required holding period for stray animals is increased from three days, to four to six business days as specified.[2] Stray animals shall be held for owner redemption during the first three days of the holding period. If the owner has not redeemed the stray animal within the first three days, the animal shall be available for redemption or adoption during the remainder of the holding period;
- The stray animal shall be released to a nonprofit animal rescue or adoption organization if requested by the organization prior to the scheduled euthanization of that animal. In addition to the required spay or neuter deposit, the pound or shelter has the authority to assess a fee, not to exceed the standard adoption fee, for animals released;

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[1] See, Civil Code section 1834.4; Food and Agriculture Code section 17005; and Penal Code section 599d.

[2] The stray animals subject to this legislation include dogs, cats, rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, and tortoises legally allowed as personal property.

- Shelter personnel are required to verify the temperament of an apparent feral cat by using a "standardized protocol" to determine if the cat is truly feral, or simply a frightened or difficult tame cat. If the cat is determined to be tame, then the cat is required to be held for the entire holding period. If the cat is truly feral, the cat may be euthanized or relinquished to a nonprofit animal adoption organization after the first three days of the holding period;
- Animals that are relinquished to a pound or shelter by the purported owner shall be held for two full business days, not including the day of impoundment. The animal shall be available for owner redemption on the first day, and shall be available for owner redemption or adoption on the second day. After the second required day, the animal may be held longer, euthanized, or relinquished to a nonprofit animal adoption organization;
- Public entities and private entities that contract with a public entity have the "mandatory duty' to maintain lost and found lists and other information to aid owners of lost pets;
- All public pounds and private shelters shall keep and maintain accurate records for three years on each animal taken up, medically treated, and impounded; and
- Impounded animals shall receive "necessary and prompt veterinary care."

On October 2, 2000, the claimants amended their test claim to include Business and Professions Code section 4855, enacted in 1978, and section 2032.3 of the regulations issued by the California Veterinary Medical Board. These provisions require all veterinarians to keep a written record of all animals receiving veterinary services for a minimum of three years.

History

In 1981, the Board of Control approved a test claim filed by the County of Fresno on legislation requiring a 72-hour holding period prior to the euthanasia of stray cats (*Detention of Stray Cats*, SB 90-3948).[3] The Parameters and Guidelines adopted by the Board of Control authorized reimbursement for the one-time costs of building modification; feeding, water and litter receptacles; and additional cages. The Parameters and Guidelines also authorized reimbursement for ongoing personnel activities, and the purchase of food, litter and cleaning supplies. Except for the County of Los Angeles, all cities and counties were eligible for reimbursement. The County of Los Angeles sponsored the "stray cat" legislation and, thus, was not entitled to reimbursement under the former Revenue and Taxation Code. In 1982, the Board of Control adopted a statewide cost estimate. However, the Legislature elected not to fund the mandate in 1984.[4]

Claimants' Position

The claimants contend that the test claim legislation constitutes a reimbursable state mandated program pursuant to article XIII B, section 6 of the California Constitution and Government Code section 17514. The claimants are requesting reimbursement for the initial costs to obtain

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[3] Food and Agriculture Code section 31752, as added by Statutes of 1980, Chapter 1060.

[4] Statutes of 1984, Chapter 268.

new and additional facilities, to develop new policies and procedures, and to develop new protocols such as the one required for feral cats. The claimants are also requesting continuing costs to maintain records; provide veterinary services; provide services to animals, other than dogs and cats; and costs resulting from the increased holding period.

On October 2, 2000, the claimants filed a response to the Draft Staff Analysis clarifying that they are seeking reimbursement for the following activities: construction of cat housing; construction of isolation/treatment facilities; construction of additional kennel buildings; extra kennel staffing; lost and found staffing; additional medical personnel; medical equipment and supplies; emergency treatment costs; and additional administrative costs. The County of Los Angeles estimates their initial costs to implement the program at $5,762,662.

Department of Finance Position

The Department contends that the test claim should be denied. The Department argues that the test claim legislation imposes animal control activities on both public and private sector entities. Therefore, although the test claim legislation may result in additional costs to local agencies, those costs are not reimbursable because they are not unique to local government. The Department further states the duty imposed on local agencies to accept and care for lost or abandoned animals is not a new duty and, thus, does not constitute a new program or higher level of service. Finally, the Department contends that no reimbursement is required since there are no costs mandated by the state pursuant to Government Code section 17556, subdivisions (d)
and (e).

Position of Interested Party, City of Fortuna

The City of Fortuna contends that the test claim legislation constitutes a reimbursable state mandated program by increasing the length of time animals can be held before they are euthanized, by adding new requirements related to adoption services, and by adding new requirements related to veterinary care. The City contends that the test claim legislation increased the cost of its animal control program by 284 percent.

Position of Interested Party, County of Mariposa

Howard Davies, assistant sheriff of Mariposa County, testified that the test claim legislation has resulted in increased costs in the form of housing animals, building a new facility, and increased staffing. He further testified that the four to six business-day holding period required by the test claim legislation essentially forces agencies to hold animals for six or seven days, when taking weekends into account.

Position of Interested Parties, Counties of San Diego, Fresno, and Mendocino

The Counties of San Diego, Fresno, Mendocino, and Contra Costa contend that the test claim legislation constitutes a reimbursable state mandated program. Both counties filed comments on the Draft Staff Analysis. The Counties of San Diego and Contra Costa contend that local agencies are required by the test claim legislation to provide "new" veterinary care services. The County of San Diego further contends that local agencies are required to perform new activities related to the seizure of animals. The County of Fresno filed comments, and Greg

Foss of the County of Mendocino provided testimony, clarifying the list of offsetting savings to be included in the parameters and guidelines.

Position of Interested Person, Senator Tom Hayden, Author of SB 1785

Kate Neiswender, staff to Senator Tom Hayden, testified that the test claim legislation does not impose a reimbursable state mandated program. The test claim legislation seeks to increase adoptions and reduce the rate, and costs, of killing animals. If all of the pieces of the test claim legislation are fully implemented, there is a net effect of no new costs.

Position of Interested Person, Taimie L. Bryant, Ph.D., J.D.

Ms. Bryant is a Professor of Law at UCLA Law School. She assisted in the design and drafting of the test claim legislation at the request of Senator Tom Hayden. She teaches a course entitled "Animals and the Law," which has been offered at UCLA each academic year since 1995. She is also the faculty sponsor for the UCLA Animal Welfare Association.

Ms. Bryant contends that this test claim should be denied. Ms. Bryant argues that the test claim legislation applies to both public and private entities and, thus, is not unique to local government pursuant to the court's holding in *County of Los Angeles* v. *State of California*.[5] She further contends that the test claim legislation authorizes local agencies to assess fees sufficient to pay for the mandated program and that the legislation "has no net negative financial impact on local government." Therefore, Ms. Bryant contends that no reimbursement is required since there are no costs mandated by the state pursuant to Government Code section 17556, subdivisions (d) and (e).

Position of Other Interested Persons

Virginia Handley of the Fund for Animals, Inc., contends that the test claim legislation constitutes a reimbursable state mandated program. Ms. Handley filed comments on the Draft Staff Analysis supporting reimbursement for the entire holding period, for owner relinquished animals, and for increased veterinary care.

Lois Newman, founder and president of The Cat and Dog Rescue, states that the test claim legislation is cost-effective. Ms. Newman contends that the claimants' argument that the costs resulting from the test claim legislation are substantial is without merit. She further argues that some local agencies decided to expend monies for capital improvements before the test claim legislation was enacted and, thus, there is no proof that the test claim legislation resulted in costs mandated by the state.

The San Francisco Society for the Prevention of Cruelty to Animals (SPCA) states that it entered into a partnership called the "Adoption Pact" with the San Francisco Animal Care and Control Department in 1994. Several provisions and incentives provided in the Adoption Pact were written into the test claim legislation. The San Francisco SPCA contends that the test claim legislation is cost-effective and can be accomplished on a revenue-neutral or revenue-positive basis without expenditures for new facilities or increased space.

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[5] *County of Los Angeles* v. *State of California* (1987) 43 Cal.3d 46.

B. Robert Timone, Executive Director for the Haven Humane Society, states that the test claim legislation imposes a reimbursable state mandated program by increasing civil and criminal liability, by severely increasing mandatory shelter retention time for stray and owner released animals, and by subjecting animal sheltering agencies to open-ended veterinary medical expenses. The Haven Humane Society has contracted with the City of Redding for 15 years and can no longer provide animal care services as a result of the test claim legislation.

Jeffrey E. Zinder filed comments on behalf of Animal Issues Movement (a Los Angeles/Orange County nonprofit organization) and United Activists for Animal Rights (a Riverside County nonprofit organization) contending that the test claim legislation constitutes a reimbursable state mandated program. Mr. Zinder filed comments on the Draft Staff Analysis contending that veterinary care and care and treatment for owner-relinquished animals are reimbursable activities.[6]

Richard Ward of the State Humane Association of California contends that the test claim legislation constitutes a reimbursable state mandated program and supports the positions of the County of San Diego, Mr. Jeffrey Zinder, and the claimants.

Dolores Keyes of the Coastal Animal Services Authority, a small shelter providing animal care services for the cities of Dana Pointe and San Clemente, testified that she has seen a definite fiscal impact that includes higher veterinarian costs, higher staffing costs, and new in-house services as a result of the test claim legislation.

Patricia Wilcox of the California Animal Control Directors Association testified that the test claim legislation has resulted in increased costs for medical care for lost, stray, abandoned, and relinquished animals.

Teri Barnato of the Association of Veterinarians for Animal Rights testified that veterinary care is not a new activity imposed by the test claim legislation since prior law required care and treatment for stray and abandoned animals. She testified that many shelters have increased their veterinary care, not because of the test claim legislation, but as a result of public pressure.

FINDINGS

In order for a statute to impose a reimbursable state mandated program under article XIII B, section 6 of the California Constitution and Government Code section 17514, the statutory language must direct or obligate an activity or task upon local governmental agencies. If the statutory language does not mandate or require local agencies to perform a task, then compliance with the test claim statute is within the discretion of the local agency and a reimbursable state mandated program does not exist.

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[6] The comments filed by Yvonne Hunter of the League of California Cities and the comments filed by the Animal Care and Control Department of the City and County of San Francisco are helpful in providing background information. However, these comments do not address the issue before the Commission as to whether the test claim legislation imposes a reimbursable state mandated program within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514.

In addition, the required activity or task must constitute a new program or create an increased or higher level of service over the former required level of service. The California Supreme Court has defined the word "program" subject to article XIII B, section 6, of the California Constitution as a program that carries out the governmental function of providing a service to the public, or laws which, to implement a state policy, impose unique requirements on local governments and do not apply generally to all residents and entities in the state. To determine if the "program" is new or imposes a higher level of service, a comparison must be made between the test claim legislation and the legal requirements in effect immediately before the enactment of the test claim legislation. Finally, the new program or increased level of service must impose "costs mandated by the state."[7]

This test claim presents the following issues:

- Is the test claim legislation subject to article XIII B, section 6 of the California Constitution?
- Does the test claim legislation impose a new program or higher level of service on local agencies within the meaning of article XIII B, section 6 of the California Constitution?
- Does the test claim legislation impose "costs mandated by the state" within the meaning of Government Code sections 17514 and 17556?

The Commission also addresses a fourth issue raised by the claimants and interested party, County of San Diego, pertaining to seized animals under Penal Code section 597.1:

- Do the activities imposed by Penal Code section 597.1, relating to the seizure of animals, constitute a reimbursable state mandated program pursuant to article XIII B, section 6 of the California Constitution and Government Code section 17514?

These issues are addressed below.

Issue 1: Is the test claim legislation subject to article XIII B, section 6 of the California Constitution?

In order for the test claim legislation to be subject to article XIII B, section 6 of the California Constitution, the legislation must constitute a "program." The California Supreme Court, in the case of *County of Los Angeles* v. *State of California*[8], defined the word "program" within the meaning of article XIII B, section 6 as a program that carries out the governmental function of providing a service to the public, *or* laws which, to implement a state policy, impose unique requirements on local governments and do not apply generally to all residents and entities in the state. Only one of these findings is necessary to trigger the applicability of article XIII B, section 6.[9]

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[7] Article XIII B, section 6 of the California Constitution; *County of Los Angeles v. State of California*, *supra,* 43 Cal.3d at 56; *Carmel Valley Fire Protection Dist.* v. *State of California* (1987) 190 Cal.App.3d 521, 537; *City of Sacramento* v. *State of California* (1990) 50 Cal.3d 51, 66; *Lucia Mar Unified School Dist.* v. *Honig* (1988) 44 Cal.3d 830, 835; Government Code section 17514.

[8] *County of Los Angeles, supra,* 43 Cal.3d 46, 56.

[9] *Carmel Valley Fire Protection Dist., supra*, 190 Cal.App.3d at 537.

The Commission analyzes this issue in two parts. The first part addresses Senate Bill 1785, the stray animal legislation. The second part addresses the provisions added to the test claim by the claimants' test claim amendment; namely, Business and Professions Code section 4855 and section 2032.3 of the California Veterinary Medical Board's regulations.

Senate Bill 1785 – Stray Animals

Both the Department of Finance and Ms. Bryant contend that the test claim legislation on stray animals is not subject to article XIII B, section 6 of the California Constitution because the animal control activities required by the test claim legislation are not unique to local government. With the exception of posting lost and found lists, it is their position that the test claim activities are imposed on both public and private shelters.

The claimants disagree and contend that the test claim legislation is subject to article XIII B, section 6 of the California Constitution. The claimants argue that the Legislature has imposed a duty on local government to provide animal services in the state pursuant to Penal Code sections 597f and 597.1, Food and Agriculture Code section 31105, and Health and Safety Code section 121690, subdivision (e). Private animal shelters do not have similar duties and can refuse to accept a stray animal. Therefore, the claimants contend that the test claim legislation is unique to local government. The claimants also argue that the test claim legislation provides a service to the public and, thus, the test claim legislation qualifies as a program under article
XIII B, section 6 of the California Constitution.

For the reasons stated below, the Commission finds that the test claim legislation constitutes a "program" within the meaning of article XIII B, section 6 of the California Constitution.

The purpose of the test claim legislation is to carry out the "state policy" that no adoptable animal should be euthanized if it can be adopted into a suitable home and that no treatable animal should be euthanized.[10] In this respect, the test claim legislation does impose duties on both public and private animal shelters. In Section 1 of the test claim legislation, the Legislature declared that "public and private shelters and humane organizations share a common purpose in saving animals' lives" and that "public and private shelters and humane organizations should work together to end euthanasia of adoptable and treatable animals." Thus, the test claim legislation requires both public and private shelters to perform the following activities:

- keep stray animals for a longer holding period;
- provide the animal with necessary and prompt veterinary care, adequate nutrition, water, and shelter, and make reasonable attempts to notify the owner if the animal has identification;
- release the stray animal to an animal rescue and adoption organization upon request prior to the euthanization of the animal;
- determine whether an apparently feral cat is truly feral; and

[10] Civil Code section 1834.4; Penal Code section 599d; and Food and Agriculture Code section 17005.

- keep and maintain accurate records on each animal for three years.[11]

Although the test claim legislation applies to both public and private shelters, existing law, which was not amended or repealed by the test claim legislation, does *not* require private shelters to accept stray or abandoned animals. Instead, the act of accepting and caring for stray animals is within the discretion of the private shelter. Thus, the Commission finds that the requirements imposed by the test claim legislation apply to private shelters only if the private shelter decides to accept the stray or abandoned animal, and that existing law cannot be ignored.

For example, Civil Code section 1816, subdivision (a), provides that a private entity with whom a stray animal is deposited "is bound to take charge of it, *if able to do so*."

The Department of Finance contends that Civil Code section 1816, subdivision (a), is not relevant to this analysis. Instead, the Department contends that it is subdivision (b) of section 1816 that applies and requires both public and private shelters to accept stray animals. That section states the following: "*A public agency or shelter* with whom a thing is deposited in the manner described in Section 1513 is bound to take charge of it, as provided in Section 597.1 of the Penal Code." (Emphasis added.) The Department argues that the phrase "a public agency or shelter" means *both* public and private shelters. The Department supports its position with Senate and Assembly floor analyses that state that the test claim legislation applies to both private and public shelters.[12]

The Commission disagrees with the Department of Finance's argument. When determining the intent of a statute, the first step is to look at the statute's words and give them their plain and ordinary meaning. Where the words of the statute are not ambiguous, they must be applied as written and may not be altered in any way. Moreover, the intent must be gathered from the whole of a statute, rather than from isolated parts or words, in order to make sense of the entire statutory scheme.[13]

There is no evidence that the Legislature intended the phrase "a public agency or shelter" in Civil Code section 1816, subdivision (b), to include private shelters. Such a reading ignores the plain language of Civil Code section 1816, subdivision (a), which does address private shelters by the express reference to a "private entity." In subdivision (a), the Legislature expressly stated that private entities are only required to take charge of stray animals "if able to do so."

Moreover, other statutes enacted as part of Senate Bill 1785 specifically include the word "private" when referring to private shelters.[14] Thus, had the Legislature intended to apply

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[11] Ms. Lois Newman of The Cat and Dog Rescue Association submitted a survey revealing the number of private animal shelters operating in California. There are 187 private shelters and 246 public shelters.

[12] Department of Finance's response to Draft Staff Analysis.

[13] *City of Merced* v. *State of California* (1984) 153 Cal.App.3d 777; *Carrisales* v. *Department of Corrections* (1999) 21 Cal.4th 1132.

[14] See Section 1, subdivision (a)(1) and (2), and subdivision (e), of Statutes of 1998, Chapter 752 (Legislature's Findings and Declarations); Food and Agriculture Code section 32001 (Lost and Found Lists); and Food and Agriculture Code section 32003 (Maintaining Records).

Civil Code section 1816, subdivision (b), to private shelters, they would have included the word "private" in subdivision (b).

Finally, the Senate Floor Analysis of Senate Bill 1785, dated August 27, 1998, specifically recognizes that the duties imposed by the test claim legislation are mandatory duties for public entities and only those private entities which contract with the public entity to perform *their* required governmental duties.[15]

Accordingly, the Commission finds that Civil Code section 1816, subdivision (a), supports the conclusion that private animal shelters are not required to perform the activities imposed by the test claim legislation since the act of accepting and caring for stray animals is within the discretion of the private shelter.

Moreover, Civil Code section 2080 states that "any person who finds a thing lost [including a stray animal] is *not* bound to take charge of it, unless the person is otherwise required to do so by contract or law." In this regard, the Department of Finance and Ms. Bryant contend that many private shelters have the legal obligation to take in stray animals because their mission statements and by-laws require them to take in strays. However, there is *no state law* requiring private shelters to accept and care for an animal. Thus, only if the private shelter decides to accept and care for an animal, or enter into a contract with a local agency to perform such services, is the private shelter required to perform the activities imposed by the test claim legislation.

Public shelters, on the other hand, have a pre-existing legal duty to accept and care for stray animals. Food and Agriculture Code section 31105 requires the county board of supervisors to take up and impound stray dogs. That section states the following:

> The board of supervisors *shall* provide for both of the following:

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[15] The Commission notes that the Senate Floor Analysis, analyzing the same version of the bill, changed for the August 30, 1998 hearing. The August 30, 1998 analysis did not contain the paragraph recognizing that the duties imposed by the test claim legislation are mandatory duties for public entities and those private entities that contract with the public entity. The vote on the bill by the Senate occurred on August 30, 1998.

The Commission notes, however, that the Senate Floor Analysis dated August 28, 1998 is consistent with Corporations Code section 14503, which provides that the governing body of a local agency may contract with private humane societies and societies for the prevention of cruelty to animals to provide animal care or protection services. In this regard, the private entity's jurisdiction is limited to the jurisdiction of the local agency. Corporations Code section 14503 states the following:

> The governing body of a local agency, by ordinance, may authorize employees of public pounds, societies for the prevention of cruelty to animals, and humane societies, who have qualified as humane officers pursuant to Section 14502, and which societies or pounds have contracted with such local agency to provide animal care or protection services, to issue notices to appear in court
> . . . . for violations of state or local animal control laws. Those employees shall not be authorized to take any person into custody even though the person to whom the notice is delivered does not give his or her written promise to appear in court. The authority of these employees is to be limited to the jurisdiction of the local agency authorizing the employees.

(a) The taking up and impounding of all dogs which are found running at large in violation of any provision of this division.

(b) The killing in some humane manner or other disposition of any dog which is impounded. (Emphasis added.)[16]

Health and Safety Code section 121690, subdivision (e), also requires counties and cities to maintain a pound system. That section states the following:

> (e) It *shall be the duty* of the governing body of each city, city and county, or county to maintain or provide for the maintenance of a pound system and a rabies control program for the purpose of carrying out and enforcing this section. (Emphasis added.)[17]

The test claim legislation, in Civil Code section 1816, subdivision (b), furthers this duty by stating that public agencies or shelters with whom a thing is deposited is "bound to take charge of it, as provided in Section 597.1 of the Penal Code." Since 1991, Penal Code section 597.1 has required peace officers and animal control officers employed by local agencies to take possession of any stray or abandoned animal, and provide care and treatment for the animal.[18] Penal Code section 597.1 states in relevant part the following:

> Any peace officer, humane society officer, or animal control officer shall take possession of the stray or abandoned animal and shall provide care and treatment for the animal until the animal is deemed to be in suitable condition to be returned to the owner.

Although the above provision includes privately employed humane society officers, the law does *not* require humane societies and/or societies for the prevention of cruelty to animals to hire humane society officers. Rather, these private entities have the choice to hire such employees.[19] Accordingly, the requirement in Penal Code section 597.1, to take possession of any stray or abandoned animal, imposes a state-mandated duty on local governmental agencies only.

Therefore, unlike private animal shelters, local agencies have no choice but to perform the activities required by the test claim legislation. Accordingly, the Commission finds that the

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[16] Added by Statutes of 1967, Chapter 15.

[17] Added by Statutes of 1995, Chapter 415 (derived from Statutes of 1957, Chapter 1781).

[18] Added by Statutes of 1991, Chapter 4.

[19] Corporations Code section 14502. Pursuant to the provisions of Corporations Code section 14502, if the private entity decides to hire a humane society officer, the entity must first file an application with the court for the appointment of the prospective employee as a humane society officer. If the individual meets the requirements, then the individual will be appointed a humane society officer and possess limited peace officer powers to prevent the perpetration of any act of cruelty upon an animal. Corporations Code section 14502, subdivision (n), further states that "[a] humane society or a society for the prevention of cruelty to animals shall notify the sheriff of the county in which the society is incorporated, prior to appointing a humane officer, of the *society's intent* to enforce laws for the prevention of cruelty to animals."

test claim legislation does impose unique requirements on local agencies to implement the state's policy to end euthanasia of adoptable and treatable animals.

The Commission further finds that the test claim legislation satisfies the second test that triggers the applicability of article XIII B, section 6 in that it constitutes a program that carries out the governmental function of providing a service to the public. As indicated above, only local agencies are mandated by the state to accept and care for stray and abandoned animals. The courts have held that the licensing and regulation of the manner in which animals are kept and controlled are within the legitimate sphere of governmental police power.[20] In this respect, the Legislature recognized in Section 1 of the test claim legislation that "taking in of animals is important for public health and safety, to aid in the return of the animal to its owner, and to prevent inhumane conditions for lost or free roaming animals." Although Ms. Bryant urges the Commission to deny this test claim, she acknowledges that "collection of stray animals has been deemed a legitimate and necessary function of government as opposed to a duty to be placed on private citizens."

Based on the foregoing, the Commission finds that Senate Bill 1785 (Stray Animals) constitutes a "program" within the meaning of article XIII B, section 6 of the California Constitution.

Sections Added by the Claimants' Test Claim Amendment

On October 2, 2000, the claimants amended their test claim to add Business and Professions Code section 4855 and section 2032.3 of the Veterinary Medical Board's regulations. These provisions require all veterinarians to keep a written record of all animals receiving veterinary services for a minimum of three years.

For the reasons stated below, the Commission finds that these provisions do *not* constitute a "program" within the meaning of article XIII B, section 6 of the California Constitution.

In order for a statute or an executive order to constitute a "program" subject to article XIII B, section 6 of the California Constitution, the statute or executive order must be unique to local government or carry out the governmental function of providing a service to the public. Neither test is satisfied here.

Business and Professions Code section 4855 states the following:

> *A veterinarian subject to the provisions of this chapter* shall, as required by regulation of the [Veterinary Medical Board], keep a written record of all animals receiving veterinary services, and provide a summary of that record to the owner of animals receiving veterinary services, when requested. The minimum amount of information which shall be included in written records and summaries shall be established by the board. The minimum duration of time for which a licensed premise shall retain the written record or a complete copy of the written record shall be determined by the board. (Emphasis added.)

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[20] *Simpson* v. *City of Los Angeles* (1953) 40 Cal.2d 271, 278 (where the California Supreme Court stated that "it is well settled that the licensing of dogs and the regulation of the manner in which they shall be kept and controlled are within the legitimate sphere of the police power, and that statutes and ordinances may provide for impounding dogs and for their destruction or other disposition.")

In response to Business and Professions Code section 4855, the Veterinary Medical Board issued section 2032.3 of its regulations. That regulation provides in pertinent part the following:

> (a) *Every veterinarian* performing any act requiring a license pursuant to the provisions of Chapter 11, Division 2, of the [Business and Professions Code], upon any animal or group of animals shall prepare a legible, written or computer generated record concerning the animal or animals. . . . (Emphasis added.)

Based on the express language of these provisions, the Commission finds that the record keeping requirements imposed by Business and Professions Code section 4855 and the regulation issued by the Veterinary Medical Board apply to *all* veterinarians licensed in this state. Thus, these provisions are not unique to local government. Nor does the activity to keep records constitute a peculiarly governmental function since the activity is imposed on *all* veterinarians.

Therefore, the Commission finds that Business and Professions Code section 4855 and section 2032.3 of the Veterinary Medical Board's regulations do not constitute a "program" and, thus, are not subject to article XIII B, section 6 of the California Constitution.

Accordingly, the remainder of this analysis addresses only those provisions enacted as part of Senate Bill 1785 (Stray Animals).

Issue 2: Does the test claim legislation impose a new program or higher level of service on local agencies within the meaning of article XIII B, section 6 of the California Constitution?

To determine if the "program" is new or imposes a higher level of service, a comparison must be made between the test claim legislation and the legal requirements in effect immediately before the enactment of the test claim legislation.

Holding Period for Dogs and Cats

Food and Agriculture Code sections 31108 and 31752 describe the required holding period for impounded dogs and cats. Those sections provide that an impounded dog or cat shall be held for six business days, not including the day of impoundment. The six-day holding period can be reduced to four business days if the local agency complies with one of the following provisions:

- If the pound or shelter has made the dog or cat available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day, the holding period shall be four business days, not including the day of impoundment.
- If the pound or shelter has fewer than three full-time employees or is not open during all regular weekday business hours, and if it has established a procedure to enable owners to reclaim their dog or cat by appointment at a mutually agreeable time when the pound or shelter would otherwise be closed, the holding period shall be four business days, not including the day of impoundment.

These test claim statutes further require, that prior to euthanizing an impounded dog or cat for any reason other than irremediable suffering, the impounded dog or cat shall be released to a nonprofit animal rescue or adoption organization, if requested by the organization, before the scheduled euthanization of the impounded animal. In addition to any spay or neuter deposit, the pound or shelter, at its discretion, may assess a fee, not to exceed the standard adoption fee, for the animals released.

The holding period and adoption requirements described above do not apply to animals that are irremediably suffering from a serious illness or severe injury and newborn animals that need maternal care and have been impounded without their mothers. Such animals may be euthanized without being held for owner redemption or adoption.[21]

Before the test claim legislation was enacted, public shelters were required to hold impounded dogs and cats for 72 hours from the time of capture. The 72-hour holding period did not apply to cats that were severely injured, seriously ill, or to newborn cats unable to feed themselves.[22]

In addition, there was no requirement under prior law to release impounded animals to nonprofit animal rescue or adoption organizations, upon request of the organization, prior to euthanizing the animal.

Accordingly, the Commission finds that Food and Agriculture Code sections 31108 and 31752 impose a new program or higher level of service by:

- Requiring local agencies to provide care and maintenance during the increased holding period for impounded dogs and cats. The increased holding period shall be measured by calculating the difference between three days from the day of capture, and six business days from the day after impoundment, or four business days from the day after impoundment requiring local agencies to either:

  (1) Make the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or

  (2) For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establish a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed;[23] and by

- Requiring the release of the animal to a nonprofit animal rescue or adoption organization upon request by the organization prior to euthanasia.

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[21] Food and Agriculture Code section 17006.

[22] Food and Agriculture Code sections 31108 (as added by Statutes of 1967, Chapter 15) and 31752 (as added by Statutes of 1980, Chapter 1060)

[23] The claimants and several commentators contend that as a result of the increased holding period, the cost of veterinary care has increased. The Commission can consider the argument, that veterinary care during the increased holding period is reimbursable, at the parameters and guidelines phase.

Holding Period for Other Animals

Food and Agriculture Code section 31753 imposes the same holding period and adoption requirements for impounded rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, or tortoises legally allowed as personal property, as is required for dogs and cats. Thus, section 31753 provides that the holding period for these other animals is six business days, not including the day of impoundment. The six-day holding period can be reduced to four business days if the local agency complies with one of the following provisions:

- If the pound or shelter has made the other animals available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day, the holding period shall be four business days, not including the day of impoundment.
- If the pound or shelter has fewer than three full-time employees or is not open during all regular weekday business hours, and if it has established a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the pound or shelter would otherwise be closed, the holding period shall be four business days, not including the day of impoundment.

Ms. Bryant contends that Food and Agriculture Code section 31753 does not constitute a new program or higher level of service. Ms. Bryant contends that before the enactment of the test claim legislation, Penal Code sections 597f and 597.1 required peace officers, humane society officers, and animal control officers to take possession of any abandoned or neglected animal and care for the animal until the owner redeems the animal. Under these provisions, the animal control officer is required to perform a "due search" for the owner prior to euthanizing the animal. Thus, she argues that a holding period is legally implied from the requirement that owners be given a chance to redeem their animals.

Ms. Bryant further argues that the holding period established under prior law is equivalent to a "reasonable" period that allows the owner to redeem the animal. In this respect, Ms. Bryant argues that a five-day holding period has been deemed reasonable and, thus, required under prior law. In support of her position, Ms. Bryant cites a federal regulation, governing the sale of shelter animals to research labs, that deems five days the minimum necessary to provide owners a reasonable chance to reclaim their pets. She also cites California's vicious dog law, Food and Agriculture Code section 31621, which provides that an owner must receive five days notice to contest the "vicious dog" designation in order to reclaim the dog. Finally, Ms. Bryant states that the Humane Society of the United States promotes five days as the minimum reasonable holding period. Accordingly, Ms. Bryant contends that the test claim requirement to hold other animals for four days constitutes a lower level of service.

Government Code section 17565 states that "if a local agency or school district, at its option, has been incurring costs which are subsequently mandated by the state, the state shall reimburse the local agency or school district for those costs incurred after the operative date of the mandate." The Commission finds that Government Code section 17565 applies here.

Before the enactment of the test claim legislation, Penal Code sections 597f and 597.1 required animal control officers to take possession and provide care and treatment to *any* stray or abandoned animal until the animal was deemed to be in suitable condition to be returned to the

owner. If the owner could not be found after a due search, the animal control officer could have the animal euthanized or placed in a suitable home. Thus, the Commission agrees that Penal Code sections 597f and 597.1 apply to the animals specified in the test claim statute and that *some* holding period is implied in these sections.

However, there was *no prior state or federal law* mandating local agencies to hold these specified animals for *any* time period. Rather, the appropriate time period was left up to the discretion of the local agency. With the enactment of Food and Agriculture Code section 31753, the state is now requiring local agencies, for the first time, to hold these animals for four days. Therefore, the Commission finds that the four or six day holding period is new.

Accordingly, the Commission finds that Food and Agriculture Code sections 31753 imposes a new program or higher level of service by:

- Requiring local agencies to provide care and maintenance during the increased holding period for impounded rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, or tortoises legally allowed as personal property. The increased holding period shall be measured by calculating the difference between three days from the day of capture, and six business days from the day after impoundment, or four business days from the day after impoundment requiring local agencies to either:

  (1) Make the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or

  (2) For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establish a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed; and by

- Requiring the release of the animal to a nonprofit animal rescue or adoption organization upon request by the organization prior to euthanasia.

Feral Cats

The test claim legislation added section 31752.5 to the Food and Agriculture Code to address feral cats. Feral cats are defined as cats without owner identification whose usual and consistent temperament is extreme fear and resistance to contact with people. A feral cat is totally unsocialized to people.

Food and Agriculture Code section 31752.5, subdivision (c), states the following:

> Notwithstanding Section 31752 (establishing the holding period for stray cats), if any apparently feral cat has not been reclaimed by its owner or caretaker within the first three days of the required holding period, shelter personnel qualified to verify the temperament of the animal *shall verify whether it is feral or tame by using a standardized protocol.* If the cat is determined to be docile or a frightened or difficult tame cat, the cat shall be held for the entire required holding period specified in Section 31752. If the cat is determined to be truly feral, the cat *may* be euthanized or relinquished to a nonprofit . . . .animal adoption organization that agrees to the spaying or neutering of the cat

if it has not already been spayed or neutered. In addition to any required spay or neuter deposit, the pound or shelter, at its discretion, may assess a fee, not to exceed the standard adoption fee, for the animal released. (Emphasis added.)

The claimants contend that section 31752.5 constitutes a new program or higher level of service by establishing holding periods for feral cats and by requiring local agencies to verify whether a cat is feral or tame by using a "newly developed or obtained" standardized protocol. The claimants state the following:

> The mandatory holding periods for feral cats are completely new. There is no prior law on the subject. The 'standard adoption fee[s]' for feral cats shall not be exceeded. In addition, local government must now 'verify whether it is feral or tame by using a standardized protocol' in order to determine the correct holding period. Therefore, the costs of obtaining or developing such a protocol as well [as] its administration would be reimbursable 'costs mandated by the state' as claimed herein.
>
> Regarding holding periods for feral cats, the clock starts to run after (not including) '. . . the day of impoundment.' Under prior law, there were no holding periods for feral cats. Now holding periods are established, mandated, and defined in terms of a number of 'business days', considerably longer than the same number of calendar days. Therefore, Chapter 752/98 explicitly increases mandatory holding periods for feral cats and related costs upon local government.

The Commission disagrees with the claimants' statement that holding periods for feral cats are completely new and that there was no prior law on the subject. Before the enactment of the test claim legislation, Food and Agriculture Code section 31752 required a 72-hour holding period from the time of capture for *all* impounded stray cats, except cats that were severely injured, seriously ill, or newborn cats unable to feed themselves. That section stated the following:

> *No stray cat* which has been impounded by a public pound, society for the prevention of cruelty to animals shelter, or humane shelter shall be killed before 72 hours have elapsed from the time of the capture of the stray cat.
>
> This section shall not apply to cats which are severely injured or seriously ill, or to newborn cats unable to feed themselves. (Emphasis added.)

Thus, the 72-hour holding period established under prior law applied to both feral and tame cats.

The Commission finds that the only new requirement imposed by Food and Agriculture Code section 31752.5 is the requirement to verify within the first three days of the holding period whether the cat is feral or tame by using a standardized protocol. If the cat is determined to be tame, the same holding period established by Food and Agriculture Code section 31752, as amended by the test claim legislation and described in the section above, applies; i.e., four or six business days.

Accordingly, the Commission finds that Food and Agriculture Code section 31752.5 constitutes a new program or higher level of service by requiring local agencies to verify, within the first three days of the holding period, whether a cat is feral or tame by using a standardized protocol.

Owner Relinquished Animals

The test claim legislation added Food and Agriculture Code section 31754 to address animals relinquished by their owners. That section provides in relevant part the following:

> [A]ny animal relinquished by the purported owner that is of a species impounded by pounds or shelters shall be held for two full business days, not including the day of impoundment. The animal shall be available for owner redemption for the first day, not including the day of impoundment, and shall be available for owner redemption and adoption for the second day. After the second required day, the animal may be held longer, killed, or relinquished to a nonprofit . . . . animal adoption organization under the same conditions and circumstances provided for stray dogs and cats. . . .

Section 31754 became operative on July 1, 1999, and sunsets on July 1, 2001.

On July 1, 2001, Food and Agriculture Code section 31754 will provide, with the exception stated below, that any animal relinquished by the purported owner that is of a species impounded by pounds or shelters shall be held for the same holding periods, and with the same requirements of care, applicable to stray dogs and cats in sections 31108 and 31752 of the Food and Agriculture Code.[24] However, the period for owner redemption shall be one day, not including the day of impoundment, and the period for owner redemption or adoption shall be the remainder of the holding period.

The holding period described above does not apply to relinquished animals that are irremediably suffering from a serious illness or severe injury, or newborn animals that need maternal care and have been impounded without their mothers.

Ms. Bryant contends that neither prior law, nor Food and Agriculture Code section 31754, require local agencies to take in owner-relinquished animals. Thus, she argues that taking in such animals is within the discretion of the local agency and that the holding periods established by section 31754 only apply if the local agency chooses to accept owner-relinquished animals.

The claimants contend that section 31754 imposes mandatory duties on the local agency to accept owner-relinquished pets since, in reality, owners relinquish their animals on the streets

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[24] The Commission notes that section 31754 requires the same holding periods for owner-relinquished animals as the holding period for stray dogs and cats. The statute correctly refers to section 31108 for the holding period for stray dogs. But, the statute references section 31755, which is not the statute relating to stray cats. The statute relating to stray cats is section 31752. Accordingly, the Commission finds that there is a typographical error in section 31754 and that the Legislature intended to refer to section 31752 instead of 31755.

if the agency will not accept the animal. At that point, the animal will be deemed a stray or an abandoned animal and, thus, require the agency to take possession of the animal.[25]

The Commission agrees with Ms. Bryant. At the time the test claim legislation was enacted, local agencies were not required to accept owner-relinquished animals. They were simply required to take possession of stray or abandoned animals.[26]

The test claim legislation did not change existing law. Rather, based on the plain language of the test claim legislation and existing law, taking possession of owner-relinquished animals, and caring and maintaining the owner-relinquished animal during the required holding period, is within the discretion of the local agency.

Accordingly, the Commission finds that Food and Agriculture Code section 31754 does not constitute a new program or higher level of service since there are no state mandated duties imposed on local agencies.

Posting Lost and Found Lists

Food and Agriculture Code section 32001 provides the following:

> All public pounds, shelters operated by societies for the prevention of cruelty to animals, and humane shelters, that contract to perform public animal control services, shall provide the owners of lost animals and those who find lost animals with all of the following:
>
> (a) Ability to list the animals they have lost or found on 'Lost and Found' lists maintained by the pound or shelter.
>
> (b) Referrals to animals listed that may be the animals the owner or finders have lost or found.
>
> (c) The telephone numbers and addresses of other pounds and shelters in the same vicinity.
>
> (d) Advice as to means of publishing and disseminating information regarding lost animals.
>
> (e) The telephone numbers and addresses of volunteer groups that may be of assistance in locating lost animals.
>
> *The duties imposed by this section are mandatory duties for public entities for all purposes of the Government Code and for all private entities with which a public entity has contracted to perform those duties.* (Emphasis added.)

Before the enactment of the test claim legislation, the duty imposed by section 32001 to post lost and found lists was *not* mandatory. The last two sentences of former section 32001 stated the following:

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[25] Other commentators share the claimants' view (e.g., Virginia Handley, Jeffrey Zinder, and Richard Ward.)

[26] Food and Agriculture Code section 31105; Penal Code section 597.1.

> Notwithstanding Section 9, a violation of this section is not a misdemeanor. Furthermore, the duty imposed by this section is *not a mandatory duty* for purposes of Division 3.6 (commencing with Section 810) of Title 1 of the Government Code [entitled " Claims and Actions Against Public Entities and Public Employees"], and *no cause of action for damages is created by this section against a public entity* or employee or against any other person. (Emphasis added.)

The above sentences were repealed with the enactment of the test claim legislation. Thus, the test claim legislation created a legal duty for local agencies to post the lost and found lists required by section 32001, and at the same time, established a cause of action for an agency's failure to comply.

Accordingly, the Commission finds that Food and Agriculture Code section 32001 imposes a new program or higher level of service by requiring local agencies to provide the owners of lost animals and those who find lost animals with all of the following:

- Ability to list the animals they have lost or found on "Lost and Found" lists maintained by the pound or shelter.
- Referrals to animals listed that may be the animals the owner or finders have lost or found.
- The telephone numbers and addresses of other pounds and shelters in the same vicinity.
- Advice as to means of publishing and disseminating information regarding lost animals.
- The telephone numbers and addresses of volunteer groups that may be of assistance in locating lost animals.

Records

The test claim legislation amended Penal Code section 597.1 and added section 32003 to the Food and Agriculture Code to address the maintenance of records.

Penal Code section 597.1, subdivision (d), provides that "[a]n animal control agency that takes possession of an animal pursuant to subdivision (c) [i.e., injured cats and dogs found without their owners and conveyed to a veterinarian to determine if the animal should be euthanized or treated] shall keep records of the whereabouts of the animal from the time of possession to the end of the animal's impoundment, and those records shall be available for inspection by the public upon request for three years after the date the animal's impoundment ended."

Food and Agriculture Code section 32003 requires the maintenance of records on each animal taken up, medically treated, or impounded. That section states the following:

> All public pounds and private shelters shall keep accurate records on each animal taken up, medically treated, or impounded. The records shall include all of the following information and any other information required by the California Veterinary Medical Board:

(a) The date the animal was taken up, medically treated, euthanized, or impounded.

(b) The circumstances under which the animal is taken up, medically treated, euthanized, or impounded.

(c) The names of the personnel who took up, medically treated, euthanized, or impounded the animal.

(d) A description of any medical treatment provided to the animal and the name of the veterinarian of record.

(e) The final disposition of the animal, including the name of the person who euthanized the animal or the name and address of the adopting party. These records shall be maintained for three years after the date the animal's impoundment ends.

The claimant contends that these sections impose new and increased duties. Ms. Bryant, on the other hand, contends that no new records are required. She states that the requirement to keep records was previously required by the Public Records Act and by other areas of California law. Thus, Ms. Bryant contends that Penal Code section 597.1, subdivision (d), and Food and Agriculture Code section 32003 do not impose a new program or higher level of service.

For the reasons described below, the Commission finds that Food and Agriculture Code section 32003 imposes a partial new program or higher level of service.

Before the enactment of the test claim legislation, Penal Code section 597.1, subdivision (d), and Penal Code section 597f, subdivision (c), required animal control agencies to keep records for public inspection indicating the whereabouts of an injured dog or cat conveyed to a veterinarian for a 72-hour period from the time of possession.

In addition, pursuant to the Business and Professions Code and regulations enacted by the California Veterinary Medical Board in 1979, existing law requires all veterinarians to keep a written record of all animals receiving veterinary services. The record shall contain the following information, if available: name, address and phone number of the owner; name and identity of the animal; age, sex and breed of the animal; dates of custody (with the veterinarian); short history of the animal's condition; diagnosis or condition at the beginning of custody; medication and treatment provided; progress and disposition of the case; and surgery log. Such records shall be maintained for a minimum of three years after the last visit.[27]

The Commission agrees that the test claim legislation imposes some of the same record-keeping responsibilities as existing law. For example, the Commission agrees that the requirements imposed by Penal Code section 597.1, subdivision (d), to keep records for three years on the whereabouts of the animal are not new. That section applies to injured cats and dogs that are conveyed to a veterinarian to determine whether the animal should be euthanized

[27] Business and Professions Code section 4855; California Code of Regulations, title 16, division 20, article 4, section 2032.3.

or treated. Although the test claim legislation increased the retention of the records from 72 hours to three years, existing regulations issued by the Veterinary Medical Board already require the maintenance of records describing the dates of custody, progress and disposition of the case for three years. Thus, the Commission finds that Penal Code section 597.1, subdivision (d), does not constitute a new program or higher level of service.

Similarly, the requirement imposed by Food and Agriculture Code section 32003 to maintain records for three years on animals receiving medical treatment by veterinarians is not new since the same requirement was previously imposed by the regulations issued by the Veterinary Medical Board.

However, the requirement imposed by Food and Agriculture Code section 32003 on local agencies to maintain records describing the "taking up" or "impoundment" of an animal is broader than the record keeping requirements imposed on veterinarians in prior law. Moreover, the requirement for local agencies to keep records regarding the euthanasia of an animal was not a requirement imposed in prior law. In this respect, the Commission disagrees with the arguments raised by Ms. Bryant and other commentators that euthanasia is a veterinary procedure and, thus, information regarding the euthanasia of an animal was required to be kept in the veterinarian's records.[28] The Commission finds that euthanasia is not a veterinary procedure since employees of animal control shelters who are *not* veterinarians or registered veterinary technicians are legally allowed to perform the procedure after eight hours of training. The training covers the following topics: history and reasons for euthanasia; humane animal restraint techniques; sodium pentobarbital injection methods and procedures; verification of death; safety training and stress management for personnel; and record keeping and regulation compliance for sodium pentobarbital.[29]

Accordingly, the Commission finds that Food and Agriculture Code section 32003 imposes new requirements on local agencies to maintain records for three years after the date the animal's impoundment ends on animals that are *not medically treated* by a veterinarian, but are either taken up, euthanized after the end of the holding period, or impounded. Such records shall include the following:

- The date the animal was taken up, euthanized, or impounded;
- The circumstances under which the animal is taken up, euthanized, or impounded;
- The names of the personnel who took up, euthanized, or impounded the animal; and
- The final disposition of the animal, including the name of the person who euthanized the animal or the name and address of the adopting party.

The Commission agrees that making these records available to the public complies with the Public Records Act, as argued by Ms. Bryant. "Public records" are defined as any writing containing information relating to the conduct of the public's business that is prepared, owned, used or retained by any state or local agency, regardless of the physical form or characteristic

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[28] Comments filed by Ms. Bryant and comments filed by Lois Newman of The Cat and Dog Rescue Association.

[29] See section 2039 of the Veterinary Medical Board's regulations.

of the writing. Local agencies are required under the Public Records Act to keep public records open for inspection at all times during the office hours of the local agency.[30] However, local agencies would not be compelled to make information on animals that do not receive veterinary services available to the public if the state had not created the requirement to maintain such records.

Accordingly, the Commission finds that the requirement to maintain records for three years on animals that are not medically treated by a veterinarian, but are either taken up, euthanized after the end of the holding period, or impounded constitutes a new program or higher level of service.

Veterinary Care

The claimants contend that the test claim legislation imposes a new program or higher level of service by requiring local agencies to provide veterinary care, which was not required under prior law. The claimants cite Civil Code section 1834.4, Penal Code section 599d, and Food and Agriculture Code section 17005, which expresses the state's policy that no adoptable animal should be euthanized and no treatable animal should be euthanized. All of these sections state the following:

> (a) It is the policy of the state that no adoptable animal should be euthanized if it can be adopted into a suitable home. Adoptable animals include only those animals eight weeks of age or older that, at or subsequent to the time the animal is impounded or otherwise taken into possession, have manifested no sign of a behavioral or temperamental defect that could pose a health or safety risk or otherwise make the animal unsuitable for placement as a pet, and have manifested no sign of disease, injury, or congenital or hereditary condition that adversely affect the animal's health in the future.
>
> (b) It is the policy of the state that no treatable animal should be euthanized. *A treatable animal shall include any animal that is not adoptable but that could become adoptable with reasonable efforts*. This subdivision, by itself, shall not be the basis of liability for damages regarding euthanasia. (Emphasis added.)

The claimants contend that the italicized language quoted above "requires" local agencies to provide reasonable veterinary treatment services in order to make them adoptable.

The claimants also cite Civil Code section 1834, which was amended by the test claim legislation. That section provides that:

> A depositary of living animals *shall* provide the animals with *necessary and prompt veterinary care*, nutrition, and shelter, and treat them kindly. Any depositary that fails to perform these duties may be liable for civil damages as provided by law. (Emphasis added.)

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[30] Government Code section 6253.

Similarly, Civil Code section 1846 was amended by the test claim legislation to provide in part that "[a] gratuitous depositary of a living animal *shall provide the animal with necessary and prompt veterinary care.*" (Emphasis added.)

Ms. Bryant contends that veterinary care does not constitute a new program or higher level of service. She states the following:

> It is important to note that veterinary care is already mandated under Penal Code Sections 597f and 597.1, which require humane officers and animal control officers to 'take possession of [a] stray or abandoned animal and . . . **provide care and treatment** for the animal until the animal is deemed to be in suitable condition to be returned to the owner.' (Penal Code Sec. 597.1(a)) Subsection (b) permits injured or sick animals other than cats or dogs to be killed or impounded and treated. Cats and dogs must be seen by a veterinarian before a determination is made to kill.
>
> Accordingly, the addition of the words 'prompt and necessary veterinary care' to Civil Code Section 1834 does not add to shelters' veterinary care responsibilities because of the pre-existing care provisions of Penal Code Section 597f and 597.1. (Emphasis in original.)

First, the Commission finds that the policy statements found in Civil Code section 1834.4, Penal Code section 599d, and Food and Agriculture Code section 17005 do not impose any requirements on local agencies. They simply describe the state's policy regarding euthanasia. The Commission acknowledges that the word "shall" is used in the sentence, which provides that "a treatable animal *shall* include any animal that is not adoptable but that could become adoptable with reasonable efforts." However, that sentence is merely defining "treatable animals." It is not imposing the requirement to provide veterinary care for animals.

The issue of whether the requirement imposed by Civil Code sections 1834 and 1846 to provide necessary and prompt veterinary care constitutes a new program or higher level of service is more complicated, however.

Before the enactment of the test claim legislation, Penal Code section 597.1 contained a provision requiring local agencies to provide "care and treatment" for the animal until the animal is in a suitable condition to be returned to the owner. The Commission agrees that care and treatment can include necessary veterinary treatment. But, the provisions of Penal Code section 597.1 became operative *only if* the governing body of the local agency determined that it would operate under section 597.1. Penal Code section 597.1 stated in relevant part the following:

> (a) . . . .Any peace officer, humane society officer, or animal control officer shall take possession of the stray or abandoned animal and shall provide *care and treatment* for the animal until the animal is deemed to be in suitable condition to be returned to the owner. . . .
>
> (l) This section *shall be operative* in a public agency or a humane society under the jurisdiction of the public agency, or both, *only if* the governing body of that public agency, by ordinance or resolution, determines that this section shall be

operative in the public agency or the humane society and that Section 597f shall not be operative. (Emphasis added.)[31]

Thus, the Commission finds that local agencies were not required to comply with the provisions of Penal Code section 597.1 before the enactment of the test claim legislation.

Before the test claim legislation was enacted, existing law, through Penal Code section 597f, also required local agencies to "care" for abandoned animals until the animal is redeemed by the owner. Penal Code section 597f further required local agencies to convey all injured dogs and cats to a veterinarian for treatment or euthanization. Local agencies had the option of providing "suitable care" for abandoned animals, other than cats and dogs, until the animal is deemed to be in a suitable condition to be delivered to the owner. Penal Code section 597f states in relevant part the following:

> (a) . . . .And it shall be the duty of any peace officer, officer of the humane society, or officer of a pound or animal regulation department of a public agency, to take possession of the animal so abandoned or neglected and ***care*** for the animal until it is redeemed by the owner or claimant, and the cost of caring for the animal shall be a lien on the animal until the charges are paid. Every sick, disabled, infirm, or crippled animal, except a dog or cat, which shall be abandoned in any city, city and county, or judicial district, may, if after due search no owner can be found therefore, be killed by the officer; and it shall be the duty of all peace officers, an officer of such society, or officer of a pound or animal regulation department of a public agency to cause the animal to be killed on information of such abandonment. The officer may likewise take charge of any animal, including a dog or cat, that by reason of lameness, sickness, feebleness, or neglect, is unfit for the labor it is performing, or that in any other manner is being cruelly treated; and if the animal is not then in the custody of its owner, the officer shall give notice thereof to the owner, if known, *and **may provide suitable care** for the animal until it is deemed to be in a suitable condition to be delivered to the owner*, and any necessary expenses which may be incurred for taking care of and keeping the animal shall be a lien thereon, to be paid before the animal can be lawfully recovered.
>
> (b) It *shall* be the duty of all officers of pounds or humane societies, and animal regulation departments of public agencies to convey, and for police and sheriff departments, to cause to be *conveyed all **injured cats and dogs** found without their owners in a public place directly to a veterinarian* known by the officer or agency to be a veterinarian that ordinarily treats dogs and cats for a determination of whether the animal shall be immediately and humanely destroyed or shall be hospitalized under proper care and given emergency treatment. . . . (Emphasis added.)

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[31] The Commission notes that the test claim legislation deleted subdivision (l) from Penal Code section 597.1 to codify the court's decision in *Carrera* v. *Bertaini* (1976) 63 Cal.App.3d 721. There, the court held that making optional the provisions on post-seizure hearings in Penal Code section 597.1 was unconstitutional. Thus, with the deletion of subdivision (l), post-seizure hearings are now required.

Based on the language of section 597f, the Commission finds that local agencies had a pre-existing duty to obtain necessary veterinary care for injured cats and dogs. Thus, the Commission finds that providing "necessary and prompt veterinary care" for injured cats and dogs given emergency treatment, as required by Civil Code sections 1834 and 1846, does *not* constitute a new program or higher level of service.

However, the Commission finds that the requirement to provide "prompt and necessary veterinary care" for abandoned animals, other than injured cats and dogs given emergency treatment, is new. The Commission acknowledges that Penal Code section 597f requires local agencies to provide "care" to other animals. The word "care" is not defined by the Legislature. Nevertheless, for the reasons stated below, the Commission finds that the word "care" in section 597f does *not* include veterinary treatment.

The courts have determined that if a statute on a particular subject contains a particular word or provision, and another statute concerning the same or related subject omits that word or provision, then a different intention is indicated.[32]

Penal Code section 597f requires local agencies to "care" for the animal until it is redeemed by the owner. That section was originally added by the Legislature in 1905, and was last amended in 1989. In 1991, the Legislature added Penal Code section 597.1. That section provides that local agencies shall provide "care *and treatment*" for the animal until it is redeemed by the owner. As indicated above, "care and treatment" can include veterinary care and treatment. However, since the Legislature did *not* use the word "treatment" in Penal Code section 597f like it did in Penal Code section 597.1, the Commission finds that the Legislature did not intend Penal Code section 597f to require local agencies to treat or provide "prompt and necessary veterinary care" to these other abandoned animals.

Accordingly, the Commission finds that providing prompt and necessary veterinary care for abandoned animals, other than injured cats and dogs given emergency treatment, as required by Civil Code sections 1834 and 1846, is new and, thus, imposes a new program or higher level of service.[33]

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[32] Volume 58, Cal. Jur., sections 127 and 172; *Kaiser Steel Corp.* v. *County of Solano* (1979) 90 Cal.App.3d 662.

[33] Interested party, County of San Diego, contends that the test claim legislation constitutes a new program or higher level of service by "providing veterinary care for stray or abandoned animals found and delivered by any person (other than a peace officer, humane society officer, or animal control officer) to a public animal shelter, that are ultimately euthanized." The County of San Diego contends that Penal Code sections 597f and 597.1, when read in context, only apply when animals are seized by specified officers in the field and do not apply when other individuals find such animals.

The Commission disagrees with this interpretation. Penal Code section 597f, subdivision (a), states that "it shall be the duty of any peace officer, officer of the humane society, or officer of a pound or animal regulation department of a public agency, to take possession of the animal so abandoned or neglected and care for the animal until it is redeemed by the owner. . . ." While section 597f does apply to seized animals, it does not limit the requirement to care for the animal to only those animals that are seized by an officer. The duty to care for the animal is imposed on the "animal regulation department of a public agency" once the animal comes into their possession.

Construction of New Buildings

Finally, the claimants' are requesting reimbursement for the construction of cat housing, isolation/treatment facilities, and additional kennel buildings in order to comply with the test claim legislation. The Department of Finance and other commentators contend that this request is suspect.

The Commission notes that the test claim legislation does *not* expressly require or mandate local agencies to construct new buildings. However, the Commission's regulations allow reimbursement for the most reasonable methods of complying with the activities determined by the Commission to constitute reimbursable state mandated activities under article XIII B, section 6 of the California Constitution.[34] Therefore, in order for the claimants to be entitled to reimbursement for construction of new buildings, the claimants will have to show at the parameters and guidelines phase that construction of new buildings occurred as a direct result of the mandated activities and was the most reasonable method of complying with the mandated activities.

Issue 3: Does the test claim legislation impose "costs mandated by the state" within the meaning of Government Code sections 17514 and 17556?

As indicated above, the Commission finds that the test claim legislation constitutes a new program or higher level of service for the following activities:

- Providing care and maintenance for impounded dogs and cats for the increased holding period established by the test claim legislation (measured by calculating the difference between three days from the day of capture, and four business days from the day after impoundment, as specified in the third bullet below, or six business days from the day after impoundment);
- Providing care and maintenance for impounded rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, or tortoises legally allowed as personal property during the increased holding period established by the test claim legislation (measured by calculating the difference between three days from the day of capture, and four business days from the day after impoundment, as specified in the third bullet below, or six business days from the day after impoundment);
- For impounded dogs, cats, and other specified animals that are held for four business days after the day of impoundment, either;

  (a) Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or

  (b) For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed;

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[34] Title 2, California Code of Regulations, section 1183.1, subdivision (a)(4).

- Requiring the release of the impounded animal to a nonprofit animal rescue or adoption organization upon request prior to the euthanization of the animal;
- Verifying whether a cat is feral or tame by using a standardized protocol;
- Posting lost and found lists;
- Maintaining records on animals that are not medically treated by a veterinarian, but are either taken up, euthanized after the holding period, or impounded; and
- Providing prompt and necessary veterinary care for abandoned animals, other than injured cats and dogs that receive emergency treatment.

The Commission continues its inquiry to determine if these activities impose "costs mandated by the state."

Increased Holding Periods/ Release to Nonprofit Rescue or Adoption Organization/ Veterinary Care for Animals Other Than Cats and Dogs

The claimants contend that the longer holding periods established by the test claim legislation for impounded and owner-relinquished animals, and the veterinary care result in increased costs mandated by the state. The claimant acknowledges that, in addition to a spay or neuter deposit, the test claim legislation authorizes the local agency to assess a fee, not to exceed the standard adoption fee, for animals released to an adoption organization. However, the claimants argue that the fee authority is not sufficient to cover the "substantial new costs."

Both the Department of Finance and Ms. Bryant, citing Government Code section 17556, subdivisions (d) and (e), contend that the test claim legislation does not impose "costs mandated by the state" since the legislation authorizes local agencies to assess fees sufficient to pay for the mandated program and that the legislation has no net negative financial impact on local government. Ms. Bryant states the test claim legislation includes a number of cost saving measures such as (a) turning over shelter animals to qualified nonprofit animal rescue and adoption groups, which saves the costs of killing and carcass disposal and brings in adoption revenues paid by the nonprofit groups; (b) waiting before automatically killing owner-relinquished pets so that they can be reunited with their real owner or adopted by a new owner or nonprofit group - - thereby bringing in revenues and saving the expense of killing and disposing of the bodies; (c) providing for lost/found listings and other information to aid owners of lost pets, which obviates the need for many animals to enter the shelters at all; (d) enabling shelters to collect freely offered rewards for the return of lost pets; and (e) creating more legal avenues for dealing with anti-cruelty statute enforcement. The Department of Finance and Ms. Bryant further contend that the costs of impoundment must be passed on to the owners under the existing authority of Penal Code sections 597f and 597.1 and Government Code section 25802.

Government Code section 17514 defines "costs mandated by the state" as *any increased cost* a local agency is required to incur as a result of a statute that mandates a new program or higher level of service.

Government Code section 17556 lists seven exceptions to reimbursement, two of which are pertinent here. That section states that the Commission shall not find "costs mandated by the state" if the Commission finds that:

- The local agency has the authority to levy service charges, fees or assessments sufficient to pay for the mandated program or increased level of service (Gov. Code, § 17556, subd. (d)); or
- The statute provides for offsetting savings to local agencies which result in no net costs to the local agencies, or includes additional revenue that was specifically intended to fund the costs of the state mandate in an amount sufficient to fund the cost of the state mandate (Gov. Code, § 17556, subd. (e)).

Government Code section 17556, subdivisions (d) and (e), are analyzed below.

Fee Authority – Government Code Section 17556, Subdivision (d). Government Code section 17556, subdivision (d), provides that there shall be no costs mandated by the state if the local agency has the authority to levy service charges, fees, or assessments sufficient to pay for the mandated program.

In the present case, local agencies do have the authority, under certain circumstances, to assess fees upon the owner of an impounded animal for the care and maintenance of the animal. For example, pursuant to Civil Code section 2080, any public agency that takes possession of an animal has the authority to charge the owner, *if known*, a reasonable charge for saving and taking care of the animal.

Similarly, Penal Code sections 597f and 597.1 also allow local agencies to pass on the costs of caring for abandoned or seized animals to their owners by providing that "the cost of caring for the animal shall be a lien on the animal until the charges are paid."

Moreover, Penal Code section 597f allows the cost of hospital and emergency veterinary services provided for impounded animals to be passed on to the owner, if known.[35]

The fee authority granted under the foregoing authorities applies only if the owner is known. Thus, local agencies have the authority to assess a fee to care and provide treatment for animals relinquished by their owners pursuant to Food and Agriculture Code section 31754. Local agencies also have the authority to assess a fee for the care and treatment of impounded animals that are ultimately redeemed by their owners. Under such circumstances, the Commission finds that the fee authority is sufficient to cover the increased costs to care,

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[35] Penal Code section 597f also allows the cost of such veterinary services to be *partially* paid pursuant to Food and Agriculture Code section 30652, which provides the following: "All fees for the issuance of dog license tags and all fines collected pursuant to this division shall be paid into the county, city, or city and county treasury, as the case may be, and shall be used: (a) First, to pay fees for the issuance of dog license tags; (b) Second, to pay fees, salaries, costs, expenses, or any or all of them for the enforcement of this division and all ordinances which are made pursuant to this division; (c) Third, to pay damages to owners of livestock which are killed by dogs; (d) Fourth, to pay costs of any *hospitalization or emergency care of animals pursuant to Section 597f of the Penal Code*. (Emphasis added.) The monies collected for licenses and fines can be identified as an offset in the Parameters and Guidelines.

maintain, and provide necessary veterinary treatment for the animal during the required holding period since the "cost of caring" for the animal can be passed on to the owner.

Accordingly, pursuant to Government Code section 17556, subdivision (d), the Commission finds that there are no costs mandated by the state for the care, maintenance and necessary veterinary treatment of animals relinquished by their owners or redeemed by their owners during the required holding period.

The Commission further finds that there are no costs mandated by the state under Government Code section 17556, subdivision (d), for the care, maintenance, and treatment of impounded animals that are ultimately adopted by a new owner; for the care, maintenance, and treatment of impounded animals that are requested by a nonprofit animal rescue or adoption organization; or for the administrative activities associated with releasing the animal to such organizations.

The test claim legislation gives local agencies the authority to assess a standard adoption fee, in addition to any spay or neuter deposit, upon nonprofit animal rescue or adoption organizations that request the impounded animal prior to the scheduled euthanization of the animal.[36]

The claimant contends that the "standard adoption fee" is not sufficient to cover the costs for animals adopted or released to nonprofit animal rescue or adoption organizations. However, based on the evidence presented to date, the Commission finds that local agencies are not prohibited by statute from including in their "standard adoption fee" the costs associated with caring for and treating impounded animals that are ultimately adopted by a new owner or released to nonprofit animal rescue or adoption organizations, and the associated administrative costs. Rather, local agencies are only prohibited from charging nonprofit animal rescue or adoption organizations a higher fee than the amount charged to individuals seeking to adopt an animal.

However, the fees recovered by local agencies under the foregoing authorities do *not* reimburse local agencies for the care and maintenance of stray or abandoned animals, or the veterinary treatment of stray or abandoned animals (other than cats and dogs) during the holding period required by the test claim legislation when:

- The owner is unknown;
- The animal is not adopted or redeemed; or
- The animal is not released to a nonprofit animal rescue or adoption organization.

Thus, the fee authority is not sufficient to cover the increased costs for care, maintenance, and treatment during the required holding period for those animals that are ultimately euthanized. Under such circumstances, the Commission finds that that Government Code section 17556, subdivision (d), does not apply to deny this claim. Rather, local agencies may incur increased costs mandated by the state to care for these animals during the required holding period.

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[36] See Food and Agriculture Code sections 31108 (dogs), 31752 (cats), 31752.5 (feral cats), 31753 (other animals), and 31754 (owner-relinquished animals).

Offsetting Savings or Additional Revenue – Government Code Section 17556, Subdivision (e). Government Code section 17556, subdivision (e), states that the Commission shall not find costs mandated by the state if:

- The *test claim statute* provides for offsetting savings to local agencies which result in no net costs to the local agencies, or
- The *test claim statute* includes additional revenue that was specifically intended to fund the costs of the state mandate in an amount sufficient to fund the cost of the state mandate.

As indicated above, the Department of Finance and Ms. Bryant contend that Government Code section 17556, subdivision (e), applies to this claim since the legislation has no net negative financial impact on local government and includes a number of cost saving measures.

Additionally, the San Francisco SPCA contends that the test claim legislation is cost-effective and can be accomplished on a revenue-neutral or revenue-positive basis without expenditures for new facilities or increased space.

The Commission agrees that one of the purposes of the test claim legislation was to reduce the cost of euthanasia. The Legislature expressly declared in Section 1 of the test claim legislation that the "redemption of owned pets and adoption of lost or stray adoptable animals is preferable to incurring social and economic costs of euthanasia." To reduce the rate of killing, the Legislature made it easier for owners to redeem their pets by establishing longer holding periods, mandatory record-keeping, and lost and found lists.

In this respect, both the Department of Finance and Ms. Bryant describe a hypothetical situation showing the projected cost savings to a local agency when complying with the test claim legislation. The Commission recognizes that if complying with the test claim legislation really does result in cost savings, then local agencies will not be filing claims for reimbursement with the State Controller's Office. Government Code section 17514 only authorizes reimbursement by the state for the *increased* costs in complying with the mandate. The Commission notes that the claimants and several other commentators have filed declarations stating that local agencies have incurred increased costs as a result of the test claim legislation.

But, with regard to the legal issue of whether Government Code section 17556, subdivision (e), applies to this test claim, the only provision *in the test claim legislation* that provides for offsetting savings for the care and maintenance of the animal during the required holding period is the authorization to accept advertised rewards or rewards freely offered by the owner of the animal.[37] Rewards are not offered in every case, however. In addition, the rewards do not reimburse local agencies for the care and maintenance of a stray or abandoned animal when the owner cannot be found.

Thus, the Commission finds that there is no evidence that the test claim legislation provides for offsetting savings that result in *no* net costs to local agencies.

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[37] Civil Code section 1845.

Moreover, the test claim legislation does not include additional revenue specifically intended to fund the costs of the mandate.

Accordingly, the Commission finds that Government Code section 17556, subdivision (e), does not apply to this claim.

Feral Cats, Lost and Found Lists, Maintaining Records

The Commission finds that none of the exceptions to reimbursement in Government Code section 17556 apply to deny this test claim with respect to the activities listed below. In this regard, the Commission finds that local agencies may incur increased costs mandated by the state pursuant to Government Code section 17514:

- For impounded dogs, cats, and other specified animals that are held for four business days after the day of impoundment, to either:

  (1) Make the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or

  (2) For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establish a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed (Food & Agr., Code §§ 31108, 31752, and 31753);

- To verify whether a cat is feral or tame by using a standardized protocol (Food & Agr. Code, § 31752.5);

- To post lost and found lists (Food & Agr. Code, § 32001); and

- To maintain records on animals that are not medically treated by a veterinarian, but are either taken up, euthanized after the holding period, or impounded (Food & Agr. Code, § 32003).

Issue 4: Do the activities imposed by Penal Code section 597.1, relating to the seizure of animals, constitute a reimbursable state mandated program pursuant to article XIII B, section 6 of the California Constitution and Government Code section 17514?

At the hearing on October 26, 2000, interested party, the County of San Diego, testified that the activities required by Penal Code section 597.1, relating to the seizure of animals, constitutes a reimbursable state mandated program. The claimants did not request reimbursement for such activities.

However, on November 9, 2000, the claimants submitted a "Review of Transcript and Proposed Recommendation" requesting that the Commission's decision incorporate the County of San Diego request. Specifically, the claimants are requesting that the Commission find that the activities listed below constitute reimbursable state mandated activities, and that the Commission adopt the following language in the statement of decision:

> For dogs, cats and other animals seized pursuant to Penal Code Section [PC] 597.1:

A. Conducting pre-seizure hearings [PC 597.1(g)],

B. Conducting post-seizure hearings [PC 597.1(f)], in those cases where it is determined the seizure was justified,

C. Providing care, maintenance, and required veterinary treatment, except for emergency treatment of injured dogs and cats, during the new segment of the 14 day holding period, if not paid for by the animals' owner or on the owner's behalf [PC 597.1(h)], or, if required veterinary care is not provided by the owner and the animal is deemed to be abandoned [PC 597.1(i)].

For the reasons stated below, the Commission disagrees with the claimants and interested parties, and finds that the activities listed above do not constitute reimbursable state mandated activities pursuant to article XIII B, section 6 of the California Constitution and Government Code
section 17514.

Pre-Seizure and Post-Seizure Hearings

Before the test claim legislation was enacted, Penal Code section 597.1 made it a misdemeanor to permit an animal to be in any building, street, or lot without proper care and attention. In cases where the local agency determined that prompt action was required to protect the health and safety of the animal or others, the local agency was authorized to immediately seize the animal. Under such circumstances, subdivision (f) required that the local agency provide the owner, if known, with the opportunity for a post-seizure hearing before the commencement of the criminal proceeding to determine the validity of the seizure.

In cases where the immediate seizure was not justified, the local agency was required by subdivision (g) to provide the owner, if known, with the opportunity of a pre-seizure hearing. In such cases, the owner was required to produce the animal at the time of the hearing, unless the owner made arrangements with the local agency to view the animal, or unless the owner could provide verification that the animal was euthanized. The purpose of the hearing was to determine if the animal should be seized for care and treatment.

Although, in prior law, subdivisions (f) and (g) contained language requiring agencies to conduct pre-seizure and post-seizure hearings, the provisions of Penal Code section 597.1, including subdivisions (f) and (g), became operative *only if* the governing body of the local agency determined that it would operate under section 597.1. Former Penal Code section 597.1, subdivision (l), stated the following:

> (l) This section shall be operative in a public agency or a humane society under the jurisdiction of the public agency, or both, only if the governing body of that public agency, by ordinance or resolution, determines that this section shall be operative in the public agency or the humane society and that Section 597f shall not be operative.

Thus, before the test claim legislation was enacted, adherence to Penal Code section 597.1 was optional.

The test claim legislation deleted subdivision (l). With the deletion of subdivision (l), pre-seizure and post-seizure hearings are now required.

Nevertheless, for the reasons provided below, the Commission finds the requirement to conduct either a pre-seizure or post-seizure hearing does *not* constitute a new program or higher level of service, and does not impose costs mandated by the state.

In 1976, the California Court of Appeal determined, in the case of *Carrera v. Bertaini,*[38] that pre-seizure and post-seizure hearings are constitutionally required pursuant to Fourteenth Amendment, Due Process Clause, of the United States Constitution. In *Carrera*, the petitioner's farm animals were seized and impounded for running at large and the owner was charged with cruelty and neglect. The seizure immediately resulted in petitioner incurring several hundred dollars in fees and costs that had to be paid before she could get possession of her animals. Petitioner was not given the opportunity under either a pre-seizure or post-seizure hearing to determine if the seizure was valid. Instead, by the time she was able to institute a lawsuit and obtain a court hearing, six weeks after the seizure, the fees increased to over $2,500. The court found that the county's procedures violated the Due Process Clause and recognized that where the government takes a person's property, the Due Process Clause requires some form of notice and hearing. The court stated the following:

> As a matter of basic fairness, to avoid the incurrence of unnecessary expenses appellant was entitled to a hearing *before* her animals were seized or, if the circumstances justified a seizure without notice and a hearing, she was entitled to a *prompt hearing after* the animals were seized. Manifestly, the hearing in the superior court six weeks after the seizure cannot be said to satisfy appellant's due process rights.[39] (Emphasis added.)

Since pre-seizure and post-seizure hearings were *previously required* by the United States Constitution, these same activities imposed by Penal Code section 597.1 do not constitute a new program or higher level of service.

Moreover, the requirement to conduct pre-seizure and post-seizure hearings does not impose costs mandated by the state. Government Code section 17556, subdivision (b), provides that the Commission shall not find costs mandated by the state when "the statute or executive order affirmed for the state that which had been declared existing law or regulation by action of the courts." The Commission finds that Government Code section 17556, subdivision (b), applies here since before the enactment of the test claim legislation, the court in *Carrera* declared that existing law, through the Due Process Clause of the United States Constitution, required local agencies to conduct pre-seizure and post-seizure hearings when animals are seized. Moreover, bill analyses of the test claim legislation reveal that the amendment to Penal Code section 597.1 was intended to codify the court's decision in *Carrera*.

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[38] *Carrera v. Bertaini* (1976) 63 Cal.App.3d 721.

[39] *Id.* at 729.

Accordingly, the Commission finds that the requirement imposed by Penal Code section 597.1 to conduct pre-seizure and post-seizure hearings does not constitute a reimbursable state mandated activity pursuant to article XIII B, section 6 of the California Constitution and Government Code section 17514.

Holding Period for Seized Animals

The claimants and interested parties also request reimbursement for the following activities as a result of the 14-day holding period for seized animals:

> Providing care, maintenance, and required veterinary treatment, except for emergency treatment of injured dogs and cats, during the new segment of the 14 day holding period, if not paid for by the animals' owner or on the owner's behalf [PC 597.1(h)], or, if required veterinary care is not provided by the owner and the animal is deemed to be abandoned [PC 597.1(i)].

The Commission disagrees with the claimants' request.

Penal Code section 597.1, subdivisions (h), provides that if an animal is properly seized, the owner shall be personally liable to the local agency for the cost of the seizure and care of the animal. The owner has 14 days after the animal was seized to pay the charges and redeem the animal. The charges constitute a lien on the animal. If the owner does not pay the charges permitted under section 597.1, then the animal shall be deemed an abandoned animal and may be disposed of by the local agency.

Penal Code section 597.1, subdivision (i), further provides that if the seized animal requires veterinary care and the local agency is not assured, within 14 days of the seizure of the animal, that the owner will provide the necessary care, the animal is deemed abandoned and may be disposed of by the local agency.

The 14-day holding period does *not* apply if it has been determined that the seized animal incurred severe injuries, is incurably crippled, or is afflicted with a serious contagious disease and the owner does not immediately authorize treatment of the animal at the expense of the owner. In such cases, the seized animal may be euthanized without regard to the holding period. (Pen. Code, § 597.1, subd. (i).)

Furthermore, the Commission finds that the 14-day holding period does *not* apply when the owner is truly unknown. Under such circumstances, the animal may be euthanized if sick or injured without regard to the 14-day holding period, or is deemed an abandoned or stray animal requiring the local agency to comply with the four or six day holding period established for dogs, cats, and other animals in Food and Agriculture Code sections 31108, 31752, and 31753. For example, Penal Code section 597.1, subdivision (b), provides that "every sick, disabled, infirm, or crippled animal, except a dog or cat, that is abandoned in any city, county, city and county, or judicial district may be killed by the officer if, after a reasonable search, no owner of the animal can be found." Subdivision (b) further provides that the local agency has the duty to cause the animal to be euthanized or rehabilitated and placed in a suitable home on information that the animal is stray or abandoned. Moreover, subdivision (c) requires that all injured dogs and cats be conveyed to a veterinarian. If the owner does not redeem the injured

dog or cat "within the locally prescribed waiting period," the veterinarian may euthanize the animal.

When the 14-day holding period does apply, the Commission agrees that it constitutes a new program or higher level of service. Before the enactment of the test claim legislation, Penal Code section 597f required local agencies to take possession of animals that were abandoned, neglected, unfit for labor, or cruelly treated, and care for the animal until it is redeemed by the owner.

The Commission finds that prior law established in Penal Code section 597f implies *some* holding period for seized animals to allow the owner to redeem the animal after payment of expenses. However, there was *no prior state or federal law* mandating local agencies to hold seized animals for any specified time period. With the enactment of the test claim legislation, which deleted subdivision (l) of section 597.1 making its provisions mandatory, the state is now requiring local agencies, for the first time, to hold seized animals for 14 days before the animal may be disposed of by the local agency.

Thus, the Commission finds that providing care and maintenance for seized animals during the 14-day holding period constitutes a new program or higher level of service.

The Commission also finds the providing treatment for seized animals during the 14-day holding period, constitutes a new program or higher level of service. Penal Code section 597.1, subdivision (a), states that "any peace officer, humane society officer, or animal control officer shall take possession of the stray or abandoned animal and shall provide care *and treatment* for the animal until it is deemed in suitable condition to be returned to the owner." Subdivisions (f) and (g) of section 597.1 also require that the due process notice given to owners of seized animals contain a statement that the owner is liable for the cost of caring for *and treating* the seized animal. Thus, necessary treatment is required during this time period.

But, the Commission finds that there are *no* costs mandated by the state associated with the 14-day holding period.

Government Code section 17556, subdivision (d), provides that the Commission shall not find costs mandated by the state when the local agency has the authority to levy service charges, fees or assessments sufficient to pay for the mandated program or increased level of service.

The Commission finds that Government Code section 17556, subdivision (d), applies here. Penal Code section 597.1 authorizes the local agency to pass on the costs of the seizure and care, including veterinary care, of the animal to the owner when the seizure is upheld at the due process hearing. The charges become a lien on the animal until paid. If the owner pays all costs associated with the seizure of the animal, then the owner can redeem the animal and the local agency's costs are fully recovered. (Pen. Code, § 597.1, subd. (a).) Under such circumstances, there are no costs mandated by the state.

Even in situations where the owner abandons the seized animal, and fails or refuses to pay the costs of the seizure and care during the 14-day holding period, the local agency still has the authority to recover their costs in full from the owner. Under such circumstances, the owner becomes personally liable for the charges. For example, subdivisions (f) and (g) of section 597.1 provide that the owner's failure to request or attend the due process hearing "shall result

in liability" for the cost of caring for and treating any animal properly seized. Moreover, once the owner is found guilty of a misdemeanor under section 597.1, the costs of caring for and treating the animal become restitution to be paid by the owner to the local agency. Thus, even if the owner abandons the animal, liability for the costs of care and treatment during the 14-day holding period follow the owner and are collectible by the local agency.

The Commission further finds that Government Code section 17556, subdivision (d), applies to deny reimbursement for the costs incurred as a result of the 14-day holding period when the local agency is not able to collect the full amount of the charges from the owner. In *Santa Margarita Water District* v. *Kathleen Connell, as State Controller*[40] the court rejected the interpretation that authority to levy fees sufficient to cover costs under Government Code section 17556, subdivision (d), turns on economic feasibility. Rather, the court held that the plain language of subdivision (d) precludes reimbursement where the local agency has the authority, the right or the power to levy fees sufficient to cover the costs of the state-mandated program. The court stated the following:

> The Districts in effect ask us to construe 'authority,' as used in the statute, as a practical ability in light of surrounding economic circumstances. However, this construction cannot be reconciled with the plain language of the statute and would create a vague standard not capable of reasonable adjudication. Had the Legislature wanted to adopt the position advanced by the Districts, it would have used "reasonable ability' in the statute rather than "authority".[41]

Accordingly, the Commission finds that the 14-day holding period established under Penal Code
section 597.1 does not constitute a reimbursable state mandated program within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514.

CONCLUSION

The Commission concludes that the test claim legislation imposes a partial reimbursable state mandated program on local agencies pursuant to article XIII B, section 6 of the California Constitution and Government Code section 17514 for the *increased costs* in performing the following activities:

1. Providing care and maintenance during the increased holding period for impounded dogs and cats that are ultimately euthanized. The increased holding period shall be measured by calculating the difference between three days from the day of capture, and four business days from the day after impoundment, as specified below in 3(a) and 3(b), or six business days from the day after impoundment (Food & Agr. Code, §§ 31108, 31752);

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[40] (1997) 59 Cal.App.4th 382.

[41] *Id.* pg. 401

2. Providing care and maintenance for four business days from the day after impoundment, as specified below in 3(a) and 3(b), or six business days from the day after impoundment, for impounded rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, or tortoises legally allowed as personal property that are ultimately euthanized (Food & Agr. Code, § 31753);

3. For impounded dogs, cats, and other specified animals that are held for four business days after the day of impoundment, either:

   (a) Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or

   (b) For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed (Food & Agr., Code §§ 31108, 31752, and 31753);

4. Verifying whether a cat is feral or tame by using a standardized protocol (Food & Agr. Code, § 31752.5);

5. Posting lost and found lists (Food & Agr. Code, § 32001);

6. Maintaining records on animals that are not medically treated by a veterinarian, but are either taken up, euthanized after the holding period, or impounded (Food & Agr. Code, § 32003); and

7. Providing "necessary and prompt veterinary care" for abandoned animals, other than injured cats and dogs given emergency treatment, that are ultimately euthanized (Civ. Code, §§ 1834 and 1846).

The Commission also concludes that all other statutes included in the test claim legislation that are not listed above do not impose a reimbursable state mandated program within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514.

The Commission further concludes that several statutes outside the test claim legislation that provide local agencies with revenues to offset the costs of the mandated program should be included in the Parameters and Guidelines as offsetting savings to the extent they are collected and received by the local agency. For example, local agencies have the authority to attribute part of the fees collected from owners for dog license tags and fines to pay salaries, costs, and expenses for the enforcement of animal control and emergency care of impounded animals. (Food & Agr. Code, § 30652; Pen. Code, § 597f.) Local agencies also have the authority to use a portion of the unclaimed spay and neuter deposits and fines collected for not complying with spay and neuter requirements to the administrative costs incurred by a local agency. (Food & Agr. Code, §§ 30520 et seq., and 31751 et seq.)[42] Finally, local agencies have the

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[42] The Commission recognizes that as of January 1, 2000, dogs and cats are required to be spayed or neutered before they are adopted or released. (Food & Ag. Code, §§ 30503 and 31751.3.) Thus, local agencies stopped collecting spay/neuter deposits for cats and dogs as of January 1, 2000. (See comments from County of Fresno.) The reimbursement period for this test claim will begin January 1, 1999. Accordingly, the Commission concludes

authority to use the fines imposed and collected from owners of impounded animals to pay for the expenses of operation and maintenance of the public pound and for the compensation of the poundkeeper. (Gov. Code, § 25802.)

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that the spay/neuter deposits collected by local agencies for cats and dogs from January 1, 1999 to January 1, 2000, be identified as an offset.

Tab 4

TIME-STUDY GUIDELINES

BACKGROUND

A reasonable reimbursement methodology, which meets certain conditions specified in Government Code section 17518.5, subdivision (a), can be used as a "formula for reimbursing local agency and school district costs mandated by the state."

Two methods are acceptable for documenting employee time charged to mandated cost programs: Actual Time Reporting and Time Study. These methods are described below. Application of time study results is restricted. As explained in the Time Study Results section below, the results may be projected forward a maximum of two years or applied retroactively to initial claims, current-year claims, and late-filed claims, provided certain criteria are met.

Actual Time Reporting

Each program's parameters and guidelines define reimbursable activities for the mandated cost program. (Some parameters and guidelines refer to reimbursable activities as *reimbursable components*.) When employees work on multiple activities and/or programs, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation that meets the following standards (which clarify documentation requirements discussed in the Reimbursable Activities section of recent parameters and guidelines):

- They must reflect an after-the-fact (contemporaneous) distribution of the actual activity of each employee;
- They must account for the total activity for which each employee is compensated;
- They must be prepared at least monthly and must coincide with one or more pay periods; and
- They must be signed by the employee.

Budget estimates or other distribution percentages determined before services are performed do not qualify as support for actual time reporting.

Time Study

In certain cases, a time study may be used as a substitute for continuous records of actual time spent on multiple activities and/or programs. A time study can be used for an activity when the task is repetitive in nature. Activities that require varying levels of effort are not appropriate for time studies.

TIME STUDY PLAN

Claimant must develop a time study plan before a time study is conducted. The claimant must retain the time study plan for audit purposes. The plan must identify the following:

- Time period(s) to be studied - the plan must show that all time periods selected are representative of the fiscal year and that the results can be reasonably projected to approximate actual costs.

- Activities and/or programs to be studied - for each mandated program included, the time study must separately identify each reimbursable activity defined in the mandated program's parameters and guidelines, which are derived from the program's statement of decision. If a reimbursable activity in the parameters and guidelines identifies separate and distinct sub-activities, these sub-activities also must be treated as individual activities.

  For example, sub-activities (a), (b), and (c) under reimbursable activity (B)(1) of the local agency's Domestic Violence Treatment Services: Authorization and Case Management Program, relate to information to be discussed during victim notification by the probation department and therefore are not separate and distinct activities. It is not necessary to separately study these sub-activities.

- Process used to accomplish each reimbursable activity - use flowcharts or similar analytical tools and/or written desk procedures to describe the process followed to complete each activity.

- Employee universe - the employee universe used in the time study must include all positions whose salaries and wages are to be allocated by means of the time study.

- Employee sample selection methodology - the plan must show that employees selected are representative of the employee universe and that the results can be reasonably projected to approximate actual costs. In addition, the employee sample size should be proportional to the variation in time spent to perform a task. The sample size should be larger for tasks with significant time variations.

- Time increments to be recorded - the time increments used should be sufficient to recognize the number of different activities performed and the dynamics of these responsibilities. Very large increments (such as one hour or more) can be used for employees performing only a few functions that change very slowly over time. Small increments (a number of minutes) can be used for employees performing more short-term tasks.

Random-moment sampling is not an acceptable alternative to continuous time records for mandated cost claims. Random-moment sampling techniques are most applicable in situations where employees perform many different types of activities on a variety of programs with small time increments throughout the fiscal year.

TIME STUDY DOCUMENTATION

Time studies must:

- Be supported by time records that are completed contemporaneously;
- Report activity on a daily basis;
- Be sufficiently detailed to reflect all mandated activities and/or programs performed during a specific time period; and
- Coincide with one or more pay periods.

Time records must be signed by the employee and be supported by documentation that validates that the work was actually performed. As with actual time reporting, budget estimates or other distribution percentages determined before services are performed do not qualify as valid time studies.

TIME STUDY RESULTS

Claimants must summarize time study results to show how the time study supports the costs claimed for each activity. Any variations from the procedures identified in the original time study plan must be documented and explained. Current-year costs must be used to prepare a time study. Claimants may project time study results to no more than two subsequent fiscal years. A claimant also may apply time study results retroactively to initial claims, current-year claims, and late-filed claims.

When projecting time study results, the claimant must certify that no significant changes have occurred between years in either (1) the requirements of each mandated program activity; or (2) the processes and procedures used to accomplish the activity. For all years, the claimant must maintain documentation that shows that the mandated activity was actually performed. Time study results used to support claims are subject to the record-keeping requirements for those claims.

Tab 5

RE: Entrance Meeting Follow-up

Tuesday, July 14, 2015 8:11 AM

Subject	**RE: Entrance Meeting Follow-up**
From	Gina Schwin-Whiteside
To	Arghestani, Amy; Kofi Antobam
Cc	Adriana Atteberry
Sent	Monday, July 13, 2015 5:04 PM

Good Afternoon:

Thank you for the follow-up email. I will be working on this list, this week. Tomorrow, I will be out of the office in the morning but back later in the afternoon. I will keep you posted on our progress.

Regards,

Gina

Gina Schwin-Whiteside
Town of Apple Valley
Animal Services Department Manager
760-240-7000 Ext. 7061
760-247-6487 (Fax)

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From: AArghestani@sco.ca.gov [mailto:AArghestani@sco.ca.gov]
Sent: Monday, July 13, 2015 11:43 AM
To: Kofi Antobam
Cc: Gina Schwin-Whiteside
Subject: Entrance Meeting Follow-up

Good morning Kofi,

Thank you again for meeting with us Tuesday of last week. I feel we made good progress on getting things started.

We also worked with Gina Tuesday through Thursday last week and she was able to provide us with many of the items that we needed. I wanted to touch base with you and Gina today to summarize what information is still outstanding. Please keep in mind that as we analyze the information we collected from our visit, we may be contacting you for additional documentation.

To date, the following is needed:

Time Studies

- Time study plans compiled for the following components: lost-and-found lists, maintaining non-medical records, and necessary and prompt veterinary care (1 study for the initial physical exam,

and 1 study for the administration of the wellness vaccines)
- We left Gina with a copy of the SCO's time study guidelines, and Gina will forward the time study plans to us for review prior to initiating the studies
- Time studies initiated and carried out

Animal Census Data

- Animal Census Data for each fiscal year under audit in Microsoft Excel or Access files sorted by either intake or outcome date (all years should be consistent). Note: before leaving Thursday afternoon, Gina had received the data in Microsoft Excel format from IT. She will either be emailing the data to us or copying it to a CD/memory stick and mailing to us.

Feral Cat Testing

- The shelter no longer tests for feral cats; therefore, a time study cannot be performed for this reimbursable activity. However, during our visit, we were able to interview Josh Hall, who performed many of the feral cat tests during the audit period. Josh was very knowledgeable of the town's feral cat protocol and provided us with a detailed description of the feral cat testing procedures that took place. Gina also provided us with a copy of the town's feral cat assessment form. In order to determine allowable costs for the audit period, we will need supporting documentation of the number of cats that were actually given a feral cat assessment for each fiscal year of the audit period. Gina is working on providing this information.

Necessary & Prompt Veterinary Care

- Please provide itemized invoices for veterinary care provided by various animal hospitals. Since reimbursement for these costs is limited to a certain population of animals and also for specific services, we will need itemized invoices to determine what is eligible for reimbursement.
- Materials and supplies costs for wellness vaccines. We already discussed this item with Gina during our visit.

Salaries and Benefits

- Actual salaries and benefits paid to employees who provided care and maintenance to impounded animals for the audit period. This is typically provided to us in the form of a pay pivot table.
- Worksheets that support the productive hourly rate, including support for the benefit rates, for all employee classifications within the animal shelter/animal control department for the audit period.

That's about it for now. We didn't talk much last week about coming back for additional fieldwork. Actually, we may not need to visit again once we have the information we have already requested, particularly the animal census data. While we still have some questionnaires to complete, the tour that we took of the animal shelter last week was very informative. Gina also really gave us a good overview of what happens and who does what at the shelter.

If you have any questions or comments about anything at all, please do not hesitate to contact me.

Thanks again,

Amy Arghestani

Auditor
State Controller's Office

Time Study Plans

Monday, October 19, 2015 2:52 PM

Subject	**Time Study Plans**
From	Arghestani, Amy
To	'Gina Schwin-Whiteside'
Cc	'Adriana Atteberry'; kantobam@applevalley.org
Sent	Wednesday, October 14, 2015 9:05 AM

Hi Gina,

I wanted to touch base with you regarding the Town's time study plans. For this mandated program, the following components typically require a time study, either because the costs were not originally claimed or because the time claimed were based on estimates:

- Feral Cat Testing
- Lost and Found Lists
- Maintaining Non-Medical Records
- Necessary and Prompt Veterinary Care

As discussed during our visit, because the shelter no longer tests for feral cats, a time study cannot be performed for this reimbursable activity. However, during fieldwork, we were able to interview Josh Hall, who performed many of the feral cat tests during the audit period. Josh was very knowledgeable of the town's feral cat protocol and provided us with a detailed description of the feral cat testing procedures that took place. We were also provided with a copy of the town's feral cat assessment form. In order to determine allowable costs for the audit period, we will need supporting documentation of the number of cats that were actually given a feral cat assessment for each fiscal year of the audit period.

For each of the three remaining components listed above, the town will need to draft a time study plan and then carry out the time studies. We can advise you on the time study plans. Please contact me to discuss when the town will begin working on the time studies.

Thank you.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
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AArghestani@sco.ca.gov

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Animal Adoption Audit Status

Thursday, March 03, 2016 7:56 AM

Subject	**Animal Adoption Audit Status**
From	Arghestani, Amy
To	'Gina Schwin-Whiteside'; 'Adriana Atteberry'
Cc	kantobam@applevalley.org
Sent	Monday, February 29, 2016 2:23 PM

Hello ladies,

It has been a while since we have been in touch. Checking in to see if Gina is done with or nearly done with her involvement in the animal cruelty case. We will need to pick back up on this audit and hopefully start the time studies. Please contact me.

Thank you.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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Animal Adoption Audit Status

Tuesday, March 22, 2016 10:13 AM

Subject	**Animal Adoption Audit Status**
From	Venneman, Jim
To	kantobam@apllevalley.org
Cc	gwhiteside@applevalley.org; AAtteberry@applevalley.org; Arghestani, Amy; Spano, Jim
Sent	Tuesday, March 15, 2016 4:55 PM
Attachments	Apple Valley Audit Status

Hi Kofi,

Our audit of the city's Animal Adoption mandated cost claims began about nine months ago. Things seemed to be moving along rather steadily until the first part of January. Since then, I've noticed that the exchange of information between the animal shelter and my auditor, Amy Arghestani, have basically stopped, although I also understand that the Shelter Manager has been occupied with a court case in your area and that our audit, rightfully so, is a lower priority for the moment. However, it was our understanding that the court case was going to wrap up towards the end of January.

So, I thought it appropriate to draft up a status writeup of where things stand currently with our audit. That writeup is attached to this message. Please keep in mind that this is just a status writeup based on where things stand at the moment. Do not construe this information as our final positions for the audit.

I realize that we have been asking the city to provide additional information that was not provided with its claims and that some of this information may no longer be available for the period being audited. Still – we are willing to work with you to resolve these issues as they arise. There was some interest expressed earlier about performing time studies for some or all of the cost components that were not claimed. If that is still an option, we would like to move forward and work with you on those. There is also some information that was previously requested that we have not yet received.

I am asking these questions since the audit will be approaching the one year mark in a few months. If you believe that the effort involved to perform time studies is too much of an imposition on city staff or that providing additional information is putting an undue burden on city staff, please let me know. We can finalize the audit based on what we have so far and issue our report.

That said – please let me know what the city wants to do going forward with the audit. If possible, please respond by Friday of this week so that we can plan our upcoming audit work with city staff accordingly.

Thanks for your assistance,

Jim Venneman, CPA
Audit Manager
State Controller's Office
Division of Audits - Mandated Cost Audits Bureau
916.322.9887-Office | 916.708.5825-Cell
916.324.7223-Fax
jvenneman@sco.ca.gov

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Audit Status – March 15, 2016

Acquisition of Additional Space and/or Construction of New Facilities – The city claimed $1,978,499 during the audit period under the cost component of Acquiring New Space and Facilities. Based on the information provided to date, all costs are unallowable as claimed.

First, reimbursement for this cost component is limited to the proportionate share of actual costs required to plan, design, acquire, and/or build facilities in a given fiscal year based on the pro-rata representation of impounded stray or abandoned dogs, cats, and other animals that are held during the increased holding period and either die during the increased holding period or are euthanized after the increased holding period to the total population of animals housed in the facility during the entire holding period.

Second, costs are reimbursable only to the extent that an eligible claimant submits documentation reflecting:

- A determination by the governing board that constructing new facilities is necessary for the increased holding period requirements of Statutes of 1998, Chapter 752 because the existing facilities do not reasonably accommodate impounded dogs, cats, or other animals that are ultimately euthanized. The determination shall include all of the following findings:
    - The average daily census of impounded stray or abandoned dogs, cats, and other animals that were impounded in 1998.
    - The average daily census of impounded stray or abandoned dogs, cats, and other animals that were impounded in a given year.
    - Existing facilities are not appropriately configured and/or equipped to comply with the increased holding period required by Statutes of 1998, Chapter 752.
    - Remodeling existing facilities is not feasible or is more expensive than constructing new facilities to comply with the increased holding period required by Statutes of 1998, Chapter 752.
    - Contracting with existing private or public shelters in the area to house the increase of impounded dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 is not feasible or is more expensive than constructing new facilities.

- Documentation requirements may be satisfied in whole or in part by staff agenda items, staff reports, minutes of governing board meetings, transcripts of governing board meetings, certification by the governing board describing the findings and determination, and/or a resolution adopted by the governing board.

Information provided by the city to date documents that the city's animal shelter was constructed in FY 2007-08 through FY 2008-09 because of population growth, the existing shelter had only been a temporary solution, and taking on the project during a "down economy" would be more cost effective. Nothing has been provided so far that complies with the documentation requirements contained in the parameters and guidelines, as shown above.

Care and Maintenance of animals –

The city used the actual cost method to claim costs for this cost component of the mandated program. Per the parameters and guidelines, the statistics used to claim costs for care and maintenance of animals includes the following items:

- Total annual cost of care and maintenance at the facility, which includes labor, materials, supplies, indirect costs, and contract services.
- The average daily census of all animals housed at the facility, which is the average number of animals housed on any given day during a 365 day year.
- The yearly census of animals, which is the average daily census multiplied by 365.
- The cost per animal per day, which is the total cost of care divided by the yearly census of animals.
- The number of impounded stray or abandoned animals that died during the increased holding period or are ultimately euthanized. [We have determined that the phrase "died during the holding period" means animals that died of natural causes during the holding period and the term "ultimately euthanized" means animals that were euthanized after the required holding period.]
- The number of reimbursable days. The parameters and guidelines define the number of reimbursable days as the difference between three days from the day of capture, and four or six business days from the day after impoundment. [Note – based on this language, we have determined that the number of reimbursable days is 3 for dogs and cats and 6 for "other" animals.]

The city claimed $146,175 for the care and maintenance of dogs and cats and $7,058 for the care and maintenance of "other" animals during the audit period. These costs were calculated by taking total expenditures incurred within Department 2130 (Animal Shelter), subtracting costs for the Spay/Neuter Program (account 8988), and then adding in a 40% overhead factor for the M.S. Director and dividing the overall total of this calculation by the annual census of animals to determine the cost per animal per day. The cost per animal per day was then multiplied by the number of dogs and cats and "other" animals euthanized during the year. The number of dogs and cats euthanized during the year was multiplied by a factor of two to correspond to the number of extra days in the holding period and the number of "other" animals had been multiplied by a factor of four.

We have concerns with this methodology. First – using the total of costs incurred within the animal shelter less costs for the spay and neuter program assumes that all of the remaining costs were 100% related to the care and maintenance of animals. We believe that this is an incorrect assumption, as certain non-reimbursable activities take place within the animal shelter, such as animal licensing and adoption, as well as activities that are not related to care and maintenance, such as employee education and training, meetings and conferences, and office related expenditures. In addition, costs for veterinary medical services are claimable under a different cost component (Prompt and Necessary Veterinary Care).

We noted that a significant portion (around 75%) of annual costs incurred by the animal shelter were for employee salaries and benefits. The city provided duty statements for the Animal Shelter Supervisor, Registered Veterinary Technician, Animal Control Technician, Animal Shelter Attendant, and Animal Shelter Assistant. Except for the Animal Shelter Assistant, these duty statements indicate that shelter staff perform certain activities that are outside of the scope of animal care and maintenance activities. Some

of these activities are either reimbursable under other cost components of the mandated program and some are not reimbursable at all.

During the audit, the city has provided a lot of documentation supporting various supplies and materials costs that were incurred in the animal shelter for care and maintenance, animal census data, and employee duty statements. Still needed are the following:

- The percentage involvement of the various employee classifications within the animal shelter in animal care and maintenance activities.
- Productive hourly rates for staff that worked in the animal shelter, where such rates are based on the employee's actual salary amount plus employee benefits and the number of productive hours. The city provided hourly rate information for shelter staff, but did not support whether the rates are based on raw salary data, includes employee benefits, or how many productive hours were used to calculate the rates.
- Information from the city's payroll reports supporting the actual salary and benefit amounts paid to a sample of shelter staff during the audit period.

Holding Period

The city claimed $124,477 during the audit period under the cost component of Increased Holding Period. Under this cost component, claimants are reimbursed for making animals available for owner redemption on either one weekday evening or on one weekend day. The city made animals available for owner redemption during the audit period by staying open to the public for six hours on Saturdays.

The city claimed costs for this cost component by using total shelter costs incurred in Department 2130 (Animal Shelter) less costs reported in account 8988 (Spay/Neuter Program). These revised total shelter costs were then divided by 2,912, a number described as "total hours of facility operations" in the city's claim. The resulting amount is described as the "cost per hour" to operate the entire shelter which was then multiplied by the number of hours that the city's shelter was open during the year on Saturdays (312) to calculate claimed costs.

We have concerns with this methodology. Using total costs incurred by the animal shelter (less spay and neutering costs) to determine an hourly amount to operate the animal shelter assumes that ALL of these remaining costs incurred to operate the shelter on Saturdays are reimbursable. However, this is not consistent with the mandated program requirements. For example, costs incurred for non-reimbursable activities such as animal licensing, adoption, and euthanasia are not reimbursable at any time. In addition, costs incurred for animal care and maintenance have already been claimed under that cost component and have not been factored out in the city's calculations for this cost component. In other words, the costs incurred for care and maintenance on Saturdays are being claimed a second time.

We believe that this cost component reimburses claimants for the extra costs incurred to make animals available for owner redemption on Saturdays, which is consistent with the language in the parameters and guidelines. Therefore, whatever extra staff that are on duty on Saturdays to perform this activity are reimbursable. However, the city has not yet provided this information to us. The city did provide staffing schedules for both fiscal years of the audit period. However, the schedules only name employees by first name. We would need payroll or some other kind of reports to determine the last names and the classifications of the staff listed.

Feral Cats, Lost and Found Lists, Maintaining Non-Medical Records, and Necessary and Prompt Veterinary Care

The city did not claim any costs under these three cost components, although the activities were performed during the audit period.

Feral Cats – the mandated program reimburses claimants for the costs incurred to verify whether or not a cat is feral or tame using a standardized procedure. While the city no longer performs feral cat tests at this time, such tests were performed during the audit period. The employee that performed these tests still works at the shelter and provided information that we can use to determine the amount of time required to perform the reimbursable activity. The employee also provided a description of the feral cat testing procedure and a sample of the assessment form. Still unknown, however, is the approximate number of feral cat tests that were performed during the audit period. The shelter's animal data software did not track cats designated as feral, potentially feral, or those given a test. However, shelter management believed that they could retrieve supporting documentation (the completed feral cat assessment forms) from storage. However, during the month of January, we were informed that all of the records had been destroyed per the town's retention schedule. Therefore, allowable costs cannot be determined for this component at this time. Perhaps shelter employees from that time period still working at the shelter can provide additional information that can solve this dilemma.

Lost and Found Lists – the mandated program reimburses claimants for the costs incurred to provide certain information to owners of lost animals and those who find lost animals. The five specific reimbursable activities are outlined in the program's parameters and guidelines. The city has submitted documentation showing that they performed the reimbursable activities, including flyers describing what to do if a pet is found, flyers listing websites with lost and found pages, flyers listing nearby shelters and animal hospitals, etc. Since the activities are repetitive in nature, they are appropriate for a time study to determine the time required to perform them and which employee classifications were involved. City management previously indicated interest in performing such a time study.

Maintaining Non-Medical Records – the mandated program reimburses claimants for the costs incurred to maintain non-medical records on animals that are taken up, euthanized after the holding period, or impounded. Experience with other animal shelters in the State revealed that shelters create such records when animals arrive at the shelter (regardless of their condition) and update the records when animals leave the shelter. Since the activities are repetitive in nature, they are appropriate for a time study to determine the time required to perform them and which employee classifications were involved. City management previously indicated interest in performing such a time study.

Necessary and Prompt Veterinary Care – the mandated program reimburses claimants for the costs incurred to provide necessary and prompt veterinary care for stray and abandoned animals, other than injured dogs and cats given emergency treatment, that die during the holding period or are ultimately euthanized, during the holding period. In other words, only the costs incurred for such animals during the animal's holding period are reimbursable. The reimbursable activities include the following:

- An initial physical exam to determine an animal's baseline health status and classify them as adoptable, treatable, or non-rehabilitatable.

- A wellness vaccine administered to treatable or adoptable animals.
- Veterinary care to stabilize and/or relieve the suffering of a treatable animal.
- Veterinary care intended to remedy any applicable disease, injury, or congenital or hereditary condition...

This cost component includes various exclusions of reimbursement for certain populations of animals and certain veterinary procedures. Please refer to the parameters and guidelines for this information.

Based on audits that we have conducted statewide, all animal shelters perform the first activity in the bullet point list above for living animals entering the shelter and provide wellness vaccines for dogs and cats. These activities are repetitive in nature and are appropriate for a time study to determine the amount of time required to perform them and the employee classifications involved. The city has already provided sufficient animal data to determine the number of animals involved.

The second two activities in the list above are not activities that are repetitive in nature. Costs incurred will need to be supported by sufficient documentation, which also need to indicate that the procedures were performed during the animal's holding period.

General note on time studies

If the city wishes to perform time studies for any of the cost components listed above, please let us know. We ask that the city draft a time study plan before conducting their time studies and share this information with us. We will review the plan only to ensure that the city is time studying reimbursable activities and that the method chosen appears appropriate. Such individual time studies do not need to be performed over a long period of time. We have found that a two or three week period is typically sufficient to provide enough information to support an activity that is performed in the shelter on an ongoing basis.

Fw: Animal Adoption Audit Status

Tuesday, March 22, 2016 10:16 AM

Subject	**Fw: Animal Adoption Audit Status**
From	Venneman, Jim
To	Arghestani, Amy
Sent	Friday, March 18, 2016 10:04 PM

Amy,
FYI.....

Jim Venneman, CPA
Audit Manager
State Controller's Office
Division of Audits - Mandated Cost Audits Bureau
916.322.9887-Office | 916.708.5825-Cell
916.324.7223-Fax
jvenneman@sco.ca.gov

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From: Venneman, Jim
Sent: Friday, March 18, 2016 4:52 PM
To: Kofi Antobam
Subject: RE: Animal Adoption Audit Status

Hi Kofi,

Thanks for getting back to me this morning. No problem – let me know in another day or two what you decide.

Thanks and have a great weekend,

Jim Venneman, CPA
Audit Manager
State Controller's Office
Division of Audits - Mandated Cost Audits Bureau
916.322.9887-Office | 916.708.5825-Cell
916.324.7223-Fax
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From: Kofi Antobam [mailto:KAntobam@applevalley.org]
Sent: Friday, March 18, 2016 10:35 AM
To: Venneman, Jim <jvenneman@sco.ca.gov>
Subject: RE: Animal Adoption Audit Status

Good morning Jim,

Sorry for delay in response. It has been a hectic week here preparing our 2016-17 budget and various meetings here and there. I have not had the opportunity to meet with Gina and other staff involved in the audit yet. Please allow me to get back to you by next week, if that is ok.

Thank you,

Kofi Antobam, CPA, CIA, CFE, CGAP
Assistant Director of Finance
Town of Apple Valley
14955 Dale Evans Pkwy
Apple Valley, CA 92307
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From: jvenneman@sco.ca.gov [mailto:jvenneman@sco.ca.gov]
Sent: Tuesday, March 15, 2016 5:00 PM
To: Kofi Antobam
Subject: RE: Animal Adoption Audit Status

Sorry – I made an error with your email address. Let's try this again.....

Jim Venneman, CPA
Audit Manager
State Controller's Office
Division of Audits - Mandated Cost Audits Bureau
916.322.9887-Office | 916.708.5825-Cell
916.324.7223-Fax
jvenneman@sco.ca.gov

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From: Venneman, Jim
Sent: Tuesday, March 15, 2016 4:55 PM
To: 'kantobam@apllevalley.org' <kantobam@apllevalley.org>
Cc: 'gwhiteside@applevalley.org' <gwhiteside@applevalley.org>; 'AAtteberry@applevalley.org' <AAtteberry@applevalley.org>; Arghestani, Amy <AArghestani@sco.ca.gov>; jspano@sco.ca.gov
Subject: Animal Adoption Audit Status

Hi Kofi,

Our audit of the city's Animal Adoption mandated cost claims began about nine months ago. Things seemed to be moving along rather steadily until the first part of January. Since then, I've noticed that the exchange of information between the animal shelter and my auditor, Amy Arghestani, have basically stopped, although I also understand that the Shelter Manager has been occupied with a court case in your area and that our audit, rightfully so, is a lower priority for the moment. However, it was our understanding that the court case was going to wrap up towards the end of January.

So, I thought it appropriate to draft up a status writeup of where things stand currently with our audit. That writeup is attached to this message. Please keep in mind that this is just a status writeup based on where things stand at the moment. Do not construe this information as our final positions for the audit.

I realize that we have been asking the city to provide additional information that was not provided with its claims and that some of this information may no longer be available for the period being audited. Still – we are willing to work with you to resolve these issues as they arise. There was some interest expressed earlier about performing time studies for some or all of the cost components that were not claimed. If that is still an option, we would like to move forward and work with you on those. There is also some information that was previously requested that we have not yet received.

I am asking these questions since the audit will be approaching the one year mark in a few months. If you believe that the effort involved to perform time studies is too much of an imposition on city staff or that providing additional information is putting an undue burden on city staff, please let me know. We can finalize the audit based on what we have so far and issue our report.

That said – please let me know what the city wants to do going forward with the audit. If possible, please respond by Friday of this week so that we can plan our upcoming audit work with city staff accordingly.

Thanks for your assistance,

Jim Venneman, CPA
Audit Manager
State Controller's Office
Division of Audits - Mandated Cost Audits Bureau
916.322.9887-Office | 916.708.5825-Cell
916.324.7223-Fax
jvenneman@sco.ca.gov

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Animal Adoption Audit

Wednesday, March 30, 2016 7:54 AM

Subject	**Animal Adoption Audit**
From	Venneman, Jim
To	Kofi Antobam
Cc	gwhiteside@applevalley.org; AAtteberry@applevalley.org; Arghestani, Amy; Spano, Jim
Sent	Monday, March 28, 2016 12:19 PM

Good afternoon Kofi,

I'm following up today on the email message that I sent to you on March 15. In that email, I noted that city representatives were no longer responsive to documentation and information requests from my auditor, Amy Arghestani. I also attached a status writeup of the various outstanding issues for the audit from our end and requested a response by March 18 concerning the availability of additional supporting documentation and whether the city had interest in performing time studies to support costs that were not originally included in the city's claim. You replied to my message on March 18 and asked for a few additional days to coordinate with animal shelter staff. However, we have not received a response and I now need to move this audit forward. Our protocol is to finalize an audit within one year after the date of initial contact and that date is rapidly approaching.

At this point, I'm going to conclude that the city is not interested in performing time studies for the audit. Amy first mentioned time studies during the audit entrance conference on July 7, 2015. We are now almost nine months into the audit and have received no communication from anyone expressing any interest in performing time studies.

I've instructed Amy to finalize fieldwork this week and begin preparing our audit report. So far, we have identified allowable costs incurred for materials and supplies related to the care and maintenance of animals totaling $4,486, costs incurred for procuring equipment totaling $13,365, and software licensing costs totaling $2,995. While we have identified allowable hours related to care and maintenance activities, we cannot calculate any allowable salaries and benefits costs due to the lack of city payroll information.

Amy will be contacting you soon to schedule an exit conference. If we receive any of the supporting documentation that Amy previously requested, we may be able to revise the audit findings as applicable.

If you have any questions or comments, please let me know.

Jim Venneman, CPA
Audit Manager
State Controller's Office
Division of Audits - Mandated Cost Audits Bureau
916.322.9887-Office | 916.708.5825-Cell
916.324.7223-Fax
jvenneman@sco.ca.gov

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Payroll Reports for Animal Shelter Staff

Monday, April 04, 2016 9:02 AM

Subject	**Payroll Reports for Animal Shelter Staff**
From	Kofi Antobam
To	Arghestani, Amy; Venneman, Jim
Cc	Adriana Atteberry; Gina Schwin-Whiteside
Sent	Wednesday, March 30, 2016 2:59 PM
Attachments	Payroll 2007-08 Payroll 2006-07

Good afternoon Amy and Jim,

Based on our discussion earlier today, attached are the payroll reports that we have available for the 2006-07 and 2007-08 fiscal years. The Earnings History report has been redacted to only reflect Animal Services employees at the time and the totals does not include any benefits other than the employer share of Medicare. The hourly rates for Animal Services employees are highlighted in red on the Cost Recovery Spreadsheet. Please review and let me know if this will work or if you have any question.

Thank you,

Kofi Antobam, CPA, CIA, CFE, CGAP
Assistant Director of Finance
Town of Apple Valley
14955 Dale Evans Pkwy
Apple Valley, CA 92307
Phone: 760-240-7000 ext. 7701
kantobam@applevalley.org

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RE: Conference Call

Wednesday, March 30, 2016 2:40 PM

Subject	**RE: Conference Call**
From	Venneman, Jim
To	Kofi Antobam
Cc	Arghestani, Amy
Sent	Wednesday, March 30, 2016 1:09 PM

Hi Kofi,

2:15 it is. See you then.

Thanks,

Jim Venneman, CPA
Audit Manager
State Controller's Office
Division of Audits - Mandated Cost Audits Bureau
916.322.9887-Office | 916.708.5825-Cell
916.324.7223-Fax
jvenneman@sco.ca.gov

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From: Kofi Antobam [mailto:KAntobam@applevalley.org]
Sent: Wednesday, March 30, 2016 12:54 PM
To: Venneman, Jim <jvenneman@sco.ca.gov>
Subject: RE: Conference Call

Hello Jim,

Can we talk at 2:15 instead since I will be wrapping up another meeting at 2?

Thanks,

Kofi Antobam, CPA, CIA, CFE, CGAP
Assistant Director of Finance
Town of Apple Valley
14955 Dale Evans Pkwy
Apple Valley, CA 92307
Phone: 760-240-7000 ext. 7701
kantobam@applevalley.org

Town of Apple Valley

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From: jvenneman@sco.ca.gov [mailto:jvenneman@sco.ca.gov]
Sent: Wednesday, March 30, 2016 12:34 PM
To: Kofi Antobam
Cc: AArghestani@sco.ca.gov
Subject: Conference Call

Hi Kofi,

I got your voice message. If you are available at 2:00 this afternoon, let's have a discussion over the phone about how best to proceed going forward. If that time is not convenient, please let me know another time that would work better for you.

Thanks,

Jim Venneman, CPA
Audit Manager
State Controller's Office
Division of Audits - Mandated Cost Audits Bureau
916.322.9887-Office | 916.708.5825-Cell
916.324.7223-Fax
jvenneman@sco.ca.gov

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Maintaining Non-Medical Records Time Study

Thursday, April 07, 2016 11:38 AM

Subject	**Maintaining Non-Medical Records Time Study**
From	Arghestani, Amy
To	'Adriana Atteberry'
Cc	'Gina Schwin-Whiteside'; kantobam@applevalley.org
Sent	Wednesday, April 06, 2016 4:04 PM
Attachments	timestudyguidelines Maintaining Non-M...

Hi Adriana,

Per our conversation, attached please find the State Controller's Office Time Study Guidelines document. Also attached is a sample time study plan for the Maintaining Non-Medical Records cost component. This is only a sample for you to use as a guide. Please type up your own time study plan and tailor it to suit your shelter. Please submit your plan to us by this Friday afternoon so that we can review it to make sure you are on the right track. If changes need to be made, we will need enough time to discuss that and then make the changes in time for you to begin the time study Tuesday morning. As discussed, the time study will need to be carried out over two consecutive weeks. So if the time study begins on Tuesday, April 12, it will need to be carried out through Monday, April 25. Once the time study is complete, we ask that you submit the time study logs and compile your results into an Excel spreadsheet.

Please let me know if you have any questions.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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COUNTY OF [redacted]

ANIMAL ADOPTION (Maintaining Non-Medical Records)
TIME STUDY PLAN

This document contains [redacted] County's plan for conducting a time study of the maintaining non-medical records component of the Animal Adoption state mandated local program. This plan is organized in the following three sections:

Section 1 – Plan Overview
This section contains the general information that is applicable to the study of the Animal

Maintaining Non-Medical Records Time Study Plan

Tuesday, April 12, 2016 1:25 PM

Subject	**Maintaining Non-Medical Records Time Study Plan**
From	Arghestani, Amy
To	'Adriana Atteberry'; 'Gina Schwin-Whiteside'
Cc	kantobam@applevalley.org
Sent	Friday, April 08, 2016 2:17 PM

Hi Adriana,

Just checking in to see how the time study plan is going and see if you have any questions. I will be leaving the office at 3:30 today. Do you think you will have it ready for review before then? If not, Monday morning will be fine as well, but we will have to review it and then get back to you so that you have enough time to edit it if necessary. You will also have to allow enough time to brief your staff who will be participating in the time study before Tuesday morning.

Please advise. Thank you.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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Indirect Costs

Tuesday, April 12, 2016 1:28 PM

Subject	**Indirect Costs**
From	Arghestani, Amy
To	kantobam@applevalley.org
Sent	Tuesday, April 12, 2016 8:59 AM

Good morning Kofi,

Do you have a moment today to discuss the Indirect Cost portion of this audit? My schedule is flexible.

Basically, the town did not claim indirect costs for the audit period, as salaries and benefits were not claimed. Rather, the town's mandated cost consultant group all claimed costs under "services and supplies". As a result of our audit, we have determined allowable salaries and benefits. Therefore, we will also have to determine allowable indirect costs. Per this program's parameters and guidelines, there are a couple of options available to determine allowable indirect costs.

Please let me know when you are available to speak. Thank you.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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Exit Conference Date

Wednesday, April 13, 2016 1:13 PM

Subject	**Exit Conference Date**
From	Arghestani, Amy
To	kantobam@applevalley.org
Cc	Venneman, Jim
Sent	Wednesday, April 13, 2016 11:50 AM

Hello Kofi,

For the exit conference, Thursday, May 5th at 11:00 a.m. works for us. I will go ahead and mark that on our schedule. We will initiate the call- is your desk number the number we should call?

A few days prior to the exit conference, we will send a copy of the exit conference handout, which will detail the audit findings.

Please let me know if you have any questions. Thank you for your assistance.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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Exit Conference Dates

Wednesday, April 13, 2016 1:12 PM

Subject	**Exit Conference Dates**
From	Arghestani, Amy
To	kantobam@applevalley.org
Sent	Wednesday, April 13, 2016 8:37 AM

Good morning Kofi,

I received your voicemail from late yesterday regarding exit conference dates. Though we originally had discussed the week of April 25th being better than the week of May 2nd for picking an exit conference date, it looks like the shelter staff will not be available that week. Therefore, you have proposed May 5th at 11:00 a.m. Let me run this date by Jim Venneman, the audit manager and I will get back to you.

Thank you.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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Non-Medical Records Time Study - Preliminary Results

Monday, May 02, 2016 1:06 PM

Subject	**Non-Medical Records Time Study - Preliminary Results**
From	Arghestani, Amy
To	'Adriana Atteberry'
Cc	kantobam@applevalley.org; 'Gina Schwin-Whiteside'
Sent	Thursday, April 28, 2016 3:32 PM
Attachments	Maintaining Non-Medi...

Good afternoon Adriana,

I wanted to thank you for your assistance in completing the time study and compiling the results. Attached is the preliminary analysis of the time study results. There are three tabs to the spreadsheet- the first is the original data that was submitted to us; the second tab is the analysis that we completed along with the questions and issues that you and I worked out; and the third tab contains the revised results, which show an average of 3.51 minutes for an Intake entry and 4.55 for an Outcome entry. The town did not originally claim any costs for this component at all. After the completion of the time study, we found that the town incurred a total of $60,242 in allowable salary and benefit costs for the audit period. A final and more detailed finding narrative will be provided next week before the exit conference. I just wanted to share these results with you.

Thanks again.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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Exit Conference Information

Wednesday, May 04, 2016 1:10 PM

Subject	**Exit Conference Information**
From	Arghestani, Amy
To	kantobam@applevalley.org; 'Gina Schwin-Whiteside'; 'Adriana Atteberry'
Cc	Venneman, Jim
Sent	Wednesday, May 04, 2016 9:40 AM
Attachments	Exit Conferen... Findings and Reco... Schedule 1 Schedule 2 Exit Conferen...

Good morning,

In advance of our exit conference scheduled for tomorrow at 11:00 a.m., I am sending you an Exit Conference Information Sheet, a pre-exit status handout (titled Findings and Recommendations), along with a Schedule 1 and a Schedule 2. The Schedule 1 provides a year-by-year breakdown of claimed, allowable, and unallowable costs. The Schedule 2 provides a year-by-year summary of care and maintenance costs. These attached documents will present all of the various findings that we have identified during the audit. We wanted to give the town the opportunity to review the handout prior to tomorrow's meeting.

Also attached is an Exit Conference Sign-In Sheet. Please have the attendees at tomorrow's conference sign and date the sign-in sheet and then scan an email back to us. Please advise as to which phone number we should call tomorrow to initiate the exit conference.

Please contact me with any questions.

Thank you.

Amy Arghestani

Auditor

RE: Exit Conference To-Do Lists

Wednesday, May 11, 2016 8:10 AM

Subject	**RE: Exit Conference To-Do Lists**
From	Venneman, Jim
To	Gina Schwin-Whiteside
Cc	Arghestani, Amy
Sent	Friday, May 06, 2016 5:36 PM
Attachments	A.7.1 Revised Care and ... G.7.1 Apple Valley - H... G.10.2 Apple Valley - N... Analysis of Productiv... G.13.1 G.15.3 Analysis of Animal St... G.15.4 Analysis of Animal St... Apple Valley - FY 2... A.7.2 Apple Valley Re... Apple Valley - FY 2...

Hi Gina,

As discussed yesterday, here are the documents that we agreed to provide:

- The analysis of care and maintenance costs – revised to also include utility costs for FY 2007-08. Allowable care and

maintenance costs increased by $925.

- The analysis of Increased Holding Period costs
- The analysis of Non-Medical Records costs
- The analysis of productive hourly rates
- Animal database statistics and analysis for FY 2007-08 and FY 2008-09
- The invoice supporting FY 2008-09 costs for the stainless steel cages
- The revised Schedule 1 – after updating care and maintenance costs
- The Earnings By History GL Report for FY 2007-08 – provided by Kofi

As for some of the other items that we talked about, here is an update.

- We re-visited the percentages of staff involvement for care and maintenance and decided to stick with the percentages that we presented during yesterday's meeting.
- My apologies, as I misspoke yesterday about accepting a time study for Lost and Found Lists. After discussing this audit with upper management today, we would need to re-open fieldwork in order to adequately review any time study results.
- The same thing for an Indirect Cost Rate Proposal. The 10% option that we used to determine allowable indirect costs is an acceptable method allowable per the program's Parameters and Guidelines. In addition, we spoke to Kofi at some length about this and agreed together to use the 10% flat rate option.

We realize your positions on these three issues. You can include your objections and/or any additional information about these issues in your response to the draft report. The report may be issued in 3-4 weeks from today.

In the meantime, if you have any questions or comments about this, please let me or Amy know.

Thanks and have a good weekend,

Jim Venneman, CPA
Audit Manager
State Controller's Office
Division of Audits - Mandated Cost Audits Bureau
916.322.9887-Office | 916.708.5825-Cell
916.324.7223-Fax
jvenneman@sco.ca.gov

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From: Gina Schwin-Whiteside [mailto:gwhiteside@applevalley.org]
Sent: Thursday, May 05, 2016 5:55 PM
To: Venneman, Jim <jvenneman@sco.ca.gov>
Cc: Arghestani, Amy <AArghestani@sco.ca.gov>; Kofi Antobam <KAntobam@applevalley.org>; Adriana Atteberry <AAtteberry@applevalley.org>; 'AChinnCRS@aol.com' <AChinnCRS@aol.com>
Subject: RE: Exit Conference To-Do Lists

Jim,

Thank you for the follow-up e-mail . Thank you all for taking time out of your busy schedules so we can get these claims finalized.

Regards,

Gina Whiteside
Director of Animal Services

From: jvenneman@sco.ca.gov [mailto:jvenneman@sco.ca.gov]
Sent: Thursday, May 05, 2016 4:36 PM
To: Gina Schwin-Whiteside
Cc: AArghestani@sco.ca.gov; Kofi Antobam; Adriana Atteberry
Subject: Exit Conference To-Do Lists

Hi Gina,

Thanks for your assistance with today's exit conference. Based on our discussion today, here is the list that I put together of who is going to do what from this point until the final report is issued.....

We are going to provide:

- Details of our allowable cost calculations for Care & Maintenance, Increased Holding Period, and Maintaining Non-Medical Records.
- Details of our productive hourly rate calculations – including the town's Earnings History by GL Number Report that we used for the calculations.
- Our spreadsheets showing how the animal data was sorted and used
- A copy of the invoice from FY 2008-09 that was provided for the stainless steel cages
- We are going to revise the allowable costs to include an allocation of utility costs applicable to FY 2007-08 using utility cost data for FY 2008-09 and then adjusted based on animal census data. We will send you the allowable amounts once we have completed the analysis in the next day or two.
- We will take a look at the original email that documents your original estimate of staff time spent on care and maintenance activities and then re-visit this issue with you.

You are going to provide:

- Saturday logs from the audit period showing time spent by Animal Control Officers in the shelter along with an explanation of what they were doing.
- An Indirect Cost Rate Proposal for FY 2007-08 and FY 2008-09, if the applicable expenditure information from those years can be found.
- A completed time study for Lost and Found Lists activities. {Note – time study results must be submitted to us prior to the issuance of our audit report. Any information submitted to us after that date supporting allowable costs will not be considered.}
- An invoice from FY 2007-08 supporting costs incurred for stainless steel cages, if it can be located.

That's it as far as my list is concerned. If I am missing something, please let me know. We should be able to provide most of the information from our list sometime tomorrow. In addition, if any other information is available that you believe supports allowable costs, please send it to us and we will take a look at it.

Thanks,

Jim Venneman, CPA
Audit Manager
State Controller's Office
Division of Audits - Mandated Cost Audits Bureau
916.322.9887-Office | 916.708.5825-Cell
916.324.7223-Fax
jvenneman@sco.ca.gov

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Tab 6

Town of Apple Valley
Legislatively Mandated Animal Adoption Program
Phone Log
Audit ID #: S15-MCC-0033

Date of Phone Conversation	Brief Description
06/08/15	**Initial Contact** - Spoke with Christine Ridsell, Executive Secretary, regarding setting an entrance conference date for either June 30, 2015 or July 7, 2015. Christine took notes and will forward to Kofi Antobam, Asst. Director of Finance. She also gave me Mr. Antobam's email address.
06/25/15	**Copies of claims** - Mr. Antobam called asking if we could please forward copies of the claims filed for FY 2007-08 and FY 2008-09. There has been turnover at the town since they were first filed. Also, many versions were filed and he's confused as to which ones they have and do not have. AIC agreed to email the PDF files of both the original claims and the amended claims for both years. AIC also asked if the town was still contracting with the same mandated cost consultant; Mr. Antobam said yes. He indicated that the consultant has a conflict on her calendar and cannot attend the entrance conference in person, but may attend by phone. There will probably be a total of five people at the entrance conference.
09/10/15	**Requested documents and audit status** - Asst. Director of Finance, Kofi Antobam, contacts AIC. Kofi advised that he had just emailed the requested copies of the town's cash handling policy and employee procedures manual for the inquiries of fraud portion of this audit. Kofi also apologized for not responding sooner, as it has been hectic. He has had auditors on site, was dealing with year-end close-out, and his Accountant I was on medical leave, and the temporary replacement for that position resigned. AIC also advised Kofi that the town's mandated cost consultant, Annette Chinn, had left a voicemail wanting to know the status of the audit and also requested a copy of the FY 2007-08 claim. AIC asked how the town would like us to proceed with the consultant's requests. Kofi said the consultant should be contacting the town directly, and not the SCO, as the consultant is contracted with the town. He said he would advise the consultant of this. He also said if the town wants the consultant to communicate with us, he will advise us of that ahead of time.

Animal Data / Care & Maintenance / Time Studies - AIC calls and speaks with Adriana Atteberry regarding: 1). AIC's September 8, 2015 request for the town to clear up discrepancies in the animal data submitted so that we can proceed with filtering the data for the different components of this program. Adriana said she had finished clearing up the discrepancies for FY 2007-08, and had started working on FY 2008-09. She said it has taken so long because she has to go back into the old system to research. Adriana said she would have the corrected data to us by Thursday, October 1st. 2). AIC also asked for an update on the previously requested expenditure reports and invoices for the C&M component. Adriana said they were not able to retrieve invoices for FY 2007-08, as this is the year the town changed software and the record retention has paased. She has submitted a request for records for FY 2008-09. Since Fiscal Services has these records, she had to submit a request to Kofi Antobam. 3). AIC also told Adriana that we would need to speak with Gina Schwin-Whiteside (Animal Services Manager) in a few weeks to discuss a schedule for
09/29/15 the town to conduct their time studies.

Care & Maintenance / Time Studies- AIC calls and leaves a voicemail message for Adriana Atteberry to follow up on two emails sent to the town on October 14th regarding documentation for the care and maintenance component and
10/26/15 initiating time studies.

Care & Maintenance / Time Studies- AIC calls to follow up on the voicemail indicated above. AIC speaks with Adriana Atteberry, who says she will email the expenditure reports for the two fiscal years and also follow-up with the animal services manager to see if they were able to obtain the payroll reports yet. AIC also once again requests that the animal services manager call to discuss coming up with a schedule to conduct the time studies. Adriana says she will
10/29/30 have the manager call.

Care & Maintenance, Payroll Reports, and Audit Status- AIC schedules a telephone conference with Adriana Atteberry, Administrative Secretary to Gina Whiteside, Animal Care Manager. AIC discusses with Adraina when Gina will return to full duty. Adriana explained that a lot of Gina's time has been taken up by a 15-count animal cruelty case, which is with the DA. Gina has been interviewing with the DA and helping to build the case, which goes to trial in January. Adriana expects that Gina's duties with the case will begin to wind down some time in January. Adriana has been filling in for Gina when possible. AIC also discussed the remaining items that are needed to wrap up the care and maintenance component (animal control expenses, utilities expenses, invoices for certain items, designation of % of C&M per classification, and payroll reports). AIC stressed the importance of receiving these items, as the audit has been open for six months. Adriana indicated she would submit the items (except for payroll reports) by the end of the
12/14/15 week. AIC also sent a follow-up email to Kofi Antobam, the Asst. Director of Finance and main contact for the audit.

Audit Status: Kofi Antobam, Asst. Director of Finance, calls AIC. Mr. Antobam says he just left voicemail for audit manager in response to the latest email that manager sent on March 28 regarding audit status and concluding the audit. Mr. Antobam says he has not responded to manager's emails because he has been very busy with year-end reports and other items. He also says shelter staff has been busy with some sort of pet fair. He says he has been in contact with shelter staff and they were under the impression that the SCO would be providing staff with a form to complete for the time study plans and they have been waiting for us. AIC said no, we do not have such a thing and cannot write the plan for the town. We had indicated that we could provide guidance once their plan was written and let them know if they are on the right track or not. We also indicated we had been in contact with staff on numerous occasions requesting that the town begin their time study plans and initiate the time studies. Mr. Antobam wanted to know if they could start the time studies now. AIC said it was the audit manager's intention to move forward with closing the audit and he would have to speak with the manager. Mr. Antobam then asked didn't the shelter staff recently email the percent of care and maintenance per classification? AIC said yes, they had, but that was in response to an email we had originally sent back in November and have since tried to follow up with staff on numerous occasions. AIC said this is just one of the many pieces of information that we have requested over the last nine months. Mr. Antobam then indicated they have not sent payroll reports yet because they have been waiting on the payroll department. He said there are also record retention issues. He asked if what we are looking for are timesheets? AIC replied no, we have asked on numerous occasions for payroll reports, which include employee names, classifications, yearly salary, employer-paid benefits, and hours worked. He then indicated that they may be able to produce payroll reports for one of the audit years, but they cannot separate out shelter staff from the rest of the town's staff and would have to spend a lot of time redacting out information. AIC indicated we have made numerous requests for this information and the town has had plenty of time. AIC said if the town is concerned with sensitive information contained in the payroll reports, we have a secure SFTP site where the town can upload the reports and that we have expressed this in an email to the town. AIC said if the town does have one fiscal year of good payroll information, then we can work with that and come up with a methodology for determining allowable PHR's for the year that is missing (using the CPI). We concluded the call with Mr. Antobam requesting that the Audit Manager return his call.

03/29/16

Audit Status: Audit Manager and AIC call Kofi Antobam, Asst. Director of Finance, Re audit status. Mr. Antobam asks if there is still time to perform time studies. Audit Manager says that time is running short, as an exit conference has to be scheduled, a draft report issued, a response to the draft, and then a final report. However, in between this time, if the town chooses, the time study that would give the town the most mileage would be the Maintaining Non-Medical Records time study, as this activity takes place every day, all day. However, the town would have to come up with a time study plan and it is suggested that they have the AIC review the plan before performing the time study. Mr. Antobam indicated that he would talk with shelter staff to see if this is something they could get done. The shelter has an event this weekend, but either he or the shelter manager will get back to us on Monday. Mr. Antobam then indicated that he was able to find salary information for one of the audit years. The information was found in the desk of a former employee who processed payroll information. The documentation lists total salaries paid by employee; attached to it is an excel spreadsheet listing productive hourly rates. He is not sure if the salaries listed include benefits or not. Audit Manager suggested he email to us what he has so we can see if it is sufficient. Mr. Antobam said he would email the information to AIC right after the phone conference. Mr. Antobam also explained during the conversation that the town uses a different system than it had during the audit period. Also, their retention policy is only seven years. Audit Manager explained that their consultant should have advised them to keep all records in case of an audit.

03/30/16

04/04/16 **Audit Status:** AIC phones Asst. Director of Finance at 3:15 p.m. and leaves a voicemail message stating we need to follow up on conversations from 3/30/16 regarding the payroll information that the town sent and also to see if the shelter staff has decided to conduct the maintaining non-medical records time study.

04/06/16 **Audit Status:** AIC calls Asst. Dir. Of Finance to discuss audit. Mr. Antobam is going to follow up on the following Sal. & Ben. Items: 1). Does the FY 2007-08 Earnings History by GL report include employer paid portion of Medicare? 2). Is there also a similar report for FY 2008-09? 3). are the salaries showing paid from the 2120 (Animal Control) account or the 2130 (Animal Shelter) account? 4). the report does not provide the hours worked; for those employees who are not fulltime, we will need to know their FTE's. We also discussed the shelter conducting a time study for the maintaining non-medical records cost component. Mr. Antobam said they do want to perform the time study, but have questions on how to go about doing it. Based on this, they may or may not decide to go ahead and perform the time study. Mr. Antobam reuqested that AIC call the shelter and describe to them the process and involvement. Mr. Antobam also said he would resolve the salary and benefit questions this morning and get back to me ASAP.

04/07/16 **Payroll/Salaries and Benefits:** AIC has telephone conference with Asst. Director of Finance to clarify issues with actual salaries and benefits for C&M component, productive hourly rate calculations, and benefit rate calculations. Issues arose because the town could only provide payroll information for FY 2007-08. This information was in the form of an Earnings History by GL#" report and was not comprehensive like a typical payroll report would be. Also, the town did not claim salaries and benefits in their cost claims. Mr. Antobam later called back with answers to the issues after speaking with payroll and researching personnel files.

04/12/16 **Indirect Costs /Exit Conference Dates:** AIC telephones Asst. Dir. Of Finance to discuss indirect cost options. AIC explains that the town did not claim salaries and benefits for the audit period and therefore did not claim indirect costs. However, as a result of our audit, we have identified allowable salaries and benefits; therefore we will have to determine allowable indirect costs. AIC explained that per this program's parameters and guidelines, there are two options. The town can provide its ICRP for the audit period and we can determine allowable indirect costs by applying the indirect cost rate identified in the plan to allowable salaries and benefits, or we can apply a flat 10% to allowable salaries. Kofi decided that due to the town's record retention issues and unavailability of supporting documentation, that using the flat 10% would be the best option. AIC also discussed possible exit conference dates: the week of April 25th or the weel of May 2nd. Mr. Antobam said the week of April 25th would be better for him. He will contact the shelter staff to see what date works best for them and then get back to us.

04/25/16 **Non-Medical Records Time Study:** AIC speaks with Adriana Atteberry, Administrative Assistant, regarding the time study. AIC asks Adriana to compile the time study results onto an Excel spreadsheet, separated by Intake/Outcome, then separated by name and classification. AIC asks for the results through Sunday, April 24th. AIC says there appears to be enough results and the shelter can stop the time study after today (Monday). Adriana says she can have the results compiled by Tuesday afternnon (April 26).

Tab 7

 Began talking about new animal shelter in early 2005

2. Public Facilities Priorities

Patty Saady, Deputy Town Manager, gave a power point presentation and stated that Apple Valley has experienced a population growth. Construction of Town Hall was completed in 2002. It was intended to house all existing staff and the police department, but is nearing capacity. Municipal Services has been relocated to the newly completed Police and Code Enforcement building. At the end of the calendar year, we anticipate that there will be no room for growth. The Town owns 2.2 acres at the southwest corner of Civic Center Park, stated Ms. Saady. The existing animal shelter was always a temporary solution. On Tuesday, the Council approved purchase of 7 acres of industrial property on Navajo Road that staff is considering for a new public works facility, and then we can use the existing public works for an animal shelter. Both the existing public works and animal shelter are located in RDA 2. The new land (public works facility) is in close proximity to RDA 2. Both facilities could be designed and constructed using RDA funds. It is critical to begin the Town Hall expansion process now and include funding in the 2007/08 budget cycle, or we will have to rent space. Financially, it makes sense to begin the process. Mayor Pro-Tem Jasper asked, and Ms. Saady replied, that we like to build facilities with a 20 year life that will provide for expansion. Staff would like to bring plans forward to the Council, prior to July 1, for adoption. Councilman Sagona asked, and Ms. Saady replied, that expansion of the existing Town Hall is not efficient. The building was not constructed with the idea of building up. Once we have hired an architect and are in the planning stage, Mayor Pro-Tem Jasper suggested setting up a Council ad hoc committee to provide guidance.

There is no funding currently available for a new Community Center, but there are plans on the shelf for a combined Community Center and Aquatics Center. Staff recommends combining into one multi-use building for savings in both construction and operation.

CONSENSUS: Council directed staff to proceed with an RFP for architectural design of Town Hall expansion, Public Works, Animal Shelter, Community/Aquatics Multi-Use Center and discuss formation of an ad hoc Council committee.

3. General Plan Overview

Lori Lamson, Assistant Director of Community Development stated that the General Plan is a legal requirement and an expression of what the community wants. It's also a guide to decision making and creates the future of the community. Council direction is needed on whether or not to annex or pre-zone sphere areas and proceed with a Habitat Conservation Plan. The first task is coming up with a preferred land plan. One way to alleviate problems with the County is to pre-zone land in our sphere of influence area, stated Ms. Lamson. Development is piece-meal in the sphere and staff feels this is an appropriate way to address issues county residents have. In response to Councilman Nassif's question, Ms. Lamson replied that if the County keeps to their policy it will honor pre-zoning. Mayor Roelle suggested a complete annexation of the Town's Sphere of Influence. Ms. Lamson replied that pre-zoning would protect densities and land use, as would annexing and providing services to that area. Mayor Pro-Tem Jasper questioned why we are not pre-zoning the entire sphere of influence. There is not that much development east of Milpass, stated Ms. Lamson and there is a lot of BLM property in the sphere area that will be protected one way or another. Mayor Pro-Tem Jasper still felt that everything but BLM property

Tab 8

TOWN OF
APPLE VALLEY, CALIFORNIA

AGENDA MATTER

Subject Item:

AWARD OF PROFESSIONAL SERVICES AGREEMENTS FOR DESIGN SERVICES TO DOUGHERTY & DOUGHERTY ARCHITECTS, LLP, FOR DESIGN OF THE TOWN HALL EXPANSION; ADRIAN GAUS ARCHITECTS, INC., (FOR AC-6 ARCHITECT COLLABORATIVE) FOR DESIGN OF THE PUBLIC WORKS FACILITY; AND, WALD, RUHNKE & DOST ARCHITECTS LLP FOR DESIGN OF THE ANIMAL SHELTER FACILITY

SUMMARY STATEMENT

At the 2007 edition of the Council/Staff strategic planning and goal-setting workshop, Council received a presentation from staff regarding the Town's future space needs. After extensive discussion, the Town Council took several related actions, including the following:

—Authorized staff to proceed with the development and issuance of a Request For Proposals/Request For Qualifications (RFP/RFQ) for the purpose of retaining architectural firms for the design of a Town Hall Expansion Facility, Public Works/Corporate Yard and new Animal Shelter Facility; and,

—Authorized staff to commence the process of issuing redevelopment tax allocation bonds for the Publics Works and Animal Shelter facilities and Certificates of Participation for the Town Hall expansion facility

As a result of the above actions and direction by Council, staff developed and issued on April 2, 2007 an RFP/RFQ document for all three facilities for the purpose of recruiting and recommending for selection architectural and engineering firms for all three facilities.

Recommended Action:

1. That the Town Council award the attached Professional Services Agreement for design services related to the Town Hall Expansion Facility to Dougherty & Dougherty Architects LLP in the amount of $810,560 and authorize its execution; and,
2. That the Town Council award the attached Professional Services Agreement for design services related the Public Works Facility to Adrian Gaus Architects, Inc., (for AC-6 Architect Collaborative) in the amount of $579,700 and authorize its execution; and
3. That the Town Council award the attached Professional Services Agreement for design services related to the Animal Shelter Facility to Wald, Ruhnke & Dost Architects LLP in the amount of $670,000 and authorize its execution.
4. That the Town Council authorize and direct staff to develop and issue a Request For Proposals/Request For Qualifications (RFP/RFQ) for construction management services for the Town Hall Expansion, Public Works/Corporate Yard Facility and Animal Shelter Facility as described herein.

Proposed by: Director of Economic & Community Development **Item Number** _____

T. M. Approval: _____ **Budgeted Item** ☒ **Yes** ☐ **No** ☐ **N/A**

Council Meeting Date: 07/10/07

15-1

Patty Hevle, Deputy Town Clerk, read the title to Ordinance No. 353:

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY, CALIFORNIA, AMENDING TITLE 9 "DEVELOPMENT CODE" OF THE TOWN OF APPLE VALLEY MUNICIPAL CODE, BY AMENDING CHAPTER 9.77 AS IT RELATES TO MODIFYING THE REQUIREMENTS FOR WIRELESS TELECOMMUNICATION TOWERS AND ANTENNAS, SPECIFICALLY COLLOCATION FACILITIES, SO THAT IT IS CONSISTENT WITH STATE LAW.

MOTION:

Motion by Councilman Allan, seconded by Mayor Pro Tem Jasper to

5. **Introduce** Ordinance No. 353, amending Chapter 9.77 as it relates to modifying the requirements for wireless telecommunication towers and antennas, specifically collocation facilities, so that it is consistent with State law.
6. **Direct** staff to file a Notice of Exemption.
7. **Initiate** a Development Code Amendment -- General Plan Amendment to clarify the intent of the General Commercial (C-G) land use designation by modifying the description.

Vote: Motion carried 5-0-0.
Yes: Councilman Allan; Councilman Nassif; Councilman Sagona; Mayor Pro Tem Jasper; Mayor Roelle.

LEGISLATIVE MATTERS

14. Vacancy on the Planning Commission due to an Unscheduled Vacancy

Mayor Pro Tem Jasper made a motion, seconded by Councilman Sagona, to nominate Richard Allen to the Planning Commission.

Roll Call Vote: Motion carried 5-0-0.
Ayes: Councilman Allan; Councilman Nassif; Councilman Sagona; Mayor Pro Tem Jasper; Mayor Roelle.

REPORTS, REQUESTS AND COMMUNICATIONS

BUSINESS OF THE COUNCIL

15. Award of Professional Services Agreements for Design Services to Dougherty & Dougherty Architects, LLP, for Design of the Town Hall Expansion; Adrian Gaus Architects, Inc., (For AC-6 Architect Collaborative) for Design of the Public Works Facility; and, Wald, Ruhnke & Dost Architects LLP for Design of the Animal Shelter Facility

Ken Henderson, Director of Economic and Community Development, presented the staff report as filed with the Town Clerk. He spoke about the history and the process to bring this item forward to the Council.

Councilman Sagona recommended a continuance of this item until after the meeting of the Park and Recreation Ad Hoc Committee at which time they would prioritize funding.

Councilman Nassif responded that he was a member of that committee and the prioritization of funding pertains to the park department and not this item.

Councilman Allan disagreed, stating in his opinion the expansion of Town Hall did relate to the Park and Recreation Bond issue, since some of the money would be coming out of the general fund. He stated he was in favor of the new Animal Control and Public Works facilities.

Mayor Pro Tem Jasper expressed concerns about penalties being incurred if the bond funds were not spent in a timely manner. He felt that with the growing community, a Town Hall expansion was necessary.

Mr. Henderson explained the complicated process of the tax allocation bonds, stating they have been issued, marketed and sold as well as the certificates of appreciation. He stated there is a three year time frame for use of the bond proceeds.

Discussion ensued regarding continuing the item concerning the Town Hall expansion until the next regular Council meeting. Councilman Allan felt that a one month continuance would not make a difference in the spending of the bond proceeds and suggested three separate motions on each item.

Councilman Sagona commented that it was not his intention to prevent any of the projects, he just wanted to continue this item until after the meeting of the Park and Recreation Ad Hoc Committee.

MOTION

Councilman Sagona made a motion to continue this item until the second Council meeting in August.

Discussion on Motion

Mayor Roelle commented that he was not in favor of continuing Items 2 and 3, since there is an immediate need for these two facilities.

Councilman Nassif stated that council had set policy and these bonds have been sold and accumulated and cannot be used for Park and Recreation. He commented that the Park and Recreation Ad Hoc Committee meeting will be to discuss the different levels of subsidy for park and recreation.

Councilman Allan disagreed, stating he was concerned about the use of general funds after the expansion of Town Hall when an assessment is being considered to fund Park and Recreation.

Mr. Henderson explained the impacts of not meeting construction time frames and the financial impact it could have on the Town.

Bill Pattison, Finance Director, spoke about the negative impact to the Town's Bond rating if any of the projects were delayed and the bond proceeds were not spent in a timely manner. He explained that future funding for the new facilities would come from the General Fund and that Park and Recreation is typically self-sufficient and not sustained by the General Fund.

Mayor Pro Tem Jasper expressed concerns about the Town's bond rating declining if the project was delayed.

AMENDED MOTION

Councilman Sagona withdrew his original motion and made a motion, seconded by Councilman Allan, to continue Item #1, the awarding of the Professional Services Agreement for design services related to the Town Hall Expansion Facility to the August 14, 2007 Town Council meeting.

Roll Call Vote: Motion carried 4-1-0.
Ayes: Councilman Allan; Councilman Nassif; Councilman Sagona; Mayor Roelle.
Noes: Mayor Pro Tem Jasper

MOTION:

Motion by Councilman Allan, seconded by Councilman Nassif

2. That the Town Council award the attached Professional Services Agreement for design services related the Public Works Facility to Adrian Gaus Architects, Inc., (for AC-6 Architect Collaborative) in the amount of $548,800 and authorize its execution; and
3. That the Town Council award the attached Professional Services Agreement for design services related to the Animal Shelter Facility to Wald, Ruhnke & Dost Architects LLP in the amount of $670,000 and authorize its execution.
4. That the Town Council authorize and direct staff to develop and issue a Request for Proposals/Request for Qualifications (RFP/RFQ) for construction management services for the Town Hall Expansion, Public Works/Corporate Yard Facility and Animal Shelter Facility as described herein.

Roll Call Vote: Motion carried 5-0-0.
Ayes: Councilman Allan; Councilman Nassif; Councilman Sagona; Mayor Pro Tem Jasper; Mayor Roelle.

Since the results of the votes concerning Item No. 9 are completed, Council returned to this item at 8:26 p.m.

Councilman Nassif left the dais at 8:26 p.m., due to his business in the area.

9. Apple Valley "Village" Property and Business Improvement District (PBID) – Town Ballot and Assessment, Public Hearing on Formation, and Resolution to Establish the District

After receiving the report of the results of the ballot count and analysis from Emily Wong, Mayor Roelle read the results of the votes as follows: 53% in favor and 46.9% opposed.

MOTION:

Motion by Mayor Pro Tem Jasper, seconded by Councilman Sagona to

Adopt Resolution No. 2007-38, establishing the Apple Valley Village PBID.

Roll Call Vote: Motion carried 4-0-1.
Ayes: Councilman Allan; Councilman Sagona; Mayor Pro Tem Jasper; Mayor Roelle. Absent: Councilman Nassif

RECESS

Mayor Roelle called for a recess at 8:27 p.m.

RECONVENED

Mayor Roelle reconvened the meeting at 8:37 p.m.

MOTION:

Motion by Councilman Nassif, seconded by Mayor Pro Tem Jasper to reconsider the vote to continue the Town Hall Extension (Item #1) under Item No. 15 on the agenda.

Roll Call Vote: Motion carried 3-2-0.
Ayes: Councilman Nassif; Mayor Pro Tem Jasper; Mayor Roelle. Noes: Councilman Allan, Councilman Sagona

15. **(Item #1) Award of Professional Services Agreements for Design Services to Dougherty & Dougherty Architects, LLP, for Design of the Town Hall Expansion; Adrian Gaus Architects, Inc., (For AC-6 Architect Collaborative) for Design of the Public Works Facility; and, Wald, Ruhnke & Dost Architects LLP for Design of the Animal Shelter Facility**

Councilman Nassif commented that after speaking further with Finance Director Bill Pattison, he was concerned about the Town's bond rating should the Town Expansion project be continued.

Mr. Pattison explained that the Town may not be able to market bonds for at least five years should the item fail to pass on August 14th because it could seriously impact the Town's bond rating. He further stated that the debt to pay for the expansion is already built into the budget and the development impact fees could be used to help pay for the facility.

Councilman Sagona stated he only wanted to continue the item until after the Park and Recreation Ad Hoc Committee meeting and it was not his intention to oppose the Town Hall Expansion project.

MOTION

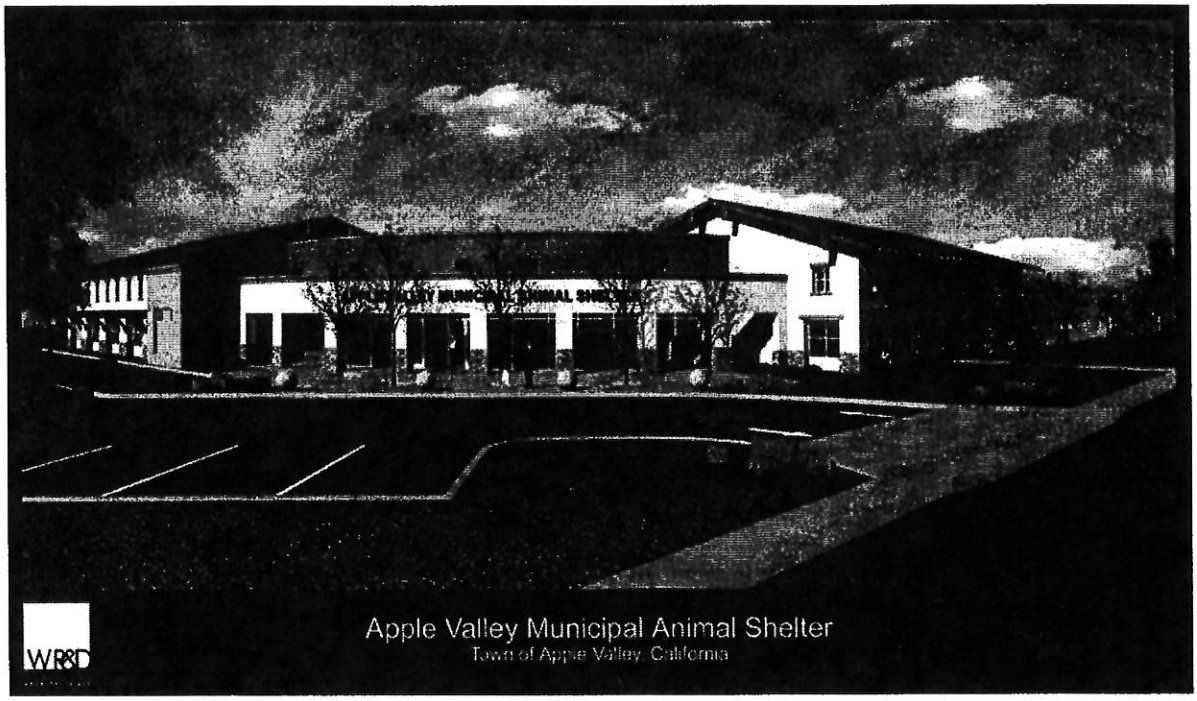
Motion by Councilman Nassif, seconded by Mayor Pro Tem Jasper

1. That the Town Council award the attached Professional Services Agreement for design services related to the Town Hall Expansion Facility to Dougherty & Dougherty Architects LLP in the amount of $810,560 and authorize its execution.

Roll Call Vote: Motion carried 3-1-1.
Ayes: Councilman Nassif; Mayor Pro Tem Jasper; Mayor Roelle.
Noes: Councilman Allan.
Abstain: Councilman Sagona

Tab 9

The Apple Valley Municipal Animal Shelter
Ground Breaking Fact Sheet
February 25, 2009



- Reception area for animal intake
- Adoption rooms and "Get acquainted" areas
- 18 cat cages
- 2 cat community rooms
- Cat and dog nurseries
- Quarantine facilities
- Isolation facilities
- Examination rooms
- Education room
- Holding and adoption area for exotic pets
- 78 dog kennels
- Indoor and outdoor play areas and dog runs
- Puppy ward (Puppies up for adoption)
- Aviary display
- Reptile area
- 4 livestock corrals
- Ventilation system to filter airborne diseases
- Work space for Animal Control Officers and Shelter Staff
- Space for a future veterinary office and surgery suite
- Expected completion: Winter 2010
- 36,000 Square Feet
- 4 ½ Acres

Animal Services
Town of Apple Valley

$8 million in project funding comes from bonds issued by the town against increased tax revenues from redevelopment areas.

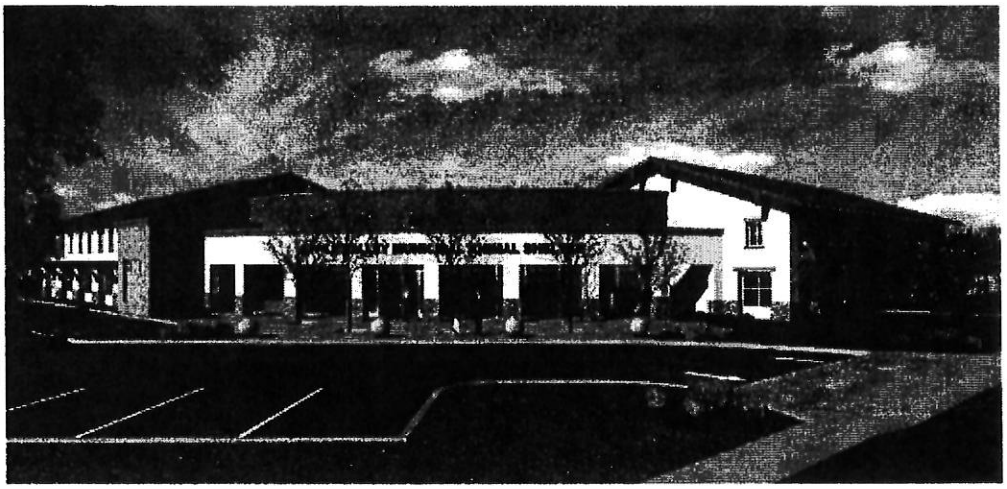
The Apple Valley Community Resource Foundation is accepting donations from those who wish to support the project.

Town of Apple Valley • www.applevalley.org • (760) 240-7000

Animal Shelter – as of 7/28/11

22131 Powhatan R

Apple Valley Municipal Animal Shelter



Animal Shelter Fact Sheet

The animal shelter site is on the southeast corner of Powhattan and Quinnault. The 36,000 square-foot facility will house state-of-the-art features providing better care of our animals, and foster an environment to promote education and adoption. Completion is expected by April of 2010.

The new Animal Shelter is well under way!
September 2009

Public Facilities

Apple Valley's sound budget and conservative financial management have positioned us for growth, even in the current economy. Infrastructure planning is a top priority at a time when we can get the most for our money. With the current state of the economy, dollars spent in construction go much farther than they did a few years ago.

In 2009 we broke ground on both a Town Hall Annex and a new Animal Shelter. Funding comes from a combination of redevelopment agency funds and certificates of participation earmarked specifically for these projects, and both projects came in significantly below estimates.

Using a multiple prime bidding process, rather than going out for one bid for a general contractor, individual trades had an expanded opportunity to get in on these jobs, and a number of high desert businesses were successful. Between salaries, construction costs and other "trickle down" factors, the economic impact of these two projects combined are injecting nearly $42 million into the local economy.

Learn more here:

- Town Hall Annex
- Animal Shelter

Tab 10

Town of Apple Valley

May 2007
FLSA: NON-EXEMPT

ANIMAL SHELTER ATTENDANT

DEFINITION

Under general supervision, provides a wide variety of animal shelter support duties involved in the care of impounded animal, cleaning and maintaining animal care facilities, and operating light vehicles; performs related work as required.

SUPERVISION RECEIVED AND EXERCISED

Receives general supervision from the Animal Shelter Supervisor. No supervision of staff is exercised.

CLASS CHARACTERISTICS

This is the entry-level class in the Animal Control Division and performs a range of routine and complex animal services duties, including impounding animals, providing customer service to patrons, keeping shelter and kennel areas clean, and assisting with euthanasia decisions. As knowledge and experience are gained, the work becomes broader in scope; assignments are more varied, and are performed under more general supervision. This class is distinguished from the Animal Shelter Supervisor in that the latter has full supervisory responsibilities for the animal shelter function, including training, scheduling, performance evaluations, and discipline.

EXAMPLES OF ESSENTIAL JOB FUNCTIONS (Illustrative Only)

Management reserves the right to add, modify, change or rescind the work assignments of different positions and to make reasonable accommodations so that qualified employees can perform the essential functions of the job.

- Maintains animal shelter facilities, including cleaning and disinfecting kennels, equipment, and checking fire extinguishers and smoke detectors; cleans facility yard; cleans office areas and restrooms; contacts vendors for maintenance repair estimates.
- Provides care to impounded animals by providing food, water, and comfort; observes animal behavior and health; isolates sick, quarantined, or injured animals; notifies supervisor or other staff members if an animal needs immediate veterinary care.
- Reviews adoption applications to ensure the appropriate placement of animals; counsels citizens regarding animal behavior and temperament; obtains final approval from Animal Shelter Supervisor or Registered Veterinary Technician.
- Assists in screening calls and visitors; responds to complaints and requests for information; assists in interpreting and applying regulations, policies, procedures, systems, rules, and precedents in response to inquiries and complaints from public.
- Takes photographs of animals, posts them on the animal shelter website, and enters information into the appropriate database for adoption purposes.

- Maintains shelter and office supplies, including inventory, order, and pick-up; operates forklift to store supplies.
- Assists Registered Veterinary Technician and other staff with medical exams, drug administration, euthanasia, and microchip implants.
- Provides appropriate housing placement of animals brought into the shelter; updates and modifies impound records; enters information into database; prints applicable forms and obtains appropriate signatures; issues kennel cards.
- Oversees volunteers and work release workers.
- Assists in evacuation of animals during local emergencies or disasters.
- Performs other duties as assigned.

QUALIFICATIONS

Knowledge of:

- Methods and techniques of handling, collection, impoundment, and registration of a variety of wild and domestic animals in various conditions.
- Identification of various breeds of dogs, cats, and other domestic and wild animals.
- Principles of animal behavior and humane care.
- Applicable codes, regulations, policies, and technical processes and procedures related to the department to which assigned.
- Safe work methods and safety practices pertaining to the work, including the handling of hazardous chemicals.
- Safe driving rules and practices.
- The operation and maintenance of a variety of, vehicles.
- Modern office practices, methods and computer equipment.
- Computer applications related to the work.
- English usage, grammar, spelling, vocabulary, and punctuation.
- Techniques for dealing with and solving the problems presented by a variety of individuals from various socio-economic, cultural and ethnic backgrounds, in person and over the telephone.
- Techniques for providing a high level of customer service to public and Town staff, in person and over the telephone.

Ability to:

- Handle animals in a humane and compassionate manner.
- Learn, interpret, and apply administrative and departmental policies and procedures.
- Respond to phone calls, walk-up traffic, and other requests for information.
- Conduct safety inspections and establish safe procedures.
- Estimate needed materials and labor and secure sufficient quantities.
- Organize, maintain, and update office database and records systems.
- Enter and retrieve data from a computer with sufficient speed and accuracy.
- Operate modern office equipment, including computer equipment and software programs.
- Use English effectively to communicate in person, over the telephone, and in writing.
- Use tact, initiative, prudence, and independent judgment within general policy and legal guidelines in politically sensitive situations.
- Establish and maintain effective working relationships with those contacted in the course of work.

Education and Experience:
Any combination of training and experience that would provide the required knowledge, skills and abilities is qualifying. A typical way to obtain the required qualifications would be:

Equivalent to the completion of the twelfth (12th) grade and six (6) months of experience in caring for animals in a veterinary hospital setting.

License:

- Valid California class C driver's license with satisfactory driving record and automobile insurance.
- Must obtain initial or renewal of euthanasia certification within first twelve (12) months of employment.

PHYSICAL DEMANDS

Must possess mobility to work in a standard office setting and use standard office equipment, including a computer; to operate a motor vehicle; and to walk on uneven terrain; strength, stamina, and mobility to perform medium physical work; vision to read printed materials and a computer screen; and hearing and speech to communicate in person and over the telephone. This is primarily a field classification with frequent standing in work areas and walking between work areas required. Wrist flexion and lateral rotation are necessary in combination with grasping to handle a snare and leash. Finger dexterity is needed to access, enter and retrieve data using a computer keyboard, typewriter keyboard or calculator and to operate standard office equipment. Positions in this classification occasionally bend, stoop, kneel, reach, push and pull drawers open and closed to retrieve and file information and evaluate and/or restrain animals. Employees must possess the ability to lift, carry, push, and pull materials and objects necessary to perform job functions.

ENVIRONMENTAL ELEMENTS

Employees primarily work outside with exposure to loud noise levels and may be exposed to inclement weather conditions, animal hair, dust, and potentially hazardous physical substances. May involve exposure to wild, dangerous, and/or diseased animals, and animals known to cause allergies. Employees may interact with upset staff and/or public and private representatives in interpreting and enforcing departmental policies and procedures.

Tab 11

Town of Apple Valley

May 2007
FLSA: NON-EXEMPT

ANIMAL SHELTER SUPERVISOR

DEFINITION

Under general direction, plans, schedules, organizes, supervises, reviews, and evaluates the activities of the Town's Animal Shelter; recommends and implements specific departmental operational programs; provides complex administrative support to the Director of Municipal Services; and performs related work as required.

SUPERVISION RECEIVED AND EXERCISED

Receives general direction from the Director of Municipal Services. Exercises direct and general supervision over animal shelter and other assigned personnel.

CLASS CHARACTERISTICS

This is the full supervisory-level class in the animal shelter class series that is responsible for overseeing animal shelter activities, including paraprofessional veterinary medical care and treatment of animals. While the incumbents may respond to calls for service or become involved with animal care activities, the primary responsibilities are supervisory and administrative, including the coordination of activities with those of other Town departments. This class is distinguished from the Director of Municipal Services in that the latter has overall responsibility for all animal control, animal shelter, waste management, transit, volunteer, code enforcement, and grant administration programs and for developing, implementing and interpreting public policy.

EXAMPLES OF ESSENTIAL JOB FUNCTIONS (Illustrative Only)

Management reserves the right to add, modify, change or rescind the work assignments of different positions and to make reasonable accommodations so that qualified employees can perform the essential functions of the job.

- Assists in management, development, and implementation of goals, objectives, policies, and priorities for the Department; recommends within departmental policy, appropriate service and staffing levels.
- Plans, manages, and oversees the daily functions, operations, and activities of the Animal Shelter.
- Recommends and standardizes procedures and methods to improve the efficiency and effectiveness of animal shelter services and programs; continuously monitors and evaluates the efficiency and effectiveness of service delivery methods and procedures; assesses and monitors workload, administrative and support systems, and internal reporting relationships.
- Assists in coordinating the work plan for the assigned staff; meets with staff to identify and resolve problems; ensures coverage of staff for all shifts and assignments; assigns work activities, projects, and programs; monitors work flow; reviews and evaluates service delivery, methods, and procedures; makes recommendations for improvement and ensures maximum effective service provision.

- Trains, motivates, and evaluates assigned personnel; provides or coordinates staff training; works with employees to correct deficiencies; assists in selection of new personnel.
- Creates statistical reports, prepares and analyzes information in order to assess shelter operations.
- Provides paraprofessional veterinary medical care and treatment of animals, including triage, collecting specimens, evaluating health of animals, performing fecal, skin scraping and ear swab analysis, testing for animal diseases and prescribing appropriate treatment.
- Administers medications, first aid, and vaccinations on animals.
- Documents, logs, and enters into database physical findings, laboratory test results, medications, vaccinations, and other treatments.
- Provides care to impounded animals by providing food, water, and comfort; observes animal behavior and health; assesses and determines disposition of impounded animals.
- Monitors euthanasia process, including appropriate application of humane restraint, accuracy of record keeping, appropriate administration of drugs, adherence to safety protocols, and compliance with established Federal, State, and local regulations.
- Monitors use and maintenance of controlled substance inventory and usage logs as required by Federal, State, and local regulations.
- Conducts facility inspections to identify health or injury risks to employees and creates action plans to address findings.
- Supervises volunteers and work release workers.
- Answers questions regarding the medical treatment of animals, regulations, adoption and licensing, and department policies and procedures.
- Documents facility inspections and corrective action taken in Injury/Illness Prevention binder.
- Maintains liaison and fosters positive relationships with breed placement or rescue groups to maximize shelter adoption efforts and minimize euthanasia of animals.
- Meets with vendors to acquire estimates and schedule repair or replacement of facilities and equipment.
- Coordinates and conducts community tours of animal shelter facilities.
- Advises Animal Control Supervisor of animal abuse or neglect and provides supporting documentation, such as photographs, examination notes, or diagnostic results.
- Performs other duties as assigned.

QUALIFICATIONS

Knowledge of:

- Principles and practices of employee supervision, including work planning, assignment, review and evaluation and the training of staff in work procedures.
- Applicable Federal, State, and local laws, codes, court decisions, and regulations, including administrative and departmental policies concerning the operation of a municipal animal shelter.
- Organization and management practices as applied to the analysis and evaluation of programs, policies, and operational needs of the assigned department.
- Methods and techniques of handling, collection, impoundment, treatment and registration of a variety of wild and domestic animals in various conditions.
- Identification of various breeds of dogs, cats, and other domestic and wild animals.
- Principles of animal behavior and care.
- Applicable codes, regulations, policies, and technical processes and procedures related to the department to which assigned.
- Modern office administrative and secretarial practices and procedures, including the use of standard office equipment.
- Business letter writing and the standard format for reports and correspondence.
- Principles and practices of data collection and report preparation.

- Business arithmetic and basic statistical techniques.
- Principles of record keeping and cash handling.
- Modern office practices, methods, and computer equipment.
- Computer applications related to the work.
- English usage, grammar, spelling, vocabulary, and punctuation.
- Techniques for dealing with and solving the problems presented by a variety of individuals from various socio-economic, cultural and ethnic backgrounds, in person and over the telephone.
- Techniques for providing a high level of customer service to public and Town staff, in person and over the telephone.

Ability to:

- Recommend and implement goals, objectives, and practices for providing effective and efficient services.
- Plan, organize, schedule, assign, review and evaluate the work of staff.
- Train staff in work procedures.
- Evaluate and recommend improvements in operations, procedures, policies, or methods.
- Make sound, independent decisions in day-to-day activities and in emergency situations.
- Prepare clear and concise reports, correspondence, policies, procedures and other written materials.
- Analyze, interpret, summarize, and present administrative and technical information and data in an effective manner.
- Interpret, explain, and ensure compliance with Town policies and procedures, complex laws, codes, regulations and ordinances.
- Effectively represent the department and the Town in meetings with governmental agencies, community groups and various businesses, professional, and regulatory organizations and in meetings with individuals.
- Identify and be responsive to community issues, concerns, and needs.
- Establish and maintain a variety of filing, record-keeping, and tracking systems.
- Recognize normal and abnormal animal behavior.
- Handle animals in a humane and compassionate manner.
- Provide appropriate medical evaluation, analysis, and treatment of animals.
- Learn, interpret, and apply administrative and departmental policies and procedures.
- Compose correspondence and reports from brief instructions.
- Make accurate arithmetic, financial and statistical computations.
- Organize own work, coordinate projects, set priorities, meet critical time deadlines, and follow-up on assignments with a minimum of direction.
- Operate modern office equipment including computer equipment and software programs.
- Use English effectively to communicate in person, over the telephone and in writing.
- Use tact, initiative, prudence and independent judgment within general policy and legal guidelines in politically sensitive situations.
- Establish and maintain effective working relationships with those contacted in the course of work.

Education and Experience:
Any combination of training and experience that would provide the required knowledge, skills and abilities is qualifying. A typical way to obtain the required qualifications would be:

Equivalent to the completion of the twelfth (12th) grade and five (5) years of experience in caring for animals in a veterinary hospital setting, including two (2) years of supervisory experience.

License:

- Valid California class C driver's license with satisfactory driving record and automobile insurance.
- Registered as a Registered Veterinary Technician (RVT) by the State of California Veterinary Medical Board.
- Must maintain a current Controlled Substance Registration Certificate from the Drug Enforcement Administration.

PHYSICAL DEMANDS

Must possess mobility to work in a standard office setting and use standard office equipment, including a computer; to operate a motor vehicle; and to walk on uneven terrain; vision to read printed materials and a computer screen; and hearing and speech to communicate in person, before groups and over the telephone. This is primarily an office classification with frequent standing in work areas and walking between work areas may be required. Wrist flexion and lateral rotation are necessary in combination with grasping to handle a snare and leash. Finger dexterity is needed to access, enter and retrieve data using a computer keyboard, typewriter keyboard, or calculator and to operate standard office equipment. Positions in this classification occasionally bend, stoop, kneel, reach, push and pull drawers open and closed to retrieve and file information and evaluate and/or restrain animals. Employees must possess the ability to lift, carry, push, and pull materials and objects necessary to perform job functions.

ENVIRONMENTAL ELEMENTS

Employees primarily work in an office environment with moderate noise levels and controlled temperature conditions. Employees occasionally work outside with exposure to loud noise levels and may be exposed to inclement weather conditions, animal hair, dust, and potentially hazardous physical substances. May involve exposure to wild, dangerous, and/or diseased animals, and animals known to cause allergies. Employees may interact with upset staff and/or public and private representatives in interpreting and enforcing departmental policies and procedures.

Tab 12

IV) DETAILED NOTES ON ALL FUNDS - Continued

E) Long-Term Debt - Continued

2) Tax Allocation Bonds - Continued

The purpose of the bonds is to finance certain redevelopment projects benefiting the portion of the Victor Valley Economic Development Authority (VVEDA) Project Area within the jurisdiction of the Town of Apple Valley. The bonds are special obligations of the Agency and are payable exclusively from Pledged Tax Revenues. The bonds are not a debt of the Town of Apple Valley, the VVEDA or its members, State of California, or any of its political subdivisions, other than the Agency, and neither the Town of Apple Valley, the VVEDA or its members, the State of California nor any of its political subdivisions, other than the Agency, is liable therefore. In no event shall the bonds be payable out of any funds or properties other than those of the Agency. At June 30, 2008, the amount in the Bond Reserve Fund was sufficient to cover the minimum bond reserve requirement. Annual debt service requirements to maturity are as follows:

Year Ended June 30,	Principal	Interest
2009	$ 135,000	$ 407,383
2010	140,000	401,982
2011	145,000	393,382
2012	160,000	390,582
2013	160,000	384,183
2014-2018	915,000	1,813,805
2019-2023	1,140,000	1,597,175
2024-2028	1,435,000	1,305,538
2029-2033	1,790,000	932,662
2034-2037	2,820,000	390,213
	$ 8,840,000	$ 8,016,905

2007 Tax Allocation Bonds Project Area 2

In July of 2007, the Redevelopment Agency of the Town of Apple Valley issued $37,230,000 in Tax Allocation Bonds. Interest on the bonds ranges from 4.00% to 5.75% and is payable semi-annually on June 1 and December 1 of each year. Principal is payable on July 1 to maturity in 2037. Proceeds from the Bonds will be used to finance certain redevelopment activities benefiting the Apple Valley Redevelopment Project Area 2.

IV) DETAILED NOTES ON ALL FUNDS - Continued

E) Long-Term Debt - Continued

2) Tax Allocation Bonds - Continued

The debt service maturity schedule for the 2007 Tax Allocation Bonds is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	$ 615,000	$ 1,769,000	$ 2,384,000
2010	640,000	1,744,400	2,384,400
2011	665,000	1,718,800	2,383,800
2012	695,000	1,690,700	2,385,700
2013	720,000	1,662,900	2,382,900
2014	750,000	1,632,300	2,382,300
2015	790,000	1,589,175	2,379,175
2016	840,000	1,543,750	2,383,750
2017	880,000	1,505,950	2,385,950
2018	920,000	1,466,350	2,386,350
2019	960,000	1,424,950	2,384,950
2020	1,005,000	1,381,750	2,386,750
2021	1,050,000	1,331,500	2,381,500
2022	1,105,000	1,279,000	2,384,000
2023	1,155,000	1,223,750	2,378,750
2024	1,220,000	1,166,000	2,386,000
2025	1,275,000	1,105,000	2,380,000
2026	1,340,000	1,041,250	2,381,250
2027	1,405,000	979,610	2,384,610
2028	1,470,000	914,980	2,384,980
2029	1,540,000	844,420	2,384,420
2030	1,615,000	770,500	2,385,500
2031	1,695,000	689,750	2,384,750
2032	1,780,000	605,000	2,385,000
2033	1,870,000	516,000	2,386,000
2034	1,960,000	422,500	2,382,500
2035	2,060,000	324,500	2,384,500
2036	2,160,000	221,500	2,381,500
2037	2,270,000	113,500	2,383,500
Total	$ 36,450,000	$ 32,678,785	$ 69,128,785

3) 2007 Lease Revenue Bonds

In July of 2007 the Town of Apple Valley Public Financing Authority issued $11,395,000 of 2007 Series A Lease Revenue Bonds. Interest on the Bonds will range from 3.625% to 4.500% and is payable semi-annually on March 1 and September 1 each year. Principal is payable September 1 of each year until maturity in 2028. Proceeds from the bonds will be used to finance certain capital projects of the Town of Apple Valley including the construction of an annex to the Town Hall.

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

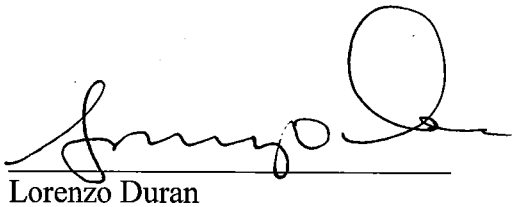
On October 19, 2017, I served the:

- **Controller's Comments on the IRC**

  Animal Adoption, 17-9811-I-04
  Civil Code Sections 1834 and 1846; Food and Agriculture Code sections 31108, 31752, 31752.5, 31753, 32001, and 32003;
  Statutes 1998, Chapter 752 and Statutes 2004, Chapter 313
  Fiscal Years: 2007-2008 and 2008-2009
  Town of Apple Valley, Claimant

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on October 19, 2017 at Sacramento, California.



Lorenzo Duran
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 9/21/17

Claim Number: 17-9811-I-04

Matter: Animal Adoption

Claimant: Town of Apple Valley

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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Exhibit C

Town of Apple Valley

A Better Way of Life

RECEIVED
November 20, 2017
Commission on State Mandates

November 17, 2017

Ms. Heather Halsey
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Re: Town of Apple Valley, Animal Adoption Incorrect Reduction Claim
RESPONSE TO STATE CONTROLLER COMMENTS ON IRC, DATED, OCTOBER 17, 2017

Dear Ms. Halsey,

Please accept our responses to the State Controller's October 17, 2017 comments to our IRC.

ISSUE 1 – DENIAL OF PORTION OF ANIMAL SHELTER CONSTRUCTION COSTS CLAIMED

The State Controller's Office (SCO) states that the Town is not entitled for reimbursement of a portion of their Animal Shelter facility costs because:

"The records of evidence does not include language stating that acquiring additional space and or construction of a new facility is necessary for the increased holding period requirements of the mandated program."

We believe Council audio discussion provided in our IRC supports this requirement. Parameters and Guidelines state on page 7 that "Documentation requirements may be satisfied in whole or in part by staff agenda items, staff reports, minutes of the governing board meetings, transcripts of governing board meetings, certification by the governing board describing the findings and determinations..."

"Remodeling is not feasible" and "Existing facilities are not properly configure."

Documentation shows that after their contract services with Victor Valley Animal Protective League and the City of Hesperia ended in March of 2005, that a small residential building and warehouse in the Town were remodeled to temporarily care for animals. However, record states that despite the recent remodel, only two years later, the governing body found that facility was not "purpose built and did not provide necessary isolation, quarantine or kennel space for an increased number of impounded animals

"Contracting with existing private or public shelters in the area... is not feasible."

The record show that the Town did contract with existing private and public shelters through 2005, however, they found the arrangements unsatisfactory (not feasible). Council expressed concerns to the Victor Valley Animal Protective League because of increased costs "without audited records to support the increased fee request."

Later when the Town contracted with the City of Hesperia, the Town Council wished to "eliminate the need for residents to travel outside of their jurisdiction to place impounded animals..." SCO notes that the distance is a mere 11 miles away. However, it does not note that the Town covers a 75 mile land area and the driving distance from the town center to the Hesperia shelter takes an average of 22 minutes. Residents further from the Town center could be faced with substantial drive times.

These statements in the record all demonstrate that the governing body of the Town of Apple Valley did attempt to find alternate animal housing arrangements, but for various reasons, found all these arrangements not feasible.

Again, only an eligible share of the costs related directly to the increased holding period mandated were claimed. The formula in the claiming instructions limit reimbursement to those costs which are attributable to the passage of the Hayden Bill and not normal population growth or existing overcrowding. As the SCO notes and the records indicate – the Town claimed 12.9% and 51.8% of facility costs.

The Town had difficulty computing the Formula for Proportionate Share of Actual Costs, not only because of the complexity of the formula, but because the formula requires data from 1998 such as shelter square footages of facilities and animal populations. Because the facility was operated by a contract shelter (Victor Valley Animal Protective League) and that facility also housed other jurisdictions animals, these numbers were extremely difficult to obtain. We deliberately left both computations as a part of the records so that when the SCO reviewed the claim for payment, we could discuss which computation was correct.

The Town alleges that the computation formulas were included as a part of the original claims. The Town also provided the SCO with another copy during the audit process. However, even if somehow the State's copy of the claim didn't have those computation sheets in their original document, the percentage claimed was known and available on the detailed claim forms in the SCO's possession (see claim copies – Forms AA-2). If the State believed some information was missing or had any questions they could have easily made the request at any time.

State Law requires that local agencies be reimbursed for the increased cost incurred to comply with Costs Mandated by the State. The Town is only requesting a percentage of construction costs that is the direct result of increased animal populations that were experienced to comply with the State Mandated Animal Adoption program, and thus should be reimbursed by the State. We are happy to discuss formula computations with the SCO .

SCO Response 2: Many of the costs claimed occurred outside of the audit period.

The definition of "cost incurred" according to Federal OMB A-87 guidelines (see TAB 1, OMB Guidelines, Page 8) "includes costs determined on a cash, accrual, or other basis acceptable to the Federal awarding or cognizant agency". Therefore, costs should include the date funds were obligated (date of invoice or contract execution date) as well as the date of actual expenditure of funds (date of payment).

Use of RDA funding.

This issue was not brought up during any point of the Audit process.

ISSUE 2 - MISSING ITEM 1 - PROMPT AND NECESSARY VETERINARY CARE

SCO contradicts itself. They state that ***the Town's request that costs for the Veterinary Care component be reinstated is not valid because "costs cannot be 'reinstated'or restored' for something that was not claimed."***

SCO then described how the Town claimed these costs and explains how the costs were comingled and difficult to segregate. (Tab 2, page 14) "To summarize, the town took the total expenditures of the animal shelter, subtracted costs for its spay and neutering program, added an overhead factor, and applied the results to the care and maintenance formula. This method is problematic because it assumes that all remaining costs were 100% related to the care and maintenance of animals...It is impossible to correctly determine or segregate out which portion of the care and maintenance costs claimed were actually attributable to the Necessary and Prompt Veterinary care cost component or any other cost component."

It is clear that costs were indeed claimed, just not in a manner that allowed the SCO to clearly identify those costs.

Next, SCO states that ***they gave the Town "ample opportunity to conduct time studies in order to determine salary and benefit costs incurred."***

The Town disagrees.

Throughout the audit, Town staff spent many hours working to provide the auditor with requested documentation and were cooperative. SCO auditors confirm in their March 15, 2016 email to the Town, "During the audit, the city has provided a lot of documentation supporting various supplies and materials costs that were incurred in the animal shelter for care and maintenance, animal census data, and employee duties statements." (See SCO IRC Response, Tab 5 page 8, paragraph 2)

Audit Manager Venneman also stated that the audit was progressing to their satisfaction until his email to the Town on March 15, 2016. "Our audit of the city's Animal Adoption mandated cost claims began about nine months ago. Things seemed to be moving along rather steadily until the first part of January." (See Tab 5, page 5 of SCO's Response, paragraph 1).

The record shows that there were no complaints until Ms. Argshestani's **February 29, 2016 email** when she emails shelter staff "It has been a while since we have been in touch. Checking in to see if Gina (Shelter Director) is done or nearly done with her involvement in the animal cruelty case. We will need to pick back up on this audit and hopefully **start the time studies**." (See Tab 5, page 4 of SCO's Response).

Additionally Audit Manager Mr. Venneman states in his March 15, 2016 email to the Town, "If the city wishes to perform time studies for any of the cost components listed above, please let us know...We have found that a two or three week period is typically sufficient to provide enough information to support an activity that is performed in the shelter on an ongoing basis." (See Tab 5, page 10 of SCO's Response, last paragraph).

The Town replied that they were interested in conducting time studies and submitted their first time study plan to the SCO on April 12, 2016 (see TAB 1, pages 6 – 12 of Apple Valley Response below). The first time study plan was approved and completed at the end of April, 2016.

Time study language indicated that the Town was intending to continue with further time studies (see Tab 1 page 7 of Apple Valley Response below)

As soon as the first time study was completed and provided to the SCO on April 27, the SCO auditor immediately scheduled its Exit Conference on May 4, 2016 for the following day. Until May 4, 2016 there were no reports from the State showing the Town actual findings – or audit results with allowed amounts. (See IRC, Appendix A, page 58-89). SCO IRC only provided some email correspondences listing what information was still outstanding – but not reports showing the Town actual results (preliminary numbers).

Even after the exit conference the Town had to request detailed SCO reports to see how SCO came up with their computations. See IRC Appendix A, page 90 – Mr. Jim Venneman's email stating what their office would provide, including, "Details of our allowable cost calculations for Care and Maintenance..."

The Town had one day to analyze the preliminary findings which were provided on May 4. The Exit Conference took place on May 5. The Town notified SCO immediately after the Exit Conference that they wished to prepare additional time studies and gather additional documentation to support costs cut by the auditor. Mr. Venneman, Audit Manager responded on May 6, 2015 (see IRC APPENDIX A, page 92) that SCO would not consider any additional time studies or ICPRs.

The Town was told that they had only 10 days to respond to the Draft Report. Clearly there was not enough time to conduct a 2-3 week time study as SCO originally stated would be ideal. The Town could not ask to get the time study guidelines approved in advance by the SCO because they were told no time study would be accepted. Thus, because SCO had accepted a week long sampling in the first time study, the Town proceeded with a 4 day time study (2 days studying dog procedure and 2 days to study cat procedure) to support allowable activities under the Prompt and Necessary Veterinary Component.

Had the SCO allowed the Town to complete the time studies when they requested and this feedback been provided during the audit process, all the issues they now bring up could have been corrected. A longer time study could have been conducted and the activities would have been tracked differently to satisfy the SCO. However the SCO's rush to end the audit and refusal to consider additional support and documentation has made this IRC necessary.

SCO states that "Only additional fieldwork would have resolved this."

This additional fieldwork was the SCO's to grant. There were no time constraints. There was clearly a desire on the part of the Town to continue to provide information and to extend fieldwork. The Town believes that they were denied the opportunity to support costs by the SCO's rush to end the audit.

This is the Town's first experience with an SCO audit of State Mandate costs. We were aware that statutorily the State had two years in which to complete the audit. The Town was assured that they would have the opportunity to review, respond, and provide additional documentation in response to the Preliminary Findings both during the Exit phone conference and after the formal Draft Audit Report was issued. The SCO determined that it would end fieldwork, not the Town. It was the SCO who refused to allow any additional time studies or to allow additional documentation of Veterinary costs.

Mr. Venneman May 5, 2016 email, "Note – time study results must be submitted to us prior to issuance of our audit report. Any information submitted after that date supporting allowable costs will not be considered."

Mr. Venneman May 6, 2016 email, "We realize your positions on these three issues. You can include your objections and/or any additional information about these issues in your response to the draft report. The report may be issued in 3-4 weeks from today."

The record shows that 1) the SCO was satisfied with the progress of the audit until the end of January, 2016. 2) the SCO was aware that time studies were just beginning in early April, 2016 and 3) the Town had notified the SCO that they had 15 pressing animal cruelty cases that had required their attention and which resulted in delays until April 2017. 4) the SCO decided to end "fieldwork" without the Town's consent ("The SCO is not obligated to get the claimant's consent to end fieldwork." (See Page 25, paragraph 1 of SCO 10-17-17 Response) 5) The SCO decision to end fieldwork and not consider the Town's additional documentation resulted in incorrect reductions of costs.

The Town would be willing to repeat the time studies to the SCO satisfaction and provide any additional material they deem necessary to support the costs they incurred to comply with the mandated program. We request that the Commission give us the opportunity denied us during the course of the audit process.

Allowable Material and Supply Costs: Vaccine Material Costs requested by Town denied.

SCO contradicts itself again. They state that "***the Town did not claim costs for this component. "***

Since the total expenditures included medical supplies including vaccines, syringes , they were in fact claimed as a part of the unit cost per animal under the Care and Maintenance Component). Therefore, SCO's comment that these costs were never claimed and therefore cannot be reinstated is not correct. These costs were claimed and a part of the comingled total cost.

SCO stated: "We informed the town that in order to determine allowable material and supply costs for the purchase of wellness vaccines, the town would need to provide supporting documentation in the form of invoices in order to determine a unit cost per vaccine.

The Town did not retain actual invoices from the audited period due to records retention policies, since it's been almost ten years after costs were incurred. However, other types of proof such as expenditure accounting records do exist. Our staff provided them with the printouts that we had. The documentation came from our Department database.

SCO agrees that they did allow other agencies who did not have the actual detailed invoices to use those of a more recent year to compute an average cost for these supplies. This option was not offered to the Town.

SCO states on page 19 of their IRC Response that they did their "due diligence in reaching out to the town to discuss the audit issues and provide alternatives to support reimbursable costs where needed..." However the records shows that this alternative method of using a more recent year's invoices was never proposed nor mentioned during the audit even though the Town explained their difficulty in locating those detailed invoices requested. The SCO states that "other agencies worked with SCO auditors to provide requested documentation in a timely manner." But how could the Town have provided these records when they were never notified that providing invoices from a more recent year was even an option? The SCO agrees that they offered other agencies (but not the Town of Apple Valley) this alternative approach, but do not explain why the Town was not afforded the same

opportunity. Allowing some to use that alternate approach while not allowing other agencies to do so is in fact the definition of "inconsistent, unfair and arbitrary treatment."

The preliminary findings provided by SCO to Town on May 4, 2016 was the first opportunity the Town had to see the comprehensive results of the audit review and were only given a day to review before the Exit Conference call to discuss the results. SCO states that they did provide updates to the Town, however, the record does not support that the Town was provided detailed cost and financial audit findings until the issuance of preliminary findings on May 4. (see discussion of this issue under ITEM 2)

ISSUE 3 Care and Maintenance Costs

SCO statement on page 22 of their IRC Response that "the town did not claim salary and benefit costs" is misleading.

The Town DID claim salary and benefits costs. SCO confirms this in their Final Audit report, page 16, "The town did not claim salaries and benefits for the audit period. Rather, it claimed costs for salaries and benefits, materials and supplies, contract services, and indirect costs **under the category of services and supplies**."

SCO then described how the Town claimed these costs and explains how the costs were comingled and difficult to segregate. (SCO IRC Response, Tab 2, page 14) "To summarize, the town took the total expenditures of the animal shelter department, subtracted costs for its spay and neutering program, added an overhead factor, and applied the results to the care and maintenance formula. This method is problematic because it assumes that all remaining costs were 100% related to the care and maintenance of animals..."

SCO also states that they (SCO)"used an appropriate and reasonable methodology and informed shelter staff of this methodology. The methodology does not become arbitrary simply because now the town disagrees with it."

The Town does not disagree with the methodology of allocating a percentage of employee time to the eligible activities by job classification **if** those allocations are based on actual time spent on those activities and not some arbitrarily constrained allocation forced upon it by the SCO auditor. What the Town disagrees with is the SCO's artificial and arbitrary requirement to limit their actual staff time allocations to not exceed 100% between the **group** of employees who works on those mandated activities. Of course, each employee's time by duty balances to 100% (See attached Tab 1, page 3)

SCO auditor Amy Arghestani emailed town staff on November 10, 2015, "Good afternoon Gina, During my visit, you provided job duty statements (job descriptions for the various employee classifications that comprise the shelter staff during the audit period (FY 2007-08 and FY 2008-09). For your reference, I have attached these as a PDF document. The purpose of requesting duty statements is to assist us in determining the percentage of the daily workload that each classification devoted to caring for and maintaining the animals (cleaning, feeding and grooming). The goal is to assign a pro-rate percentage to those classifications involved in care and maintenance activities, where the sum of all percentages equal to 100%." (See attached Tab 1, page 4)

The Town then sent their original response back to the auditor on April 12, 2016 indicating their actual allocation of time spent on various activities, including time to provide animal care and maintenance. Each employees time spent per activity was noted and balanced to 100%. (See attached Tab 1, page 3):

Animal Shelter Supervisor = **10% time spent providing care to impounded animals**, 90% other duties

Registered Veterinary Technician = **85% time spent caring/maintaining animals,** 15% other duties

Animal Control Technician = **25% time spent maintaining shelter disinfecting kennels,** 75% other duties

Animal Shelter Attendant = **80% time spent caring/maintaining the animals and 5% overseeing volunteer and work releases (who provide care and maintenance**), 15% other duties

Animal Control Supervisor= **5% Shelter (morning cleaning/feeding dogs),** 95% animal control duties

Animal Control Officer I = **10% Shelter (morning cleaning/feeding dogs)**, 90% animal control duties

Animal Control Officer II = **10% Shelter (morning cleaning/feeding dogs),** 90% animal control duties

The Auditor then makes several phone calls to Town staff and emails requesting that now ALL employee percentage allocations above be reduced so all their time allocations between them all added together totaled to not exceed 100The April 13, 2016 email from SCO Auditor Amy Arghestani states, "Hi Adriana, For the Animal Shelter Supervisor, I see you have 5% administering medications, first aide, etc. highlighted rather than the 10% providing care to impounded animals. If we correctly use the 10% providing care to impounded animals that will make the grand total 105%. Could you revise the numbers one last time so that the grand total is 100%?

The Audit Report **falsely implies that the percentage allocations shown in the Final Audit report were determined by the town shelter management staff.** The percentages listed above are the actual percentage allocations determined by town shelter management staff. The town was forced to artificially reduce their allocations as demanded by the SCO auditor to make them all total to 100%.

"Final Audit shows: FY 2007-08 and FY 2008-09

Animal Shelter Supervisor = 5% time spent providing care to impounded animals
(Reduced 5% to comply with SCO restriction)

Registered Veterinary Technician = 20% time spent caring/maintaining animals
(Reduced 65% to comply with SCO restriction)

Animal Control Technician = 5% time spent maintaining shelter disinfecting kennels
(Reduced 20% to comply with SCO restriction)

Animal Shelter Attendant = 60% time spent caring/maintaining the animals and 5% overseeing volunteer and work releases (who provide care and maintenance)
(Reduced 35% to comply with SCO restriction)

Animal Control Supervisor=– 5% Shelter (morning cleaning/feeding dogs)

Animal Control Officer I = 5% Shelter (morning cleaning/feeding dogs)
(Reduced 5% to comply with SCO restriction)

Animal Control Officer II = 0% Shelter (morning cleaning/feeding dogs)
(Reduced 10% to comply with SCO restriction) .

To make all employees time add to 100% per SCO request

This statement and the percentages are false and misleading because those were NOT the percentages of daily workload devoted to caring for and maintaining animals as determined by town staff, but rates that were artificially created to satisfy the demands of the SCO auditor. Twice the auditor came back to Town staff and asked them to reduce their allocation of time between all the employee classifications to balance to 100%.

The record indicates that the auditor did not question activities or allocations made by staff based on the duties performed. SCO only refer to the need to reduce the percentage allotments to total 100% between all employees. This was not based upon any review of the town's assessment of tasks and time spent per task based on the record and town employee attesting to what occurred.

These demands made by the auditor were incorrect and arbitrary and resulted in improper reductions of eligible Town costs. While it is logical that each individual's time spent on various activities total to 100%, there is no reason why the total time spent by a GROUP of different individuals on a mandated activity must add to 100% between them. Time allocations should be based on actual time spent by each employee – not some arbitrary, limited amount imposed by the SCO auditors.

This is the issue and what we disagree with, not the general methodology or assigning of percentages.

SCO responds in their IRC Response that the Town "did not provide any analysis to support this conclusion (that their original allocations were correct." This is also not true – staff reviewed each duty statement in detail and assigned time allocations to each distinct activity as requested. (See attached TAB 1 – page 3) These allocations represent what the ACTUAL time allocations by activity were according to staff analysis.

There is no discussion on how the SCO determined that 60% was a reasonable allotment of time for the Animal Shelter attendant to spend caring for and maintaining animals, other than now, in hindsight that they point to one of 11 job duty statements and say that that was the only one they thought was related to the activity of animal care and maintenance. They say in their IRC Response, "if fact, it is possible that the allocation is actually lower than 60%."

We question how the SCO auditor can determine, just by looking at the Job Descriptions, how much time is spent on each job duty. There is no indication of how much employee time is required to be spent on each activity on the Job Description documents. Clearly some job duties take much more employee time than others. For example, activity bullet point #10 in the Job Description statement for the Animal Shelter Attendant, (Tab 10 of SCO IRC Response) states, "Assists in evacuation of animals during local emergencies or disasters." This may never occur, however, bullet point 1, "Maintains animal facilities, including cleaning and disinfecting kennels", and Bullet point 2, "Provides care to impounded animals" may take most of their time. Reviewing job descriptions alone cannot provide allocation of time per activity as the SCO suggests.

Looking at other audits of the same program, most other agencies also responded that their primary animal shelter attendant positions spent an average of 80-95% of their time on care and maintenance of animals. There is nothing unreasonable or excessive in the Town's initial response/assessment of care and maintenance time allocation. In the other audits we examined, the records show that the other agencies also provided job descriptions, the managers provide percentage estimates, and "based on SCO auditor observations and inquires, we (SCO) concur with the city's assessment." No other agency was asked to provide further study or analysis. (See attached Tab 1, EXCERPTS FROM OTHER SCO ANIMAL ADOPTION AUDITS)

Upon examining other State Audits of the same Animal Adoption program we discovered inconsistent computational methodologies used by the auditor. In most audits, the SCO did NOT require that all staff time spent on care and maintenance be limited to 100%. The SCO did not require arbitrary reduction of staff time for almost all of the other Audits conducted. Therefore, the statement that "we view the activity as a whole where the responsibilities are divided among various employee classifications, and the sum of the responsibilities performed by the employees equals 100%" is not the common methodology used.

Besides the Town of Apple Valley, only three other agencies (Antioch, Placer and Santa Barbara audits) of the over 43 audits were similarly forced to reduce their employee time allocations to total to 100%

between a group of employees. All other agencies that used the "Actual Cost Method to compute Care and Maintenance Costs were allowed to use their actual allocations.

Perhaps this is just an instance of auditor misunderstanding or misapplication of a formula. We are aware that the SCO has hired many new auditors in a short amount of time. Training and properly reviewing the work of so many new staff members must be challenging.

Below are the results of our review of the other audits and proof that it was not the common computation methodology to restrict agency allocation of time to not exceed 100%. All these agencies that also used the Actual Cost Method of computing Animal Care and Maintenance were allowed to use their actual allocation of time.

Contra Costa Audit – Technicians = 91.667%
Senior Technicians = 91.38%
Utility Workers =91.38%
Special Services Workers = 55%

City of El Cajon Audit – Animal Control Attendant (4) = 33%
Animal Control Officers (3) = 12%

El Dorado County – Kennel Attendants = 95% related to care and maintenance of animals.
Kennel Supervisor = 18.75%

City of Hayward – Animal Care Attendants = 80%

Los Angeles – Animal Care Technicians = 80%
Animal Care Technician Supervisor = 40%

Sacramento County – Animal Care Attendants = 80%
Senior Animal Control Officers = 50%
Supervisor Animal Control Officers = 10%

City of Sacramento– Animal Care Shelter Department = 90%
Animal Enforcement Department = 20%

Sacramento County – Animal Care Attendants = 80%
Senior Animal Care Officer = 50%
Supervising Animal Control Officer = 10%

City and County of San Francisco –
Animal Care Attendant = 85%
Shelter Veterinarian – 5%
Health Technicians 15%
Animal Care Supervisor = 10%
Animal Care Assistant Supervisor – 80%

Southeast Area Animal Control Agency
Animal Care Technicians = 89%
Lead Animal Care Technician Supervisor = 60%

City of Turlock – Kennel Attendants = 46% related to care and maintenance of animals.
Animal Control Officer = 12%
Animal Control Supervisor = 2%

Clearly, most other agencies were NOT required to have all their employee time allocations total to 100% as we were wrongly required to do. We request that our costs be computed based on our actual (original) allocations of time on eligible activities.

ISSUE 7 Overhead costs allowed by the SCO were understated

SCO states the ICRP option "ultimately agreed upon" by the Town (Assistant Finance Director) was to use the 10% default rate.

We questions the definition of "ultimately agreed upon" when the records shows that the Town clearly wished to change their minds and be allowed to compute their actual overhead rates. In April, 2016 when the Assistant Finance Director spoke with the Auditor, he was not aware that the consultant did in fact possess the actual records needed to compute those rates. A couple weeks later, when the Finance Director did become aware that actual documents had been retained by the consultant, the Town stated that they did wish to submit computations for actual overhead (ICRP rates).

SCO would not even consider the request. They insisted that the City agreed and they stated they would not consider the actual ICRP.

During the Exit Conference phone call and in subsequent emails as well as on June 17, 2016, when the Town submitted its formal response to the Draft Audit Report requests were made to use actual ICRP rates. The response document was signed by the Town's authorized and legal representative, Finance Director Marc Puckett.,that the Town wished to use actual ICRP rates rather than the 10% default rates

We disagree that the ICRP option used was "ultimately agreed upon" by the Town.

SCO statement "the town did not claim indirect costs, therefore no reductions were made" is not true.

Indirect costs were included in the computed cost per animal per day.

The Final Audit Report on page 42 states under SCO's Comment "the town incorporated overhead costs into the Care and Maintenance cost component by adding a 40% overhead factor for the Municipal Services Director when computing total annual shelter costs." See also,

Pages 405, 528, 643 and 668 of the IRC, which shows the overhead changes included in the claim: 40% Overhead of the Shelter Director's time. This is overhead computed and included in the claims.

The 10-17-17 SCO IRC Response, points out deficiencies in the computations that would have required additional "fieldwork". -- SCO statement the town included "any expenditure which was not included as direct costs within the town's mandate claims are considered to be indirect costs " Is not true.

There were over eight staff positions in the Animal Shelter and Control divisions. Only three of those eight were included in the Towns proposed Actual ICRP, contrary to the SCO's assertion that any expenditures not included as a direct cost, was included as an indirect cost.

The positions included in the Town's ICRP rate were "Animal Shelter" and "Animal Control Supervisors" who provide administrative and supervisory support. (See SCO Response Tab 11) SCO auditor confirms that the Animal Shelter Supervisor's, "primary responsibilities are supervisory and administrative."

In addition the "Animal Control Technician", who act as the receptionists – answering calls at the front counter - was included as indirect as this is a clerical and support function and eligible to be included in the overhead according to OMB A-87 guidelines.

The duty statements included in SCO IRC Response which the Auditor highlighted/circled **Of the Services and Supplies included in the ICRP – all items included are allowable under OMB A-87 guidelines. (For evidence of this See Tab 1 - attached OMB A-87 Guidelines Attachment B beginning on page 13)**

Uniform Expense (ALLOWABLE – SEE OMB 87, ATTACMENT B, ITEM 17)
Office Supplies (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 29)
Hardware/Software Supplies (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 29)
Printing (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 35)
Subscriptions (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 30)
Misc. Costs (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 28, 29 30)
Special Dept Supplies (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 29)
Contract Services (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 19 & 33)
Drugs/Vaccines (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 29)
Stiles Removal/D&D Removal (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 33)
Emergency Vet Services (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 33)
Membership & Dues (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 30)
Meetings & Conference (ALLOWABLE SEE OMB 87, ATTACHMENT B, ITEM 40)
Mileage Expense (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 41)
Education & Training (ALLOWABLE SEE OMB 87, ATTACHMENT B, ITEM 40)
Advertising (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 2)
Gasoline (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 41)
Vehicle Maint (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 28)
Equip Maint (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 28)
Communication Equip(ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 19)
Small Tools (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 19)
Animal Food ((ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 29)
Capital Equip(ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 19)
Utilities : Electricity (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 28)
Utilities : Natural Gas (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 28)
Utilities : Water (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 28)
Security(ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 28)
Bldg Maintenance (ALLOWABLE – SEE OMB 87, ATTACHMENT B, ITEM 28)
County Public Health (ALLOWABLE SEE OMB 87, ATTACHMENT B, ITEM 33)

SCO statement "another misrepresentation is the town's use of the term 'fieldwork' when arguing that fieldwork is not needed for the SCO to consider its ICRPS' and time studies.

The SCO clarifies that fieldwork can be done on-site and off-site.

The Town apologizes for their misconception. The term "field" suggests – work done on-site and we saw no definition of the term in earlier correspondence from the SCO. We thought that the reason why SCO wouldn't consider the Town's requests to consider additional documentation for supporting actual costs reduced in the audit was because the SCO was unwilling to dedicate additional time and resources to travel to the Town to review their additional documentation.

Now that we realize that this review could have also been done off-site and would only require some extra auditor staff time to review our documentation, we are even more discouraged that the SCO would not allow us that little extra time to support cut costs. The audit was closed after less than a year had elapsed from the entrance conference and the Town demonstrated that they still wished to provide support for cut costs. SCO material provided at the entrance conference stated that the audit could take up to two years to complete.

SCO states that "**the SCO is not obligated to get the claimant's consent to end fieldwork**, and that they gave the town more than adequate notice of its intent to do so." (See our discussion in ITEM 2 addressing our dispute of this contention that adequate notice was provided).

Apparently the SCO is also not obligated to let the claimants change their minds during the course of the audit either (See ICRP discussion). Or provide them with time to support their costs after notifying of the audit reductions.

The Town believes that they have demonstrated that they were cooperative and diligent in responding to the SCO requests for information during the course of the audit. They notified the SCO that they changed their minds on using the default ICRP rate vs actual rates during the response period of the audit. As soon as preliminary findings were provided, the Town did its best to quickly gather data to support actual costs that that had been reduced. They should have been afforded the courtesy of a few additional weeks to provide the additional documentation to support costs cut in the audit.

Based on this experience, it appears to the Town that the SCO has complete discretion to control the audit process and timing; the SCO has the ability to apply different methodologies to computing costs to different agencies (which results incorrect reductions for some agencies); that the SCO auditor can allow more relaxed documentation requirements for some agencies but not others; that the SCO can offer and explain these alternative methodologies to some, but not others; the SCO can end the audit at any point in the process when they come up with the results they are comfortable with; and finally, SCO can deny local agencies the opportunity to provide additional documentation to support their costs after they release of their preliminary findings.

CONCLUSION

The Town requests that the Commission have the SCO consider the additional documentation that the SCO would not consider during the course of the audit process.

That their methodology be corrected to use actual time allocations and not preset arbitrary limits.

And that actual ICRPs prepared by the Town in compliance with State and Federal guidelines be reviewed and considered.

SCO's statement that "We do not believe that keeping an audit open is effective or efficient because a claimant may change its mind on cost claiming options, discover additional documentation that may support reimbursable costs..."

Perhaps it is not 'effective or efficient' for the auditor to allow the claimant the opportunity to respond and to provide that additional documentation after they receive their first preliminary findings in their exit conference. But, it would have been the fair and reasonable thing to do.

In hindsight, considering all the extra time and expense incurred by both sides to compile, analyze and file these over 1,000 pages of IRC documents; not to mention the Commission's staff time to review all this paperwork; perhaps allowing the claimant the courtesy of a little extra time – a couple of additional weeks at most - to properly respond to and to provide the additional documentation would have been the more 'efficient' decision after all.

Please contact me at (760) 240-7000 or our consultant Annette Chinn at (916) 939-7901 with any questions.

Sincerely,

Mr. Marc Puckett
Assistant Town Manager
Finance and Administrative Services

TAB 1

Subj: **FW: Percent of Care and Maintenance per Employee Classification**
Date: 5/5/2016 3:46:38 P.M. Pacific Daylight Time
From: AAtteberry@applevalley.org
To: AChinnCRS@aol.com

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: Adriana Atteberry
Sent: Wednesday, April 13, 2016 8:57 AM
To: 'AArghestani@sco.ca.gov'
Subject: RE: Percent of Care and Maintenance per Employee Classification

Yes, is 10:00 am okay?

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: AArghestani@sco.ca.gov [mailto:AArghestani@sco.ca.gov]
Sent: Wednesday, April 13, 2016 8:20 AM
To: Adriana Atteberry
Subject: RE: Percent of Care and Maintenance per Employee Classification

Good morning Adriana,

Do you have a few moments to discuss this morning? Whatever time is good with you.

Thank you.

Tab 1 Page 1

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: AArghestani@sco.ca.gov [mailto:AArghestani@sco.ca.gov]
Sent: Wednesday, April 13, 2016 11:43 AM
To: Adriana Atteberry
Subject: RE: Percent of Care and Maintenance

Hi Adriana,

For the Animal Shelter Supervisor, I see you have 5% administering medications, first aid, etc. highlighted rather than the 10% providing care to impounded animals. If we correctly use the 10% providing care to impounded animals, that will make the grand total 105%. Could you revise the numbers one last time so that the grand total is 100%?

Thanks so much.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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From: Adriana Atteberry [mailto:AAtteberry@applevalley.org]
Sent: Wednesday, April 13, 2016 11:20 AM
To: Arghestani, Amy <AArghestani@sco.ca.gov>
Subject: RE: Percent of Care and Maintenance

Classifications in which care and maintenance activities are mentioned in the Class Characteristics or elsewhere in the statement:

1. **ANIMAL SHELTER SUPERVISOR – 50 % Assisting management, meet vendors, conduct facility inspections, create reports, train and motivate personnel, other duties as assigned and 10 % providing care to impounded animals, 5 % administering medications, first aid and vaccinations on animals, 15 % monitor euthanasia process and help with euthanasia, 20% monitor controlled substance.**
2. **REGISTERED VETERINARY TECHNICIAN – 10% Reviewing applications for adoptions and counseling citizens, 10%**

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Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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From: Adriana Atteberry [mailto:AAtteberry@applevalley.org]
Sent: Tuesday, April 12, 2016 4:44 PM
To: Arghestani, Amy <AArghestani@sco.ca.gov>
Subject: RE: Percent of Care and Maintenance per Employee Classification

The percentage for the following are:

-

Classifications in which care and maintenance activities are mentioned in the Class Characteristics or elsewhere in the duty statement:

1. ANIMAL SHELTER SUPERVISIOR – 50 % Assisting management, meet vendors, conduct facility inspections, create reports, train and motivate personnel, other duties as assigned and 10 % providing care to impounded animals, 10 % administering medications, first aid and vaccinations on animals, 15 % monitor euthanasia process and help with euthanasia, 15% monitor controlled substance.

2. REGISTERED VETERINARY TECHNICIAN – 2.5% Reviewing applications for adoptions and counseling citizens, 2.5% Assisting on screening calls, 2% Overseeing volunteer and work release, 85% caring/maintaining the animals, 3% Maintaining inventory on all controlled substances as required by law and 5% other duties as assigned

3. ANIMAL CONTROL TECHNICIAN – 25 % Maintaining shelter disinfecting kennels and 75% front counter, clerical, issue dog license, screens calls, dispatching.

4. ANIMAL SHELTER ATTENDANT – 5% Reviewing applications for adoptions and counseling citizens, 5% Assisting on screening calls, 5% Overseeing volunteer and work release, 80% caring/maintaining the animals and 5% other duties as assigned.

5. ANIMAL SHELTER ASSISTANT – 5% Reviewing applications for adoptions and counseling citizens, 5% Assisting on screening calls, 5% Overseeing volunteer and work release, 80% caring/maintaining the animals and 5% other duties as assigned

Classifications in which care and maintenance activities are NOT mentioned in the Class Characteristics or elsewhere in the duty statement:

6. ANIMAL CONTROL SUPERVISOR – Barbara Cornett – 5 % Shelter (morning cleaning/feeding of dogs) and 95% Animal Control (running calls, paperwork follow up, door to door canvassing, Administrative Hearings and employee evaluations)

7. ANIMAL CONTROL OFFICER I – Joshua Hall, Wayland Moyer – 10% (morning cleaning/feeding of dogs) and 90% Animal Control (running calls, paperwork follow up, door to door canvassing, Administrative Hearings)

8. ANIMAL CONTROL OFFICER II – Brent Thibodeaux, Dianne Sulzberger - 10% (morning cleaning/feeding of dogs) and 90% Animal Control (running calls, paperwork follow up, door to door canvassing, Administrative Hearings)

Thank you,

Page 3

Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: AArghestani@sco.ca.gov [mailto:AArghestani@sco.ca.gov]
Sent: Monday, November 30, 2015 2:30 PM
To: Gina Schwin-Whiteside; Adriana Atteberry
Cc: Kofi Antobam
Subject: FW: Percent of Care and Maintenance per Employee Classification

Below is the additional email I would like to follow up on. Due to file size, the email and accompanying PDF attachment that is mentioned will not go through as one email. Therefore, I will be breaking the PDF file into two separate documents and sending them separately.

Thank you.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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From: Arghestani, Amy
Sent: Tuesday, November 10, 2015 1:07 PM
To: 'Gina Schwin-Whiteside' <gwhiteside@applevalley.org>
Cc: 'Adriana Atteberry' <AAtteberry@applevalley.org>
Subject: Percent of Care and Maintenance per Employee Classification

Good afternoon Gina,

During my visit, you provided duty statements (job descriptions) for the various employee classifications that comprised the shelter staff during the audit period (FY 2007-08 and FY 2008-09). For your reference, I have attached these as a PDF document. The purpose of requesting duty statements is to assist us in determining the percentage of the daily workload that each classification devoted to caring for and maintaining the animals (cleaning, feeding and grooming). The goal is to assign a pro-rata percentage to those classifications involved in care and maintenance activities, where the sum of all percentages equal to 100%. After reviewing the job duty statements that were provided, we found the following:

Classifications in which care and maintenance activities are mentioned in the Class Characteristics or elsewhere in the duty statement:

1. ANIMAL SHELTER SUPERVISIOR

2. REGISTERED VETERINARY TECHNICIAN
3. ANIMAL CONTROL TECHNICIAN
4. ANIMAL SHELTER ATTENDANT
5. ANIMAL SHELTER ASSISTANT

<u>Classifications in which care and maintenance activities are NOT mentioned in the Class Characteristics or elsewhere in the duty statement:</u>

6. ANIMAL CONTROL SUPERVISOR
7. ANIMAL CONTROL OFFICER I
8. ANIMAL CONTROL OFFICER II

From this analysis, it appears that five out of eight classifications were involved in care and maintenance activities to varying degrees. For these five classifications, please assign a percentage of care and maintenance involvement and provide a brief description as to why you assigned that percentage. If you believe that the remaining three classifications were also involved in care and maintenance activities to a certain extent, please explain their involvement that is not currently reflected in the duty statement and also provide a percentage of involvement.

Please contact me should you have any questions.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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Town of Apple Valley
Animal Services Department (AVAS)

Animal Adoption (Maintaining Non-Medical Records) Time Study Plan

This document contains Apple Valley's plan for conducting a time study of the maintaining non-medical records component of Animal Adoption state mandated local program. This plan is organized in the following three sections:

Section 1 – Plan Overview
This section contains the general information that is applicable to the study of the Animal Adoption State Mandate Reimbursement Program.

Section 2 – General Methodology
This section describes the methodology for conducting the time study, the time increments to be used as well as the method for documenting the time study.

Section 3 – Animal Adoption: Study Components and Form
This section describes the study provisions that are applicable to this mandate.

The results of this study are intended for use in preparing and/or amending the cost claimed for this state mandated cost program.

1.0 PLAN OVERVIEW

Date Submitted:	**April 12, 2016**
Agency:	**Town of Apple Valley Animal Services**
Town's Contacts:	**Time Study Direction and Time Study Data Collection** **Adriana Atteberry, Administrative Secretary**

Town of Apple Valley
Animal Services Department (AVAS)

Mandate: **Animal Adoption**

The reason for this time study is to document the time spent to carry out the maintaining non-medical records component contained in this mandate. There may be other activities in this mandate that are repetitive in nature and that the Town of Apple Valley reserves the right to perform a separate time study at a later date.

Participants: The participants or persons to be studied include the:

Administrative Office Professionals:

Adriana Atteberry	Administrative Secretary
Becky Weast	Animal Services Technician
Dona Smith	Animal Services Technician
Christie Gonzales	Animal Services Technician
Cassandra Stallard	Animal Services Technician
Katrina McDonald	Animal Services Technician
Vickie Tuozzo	Office Assistant

Employee Classification: Shelter Staff

Kristin Hall	Register Vet Tech
Kathy Buharp	Health Tech
Brandie Iraburro	Shelter Specialist

Employee Classification: Shelter Attendants

Kristin Reagan	Shelter Attendant
Carol Jenkins	Shelter Attendant
Cynthia Olvera	Shelter Attendant
Jessica Perry	Shelter Attendant
Katrina Brinkley	Shelter Attendant
Stephanie Chabrowski	Shelter Attendant
Katherine Cisneros	Shelter Attendant
Kasey Gower	Shelter Attendant
Lacey Miranda	Shelter Attendant

Employee Classification: Animal Control Officers

Phil Kuhns	Sr. Animal Control Officer = Supervisor
Dianne Sulzberger	Sr. Animal Control Officer = Supervisor
Joshua Hall	Animal Control Officer
Don Hartzler	Animal Control Officer
Jim Garcia	Animal Control Officer

Employee Sample Selection for Maintaining non-Medical Records:

All of the above mentioned employees are located in the animal shelter.

Time Study Period:

The time study period will be conducted for 2 week period and will coincide with the Town of Apple Valley payroll period. The study will be initiated 4-16-2016 and be completed on 4-29-2016.

The time period selected for this time study plan is representative of a fiscal year and the results can be reasonably projected to approximate actual costs.

The processes and procedures to carry out the mandated activity have not significantly fluctuated by fiscal year so the results can be reasonably projected to approximate actual costs.

2.0 GENERAL METHODOLOGY

The purpose of this plan is to determine the amount of employee time spent on the specific eligible state mandated activity referenced in this document. The time spent will be studied by specific employee classifications engaged in the mandated activity. The study finding will be presented in the final study report.

In preparation for this study, the following tasks will be completed:

Complete arrangements with all study participants. All participants will be contacted in order to explain their role and responsibilities in completing the time study.

Provide on-going monitoring and technical assistance during the time study process to insure that the study participants are completing the necessary time documentation properly.

On a weekly basis, the employee will sign and forward the time study to the Director of Animal Services who will review and sign for completeness.

Following the completion of the time study period, all data will be presented to the Animal Services Administrative Secretary. An example of the calculations that will be made based on the time studies follows:

Sample of calculation that will be used:

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification
XXXXX	A	Field	I	4/15/15	1:05	1:08	3	
XXXXX	B	Drop off	I	4/16/15	1:45	1:47	2	
XXXXX	C	Release	O	4/16/15	2:10	2:12	2	
XXXXX	D, E	Euthanize	O	4/16/15	3:15	3:18	3	

See end of document for explanation of codes for the activities performed.

The time study results will be calculated using the following methodology. For each employee, the total amount of time for the reimbursable activity will be measured per occurrence in minute increments. The total amount of minutes per employee classification will be multiplied by the number of animal records processed, resulting in total minutes per classification. The results will be converted to hours. The hours will then be applied to the appropriated hourly rate, benefit percentage, and indirect cost rate.

3.0 ANIMAL ADOPTION

This section provides the specific details of the reimbursable activity that is the subject of this time study. The following is a list of the eligible activities:

Maintaining Non-Medical Records

Maintaining non-medical records on animals that are not medically treated by a veterinarian:

- Maintaining records of circumstances under which animal was picked up in the field or dropped off at the shelter.
- Maintaining records of circumstances under which animal was released from shelter or euthanized.

Measurement

The time will be measured in minute increments for each employee classification performing the activity.

The total time for each employee classification will be added together.

Employee Sample

Those employees that will be participating in this time study have been identified in section one of this time study plan.

Sample Size

Based upon the sample size of the employee classification and the duration of the study period, it is reasonable to state than an adequate sample of occurrences for the reimbursable activity will accurately reflect the amount of time it takes to perform the activity.

Documentation: time Study

The supporting documentation for this time study will include:

A timecard for each employee performing the time study activities.

The time study will track the time spent (using minute increments) on the above component activities and will include the following:

Employee's name, classification, and shelter location
Date activity was perform
Start and Stop times for the activity performed
Employee's signature
Employee's supervisor's signature

Town of Apple Valley
Animal Services Department (AVAS)

Maintenance of Non-Medical Records
Time Study Form

Employee Name	
Employee Classification	
Apple Valley Animal Shelter	

Animal ID#	Activity Performed	Mode of Contact	Intake (I) or Outcome (O)	Date	Start Time (HH:MM)	Stop Time (HH:MM)	Calc (In Min.)	Fiscal Verification

Employee Certification: I certify under penalty of perjury under the law of the State of California that the forgoing is true and correct.

Employee Signature: _____ Date: _____

Town of Apple Valley
Animal Services Department (AVAS)

Supervisor Signature: _____ Date: _____

Instructions regarding what **SHOULD** and **SHOULD NOT** be included in documenting your time on this form.

What SHOULD be included:

- Time spent to perform the following activities related to maintaining non-medical records for animals that are not treated by a veterinarian:

  A. Time spent maintaining non-medical records related to the pickup of an animal in the field.
  B. Time spent maintaining non-medical records related to drop off of an animal the Town's Shelter.
  C. Time spent maintaining records related to the release of an animal to owner or an adopting party.
  D. Time spent maintaining records related to the euthanasia of an animal.

What SHOULD not be included:

- Time spent taking care of an animal while en route to the Town's Shelter.
- Time spent taking care of an animal while impounded and care for at the Town's Shelter.
- Time spent assisting the contracted veterinarian while he is treating the animal.

EXCERPTS FROM OTHER SCO ANIMAL ADOPTION AUDITS

the average number of all other animals at a facility housed on any given day in a 365-day period.

3. Multiply the average daily census of dogs, cats and other animals by 365 = yearly census of dogs and cats and the yearly census of other animals.

4. Divide the total annual cost of care by the yearly census of dogs and cats = cost per dog and cat per day and yearly census of other animals = cost per other animal per day.

5. Multiply the cost per animal per day by the number of impounded stay or abandoned dogs, cats, and other animals that die during the increased holding period or are ultimately euthanized by each reimbursable day. The reimbursable day for cats and dogs is the difference between three days from the day of capture, and four or six business days from the day after impoundment.

Care and Maintenance Formula

As the county elected to use the Actual Cost Method to claim costs, the parameters and guidelines provide for a formula-driven methodology to determine allowable mandated costs for the care and maintenance of dogs, cats, and other animals. The use of this method requires claimants to calculate the total amount of eligible costs incurred to provide care and maintenance for the animals housed in its shelter. This total is divided by the annual census of animals housed in the shelter to determine a cost per animal per day. The next element of the formula is adding the number of stray and abandoned animals that died of natural causes during the holding period plus those animals that were euthanized after the required holding period. This total number of animals is then multiplied by the cost per animal per day. The resulting amount represents allowable costs for providing care and maintenance.

The mandate reimburses claimants for the costs associated with animals that were not relinquished, redeemed, adopted, or released to a nonprofit agency and animals for which the local agency was unable to assess fees to recover such costs. During the course of the audit, we made adjustments to salaries and benefits, materials and supplies, and related indirect cost amounts incurred by the county. As a result, the costs per animal per day were also adjusted. We also made adjustments to the animal data that was used to claim costs. Adjustments to salary and benefit and material and supply costs are noted below.

The county claimed reimbursement using the Actual Cost Method, which consists of the following four calculations:

1. Total annual care and maintenance costs incurred;
2. Yearly census of dogs and cats;
3. Reimbursable days; and
4. Stray dogs, cats, and other "eligible" animals that died during the increased holding period or were ultimately euthanized.

Audit Adjustments

1. A large portion of the audit adjustment was necessary because the county claimed reimbursement for salary and benefit costs as material and supply costs. We also determined that the county estimated salary and benefit costs incurred, understated allowable costs, misstated animal census data, claimed unsupported and ineligible costs, overstated time-study results, understated employee productive hourly rates and employee benefit rates, made transposition and calculation errors, and misstated indirect cost rates.

   The following was noted during our review of the care and maintenance salary and benefit costs:

   - Salaries and benefits were not based on actual payroll costs;
   - 100% of the employees' time was claimed, even though they performed other services that are not mandated; and
   - For FY 1999-2000, the county claimed reimbursement for lieutenants, although their job duties do not relate to caring for and maintaining animals.

   During audit fieldwork, the shelter's Administrative Services Officer advised that tasks performed by the following four employee classifications are most directly related to the care and maintenance of animals:

   - Technician
   - Senior Technician
   - Special Service Worker
   - Utility Worker

   We requested that the county provide actual salary and benefit amounts paid to these employee classifications for each fiscal year of the audit period. The Auditor-Controller's Office was able to provide actual salary and benefit amounts only for FY 2002-03 through FY 2007-08. Therefore, for FY 1998-99 through FY 2001-02, we used the January payroll amounts already provided for the testing of productive hourly rates.

   In addition, we requested a duty statement for each of the four employee classifications to calculate how much of their daily workload was devoted to the care and maintenance of animals. The county provided the duty statements for Technician and Utility Worker. Based partly on this information and staff interviews, we determined that the time spent for care and maintenance of animals was 91.667% for Technicians and Senior Technicians, 91.38% for the Utility Workers, and 55% for the Special Service Workers.

   We allocated supported salary and benefit costs proportionately based on the number of dogs and cats to total animals impounded at the shelter and the number of other eligible animals to total impounds. For example, for FY 2006-07, 90.66% of the impounded animals were dogs and cats and 7.03% of the impounded animals

1999-2000 and FY 2000-01 and then again in FY 2005-06 and FY 2006-07. The city then multiplied the cost per animal per day by an unsupported number of eligible animals, and then by 2 or 3 reimbursable days to calculate claimable care and maintenance costs.

Schedule 2 (Summary of Care and Maintenance Costs) summarizes the adjustments that we made to claimed costs for animal care and maintenance. These adjustments consisted of changes to total annual costs incurred by the city for animal care and maintenance (salaries and benefits, and materials and supplies) and animal census data used to determine the cost per animal per day. The table also shows the changes to the number of eligible animals and the number of reimbursable days that we used to determine reimbursable costs for each year of the audit period.

Salaries and Benefits

During the course of the audit, we requested that the city provide the actual salary amounts paid to those employee classifications directly involved with the care and maintenance function. We also requested the duty statements for such classifications to assist in determining the percentage of the daily workload that was devoted to caring for and maintaining animals. Animal shelter management provided a list of personnel who participate in the care and maintenance functions. Management also provided information relating to the level of involvement of each classification according to the job duty description and staffing requirements during the audit period.

The following table details the number of and percentage involvement for animal care and maintenance per employee classification.

Employee Classification	Percentage Involvement
Animal Control Officer (3)	12%
Animal Care Attendant (4)	33%

Animal Care Attendant

The Animal Care Attendant's main duty is to provide care and maintenance of the animals. The city provided its job description for this employee classification, which contained a bullet-point list consisting of 13 duties performed. In response to our inquiries, a 14-year employee at the Animal Shelter provided percentage estimates of time spent on all 13 activities, which appears reasonable. Time spent on care and maintenance activities comprised 33%, which we used to determine allowable costs. Based on our observations and inquiries, we concurred with the city's assessment.

Animal Control Officers

Animal Control Officers (ACO), in general, are not reimbursable under this cost component because their main duty is to provide animal control services in the field, not care and maintenance of animals in the shelter.

However, shelter management indicated that ACOs spend about 15 minutes performing care and maintenance for each stray animal brought into the shelter. Shelter management also estimated that strays accounted for 70-75% of animals processed at the city's animal shelter.

The city provided animal census information for FY 2004-05 through FY 2006-07. Based on our analysis of the data from these three years, we found that strays accounted for an average of 67.89% of the animal population. We used this percentage to determine the number of strays for the earlier years of the audit period. We accepted shelter management's statement that ACOs spent 15 minutes with stray animals, based on our observations of shelter operations. Using this data, we found that ACOs spent from 6.44% to 19.69% of their annual productive hours on care and maintenance activities, as shown in the table below:

Fiscal Year	Number of Strays (A)	Hours (B)=(A)*15/60	Percentage of Year (C) = (B)/1,800
1998-99	464	116	6.44%
1999-2000	515	128.75	7.15%
2000-01	593	148.25	8.24%
2001-02	661	165.25	9.18%
2002-03	728	182	10.11%
2004-05	843	210.75	11.71%
2005-06	1,005	251.25	13.96%
2006-07	1,418	354.5	19.69%

Once we determined the employee classifications involved in the care and maintenance of animals and the extent of their involvement, we calculated allowable costs for labor, which includes the applicable percentages of actual salaries and benefits paid.

The following table summarizes the salaries and benefits amounts that we used in the care and maintenance formula by fiscal year:

	Salaries and Benefits		
Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
1998-99	$ -	$ 54,493	$ 54,493
1999-2000	-	57,388	57,388
2000-01	-	58,141	58,141
2001-02	-	63,478	63,478
2002-03	-	68,012	68,012
2004-05	-	93,815	93,815
2005-06	-	108,227	108,227
2006-07	-	121,730	121,730
Total	$ -	$ 625,284	$ 625,284

animal census data used to determine the cost per animal per day. The table also shows changes to the number of eligible animals and the number of reimbursable days that were used to determine reimbursable costs for each year of the audit period.

Labor–Actual Salaries, Benefits, and Related Indirect Costs

For all years of the audit period, the county claimed 100% of salary and benefit costs incurred for various employee classifications under this cost component. However, we determined that it is not reasonable to claim 100% of employee salaries, as costs for these employees would also be included in other cost components of the county's claims. In order to allocate the amount of time spent by various employee classifications on care and maintenance activities, we relied on discussion with shelter management, personal observation during audit fieldwork, and the results of the various time studies that were conducted during the audit process.

For Kennel Attendants, we determined that 95% of their time is spent on the activity of care and maintenance of animals.

For Public Service Assistants, we determined that their main duty is to work at the front desk to assist the public and perform various clerical tasks. The Public Service Assistants are not responsible for the care and maintenance of the animals. Therefore, costs for this employee classification are ineligible under the Care and Maintenance cost component.

Animal Control Officers, in general, are not reimbursable under this cost component because their main duty is to provide animal control services in the field, not care and maintenance of animals in the shelter. However, the only Kennel Attendant in South Lake Tahoe is usually off on Sundays and Mondays. On those two days, one of the two Animal Control Officers (ACO) on duty is responsible for the care and maintenance of animals. The two officers rotate between care and maintenance activities and field services. We averaged the two ACOs' salaries and determined allowable costs by allowing one ACO position for two days per week. Accordingly, we determined that 28.57% of one ACO position is spent on care and maintenance activities. However, to be consistent with the percentage allowed for the Kennel Attendants, we then multiplied the calculated ACO salary by 95%. We also noted that the Animal Control Officers in South Lake Tahoe also fill in for the one Public Service Assistant on staff during their off-duty time.

The Placerville shelter has one Kennel Attendant Supervisor. Her main duty is to perform supervisory duties, not care and maintenance. However, based on auditor observation, she does assist the full-time Kennel Attendants in caring for, feeding, and maintaining the animals before the shelter opens to the public at 9:30 a.m. We determined that allowable time spent on care and maintenance activities consists of 1.5 hours per day, which represents 18.75% of her time. We noted that the South Lake Tahoe shelter does not have a Kennel Attendant Supervisor.

This same allocation was applied to all years of the audit period except FY 2001-02. In that year, the Kennel Attendant Supervisor did not have any Kennel Attendants on staff and took care of all of the animals. Therefore, she spent 95% of her time on care and maintenance activities during that fiscal year.

Once we determined the employee classifications involved in the care and maintenance of animals and the extent of their involvement, we calculated allowable costs for labor, which includes the applicable percentages of actual salaries and benefits paid plus related indirect costs.

Materials and Supplies

The county included materials and supplies expenses in its actual cost formulas from two expenditure accounts (account 4300–Professional & Specialized Service and account 4500–Special Department Expense) for food and supply costs incurred. The county provided reports detailing the expenditures recorded in these two accounts.

We worked in conjunction with animal shelter management, who advised that costs recorded in account 4300 were not for care and maintenance activities. Instead, account 4300 contains veterinary services costs totaling $238,422 ($75,157 for FY 2006-07, $86,903 for FY 2007-08, and $76,362 for FY 2008-09) which were included in the care and maintenance formulas within the county's claims. These costs are not related to the Care and Maintenance cost component and are analyzed under the Necessary and Prompt Veterinary Care cost component.

Costs recorded in account 4500 primarily included animal supplies, food, and other necessities for the shelters. However, some costs in this account were not eligible for reimbursement (such as euthanasia medication, microchip expenses, and medical supplies). Shelter management reviewed the detailed expenses recorded in account 4500 and determined that $49,405 was related to the care and maintenance of animals. These are the costs that we used for materials and supplies in the actual cost formulas, as detailed in Schedule 2.

The following table summarizes the claimed and allowable costs used in the care and maintenance actual cost formulas for materials and supplies:

Category Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Materials and supplies:			
2001-02	$ 9,172	$ 8,579	$ (593)
2002-03	22,445	11,818	(10,627)
2006-07	97,371	8,491	(88,880)
2007-08	108,240	8,504	(99,736)
2008-09	108,870	12,013	(96,857)
Total	$ 346,098	$ 49,405	$ (296,693)

Labor—Salaries, Benefits, and Related Indirect Costs

For all years of the audit period, the city claimed 80% of labor costs incurred for its full-time animal care attendants as time spent on care and maintenance. The city did so in consideration of the fact that costs for these employees were also included in other components of the city's claims. We determined that the 80% amount claimed is reasonable. However, the city should have also included 80% of actual salaries paid to part-time animal care attendants in the computation of labor costs.

The city also claimed 30% of labor costs incurred for the Senior Animal Care Attendant/Animal Care Attendant Supervisor Position. The main duty of this employee classification is to provide supervisory assistance to animal care attendants. We concluded that the city did not support that this employee classification spent 30% of his time performing care and maintenance activities. Accordingly, all costs claimed for supervisory Animal Care Attendant positions are unallowable.

Materials and Supplies

Food

The city has a contract with a supplier that provides animal food to the shelter for a specified amount per year. The city determined its costs to be $8,752 per year for FY 2005-06 through FY 2007-08. However, the city's shelter staff was able to compile additional invoices for food that were not claimed. We determined that additional costs totaling $23,470 are allowable ($3,329 for FY 2005-06, $14,127 for FY 2006-07 and $6,014 for FY 2007-08); these costs will be included in the materials and supplies portion of the actual cost formula.

Supplies

The city claimed $27,800 for supplies in every year of the audit period as "other stuff." This amount was based on estimates and is unallowable. During the audit, shelter staff was able to compile invoices to adequately support costs incurred for supplies in the total amount of $183,083 ($47,152 for FY 2005-06, $66,933 for FY 2006-07 and $68,997 for FY 2007-08). We included these costs in the materials and supplies portion of the actual cost formula.

We used the average amount of supplies for these three years ($61,028) as the allowable cost for supplies in the actual cost formulas for all five earlier years of the audit period.

The following table summarizes the claimed and allowable costs for materials and supplies:

	Food			Supplies		
Fiscal Year	Claimed	Allowable	Adjustment	Claimed	Allowable	Adjustment
1998-99	Unknown	$ 8,752	$ 8,752	Unknown	$ 61,028	$ 61,028
1999-2000	Unknown	8,752	8,752	Unknown	61,028	61,028
2000-01	Unknown	8,752	8,752	Unknown	61,028	61,028
2001-02	Unknown	8,752	8,752	Unknown	61,028	61,028
2002-03	Unknown	8,752	8,752	Unknown	61,028	61,028
2005-06	Unknown	12,081	12,081	36,552	47,152	10,600
2006-07	Unknown	22,879	22,879	36,552	66,933	30,381
2007-08	Unknown	14,766	14,766	36,552	68,997	32,445
Total	$ —	$ 93,486	$ 93,486	$ 109,656	$ 488,222	$ 378,566

Comingled Costs

For FY 1999-2000 through FY 2002-03, the city included the costs of veterinary care related to the performance of initial physical exams and administration of wellness vaccinations into its actual cost formulas for care and maintenance. These costs are not reimbursable under this cost component and were removed from the actual cost formulas for those years.

Annual Census Data

The yearly census refers to the total number of days that all animals were housed in the shelter. The actual cost formula requires the eligible cost of care to be divided by the yearly census to arrive at an average cost per animal per day. The cost per animal per day is then multiplied by the eligible number of animals and the number of increased days.

We determined the eligible number of animals to apply to the actual cost formula for all years of the audit period. We consistently applied the exclusions per the parameters and guidelines to the raw animal data provided by the animal shelter.

We applied costs per animal per day to the eligible number of dogs and cats impounded at the city's shelter for the two additional days required by the mandated program. We also applied costs per animal per day to the eligible number of "other animals" for all five days of the required holding period.

Increased Holding Period

A recent Appellate Court ruling in the case of *Purifoy v. Howell* determined that Saturday is not considered a business day for the purposes of this mandated program. Therefore, we determined that the increased holding period for dogs and cats changed from 2 days to 3 days and the increased holding period for other animals increased from 5 days to 6 days.

Recommendation

We recommend that the city establish and implement procedures to ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

City's Response

The city did not respond to this audit finding.

FINDING 3— Overstated care and maintenance costs

The city claimed $3,110,161 for care and maintenance costs during the audit period. We determined that $2,142,278 is allowable and $967,883 is unallowable. The costs were unallowable because the city incorrectly reported annual expenditures attributed to the care and maintenance function, incorrectly calculated the yearly census of dogs and cats and other animals, and subsequently overstated the claimed costs per animal per day in each fiscal period. In addition, the city incorrectly calculated the number of eligible stray dogs and cats and other animals that died during the increased holding period or were ultimately euthanized. The city also used an incorrect number of reimbursable days for this component.

The following table summarizes the claimed, allowable, and unallowable costs for the audit period by fiscal year:

	Amount Claimed			Amount Allowable			
Fiscal Year	Dogs/Cats	Other Animals	Total Claimed	Dogs/Cats	Other Animals	Total Allowable	Audit Adjustment
Care and maintenance:							
1998-99	$ 186,383	$ 5,510	$ 191,893	$ —	$ 3,156	$ 3,156	$ (188,737)
1999-2000	577,369	40,450	617,819	375,062	7,031	382,093	(235,726)
2000-01	463,535	13,107	476,642	487,021	7,157	494,178	17,536
2001-02	686,106	21,184	707,290	307,530	7,358	314,888	(392,402)
2002-03	291,737	12,018	303,755	228,809	5,642	234,451	(69,304)
2005-06	244,197	37,227	281,424	233,359	15,318	248,677	(32,747)
2006-07	193,875	99,093	292,968	196,262	17,929	214,191	(78,777)
2007-08	194,118	44,252	238,370	231,063	19,581	250,644	12,274
Total	$ 2,837,320	$ 272,841	$ 3,110,161	$ 2,059,106	$ 83,172	$ 2,142,278	$ (967,883)

The care and maintenance formula calculations of claimed, allowable, and unallowable costs by fiscal year are presented in Schedule 2—Summary of Care and Maintenance Costs.

During our review, we noted the following issues:

- The city did not use actual expenditure amounts relating to care and maintenance to calculate the cost per animal per day. Instead, the city used budgeted expenditure amounts that were not actual costs. In addition, the costs that the city reported were not pro-rated to the portion of the costs relating to the care and maintenance functions.
- The city did not use accurate annual animal census information to calculate the cost per animal per day.
- The city overstated the cost per animal per day in each fiscal year of the audit period.
- The city did not use the accurate number of eligible dogs and cats and other animals that died during the increased holding period or were ultimately euthanized. This error occurred primarily because the city did not account for all animal population exclusions noted in the parameters and guidelines.
- The city did not use the correct number of reimbursable increased holding period days to calculate claimed costs.

Our analysis of each issue identified in this list is presented below in the same order as listed above.

Total Annual Expenditures Related to Care and Maintenance

The city did not use the actual expenditure amounts relating to care and maintenance that it incurred to calculate the cost per animal per day. Instead, the city used budgeted expenditure amounts that were not actual costs and were not pro-rated to the portion of the costs relating to the care and maintenance functions.

The following table summarizes claimed, allowable, and unallowable expenditure amounts used for the calculation of care and maintenance costs:

		Amount Allowable		
Fiscal Year	Amount Claimed	Salaries, Benefits and Indirect Cost	Materials and Supplies	Audit Adjustment
Care and maintenance expenditures:				
1998-99	$ 3,398,931	$ 4,294,154	$ 103,013	$ 998,236
1999-2000	4,304,979	4,801,703	136,599	633,323
2000-01	4,890,106	5,299,831	74,446	484,171
2001-02	6,899,953	4,792,766	131,473	(1,975,714)
2002-03	6,257,289	4,405,861	141,952	(1,709,476)
2005-06	10,487,509	6,775,244	223,754	(3,488,511)
2006-07	11,585,706	8,687,989	329,620	(2,568,097)
2007-08	12,856,179	10,432,321	539,706	(1,884,152)
Total	$ 60,680,652	$ 49,489,869	$ 1,680,563	$ (9,510,220)

Labor Costs Related to Care and Maintenance (Salaries, Benefits, and Indirect Costs)

During the course of the audit, we requested that the city provide the actual salary amounts paid to those employee classifications directly involved with the care and maintenance function. We also requested the duty statements for such classifications to assist us in determining the percentage of daily workload that was devoted to caring and maintaining animals. The Animal Services Department provided a list of personnel who participate in the care and maintenance functions. The department also provided information relating to the involvement level of each classification and submitted job duty statements that supported the its proposed pro-rated percentages.

As proposed by the department, we used the following employee classifications and percentages of their annual salary, benefit, and related indirect costs to calculate labor costs relating to the Care and Maintenance cost component for each fiscal year:

- Animal Care Technicians (80%)
- Animal Care Technician Supervisor (40%)

We used actual annual payroll information for each employee classification for the last three years of the audit period (FY 2005-06 through FY 2007-08). However, the actual payroll information was not

available for the earlier five years of the audit period. We used a consumer price index to deflate the amounts paid for labor in these prior years.

Materials and Supplies Costs Related to Care and Maintenance

Subsequent to the issuance of the draft audit report, the city submitted documentation supporting actual materials and supplies expenditures incurred for care and maintenance activities. The city submitted summary reports containing year end expenditures by vendor for two accounts:

1. Account 4580 – Animal Food
2. Account 6020 – Shelters Operating Supplies

For the audit period, the year end expenses submitted totaled $2,488,030 for both accounts. We examined the detailed spreadsheets with expenditures by vendor in both accounts to determine whether any of the submitted costs could be potentially included in our calculation of allowable care and maintenance costs. Of the $2,488,030 in costs submitted, we concluded that costs totaling $1,680,563 were allowable. Accordingly, we included these costs in the care and maintenance formula calculations.

The following table summarizes the amounts submitted, allowable, and audit adjustment by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Account 4580 – Animal Food:			
1998-99	$ 79,175	$ 79,1752	$ —
1999-2000	118,361	112,034	(6,327)
2000-01	48,325	48,325	—
2001-02	71,335	71,335	—
2002-03	76,695	76,695	—
2005-06	115,602	107,736	(7,866)
2006-07	178,828	178,828	—
2007-08	288,067	288,067	—
Total animal food	976,388	962,195	(56,259)
Account 6020 – Operating supplies			
1998-99	148,213	23,838	(124,375)
1999-2000	89,209	24,565	(64,644)
2000-01	126,057	26,121	(99,936)
2001-02	136,362	60,138	(76,224)
2002-03	125,345	65,257	(60,088)
2005-06	200,587	116,018	(84,569)
2006-07	325,315	150,792	(174,523)
2007-08	360,554	251,639	(108,915)
Total operating supplies	1,511,642	718,368	(793,274)
Total	$ 2,488,030	$ 1,680,563	$ (807,467)

Expenses Unrelated to the function of caring and maintaining animals:

During fieldwork, we discussed with department staff the reimbursable criteria for this cost component. With the department's assistance, we identified specific types of materials and supplies expenditures that

- For FY 2001-02, the city claimed 100% of salaries and benefits costs incurred for all three departments even though not all of the employees in these departments performed care and maintenance activities. In addition, some of the employees performed reimbursable activities that already were included within other reimbursable cost components of the mandated program (e.g., Increased Holding Period, Maintaining Non-Medical Records, and Necessary and Prompt Veterinary Care).

- For FY 2002-03, FY 2007-08, and FY 2008-09, the city claimed 50% of the salaries and benefits for the Animal Care Administration Department and Animal Enforcement Department. The primary responsibility of staff in the Animal Care Administration Department is to perform a variety of general clerical work, such as record keeping, transaction processing, and public contracts. In addition, the primary responsibility of staff in the Animal Enforcement Department is to perform animal control activities, such as patrolling assigned areas, issuing citations and warnings, monitoring and enforcing animal control regulations, and responding to animal control inquiries and complaints. Therefore, we found that 50% is an over-estimation of the time that staff within these two departments spent on care and maintenance activities.

Based on our review of the job duty statements for staff within both departments, and discussions with shelter staff, we found that 90% of salaries and benefits for the Animal Care Shelter Department and 20% of the salaries and benefits for both the Animal Care Administration Department and Animal Enforcement Department were reimbursable under the care and maintenance cost component.

Materials and supplies

As noted above, the city determined the total annual costs of care and maintenance based on a percentage of total costs incurred by three divisions within the Animal Care Services Department (Animal Care Shelter, Animal Care Administration, and Animal Enforcement) for each year of the audit period. The methodology used by the city to determine the total annual costs of care and maintenance is unallowable for the following reasons:

- For FY 2001-02, the city claimed 100% of the services and supplies costs incurred by all three departments, even though most of these costs are unrelated to the care and maintenance of animals.

- For FY 2002-03, FY 2007-08, and FY 2008-09, the city claimed 50% of the services and supplies costs incurred by the Animal Care Administration Department and the Animal Enforcement Department, even though most of these costs are unrelated to the care and maintenance of animals.

- For FY 2001-02, FY 2007-08, and FY 2008-09, the city included costs incurred for euthanasia procedures, which is not a reimbursable activity under the mandated program.

Schedule 2 (Summary of Care and Maintenance Costs) summarizes the adjustments made to claimed costs for animal care and maintenance. These adjustments consisted of changes to total annual costs incurred by the county for animal care and maintenance (salaries and benefits, related indirect costs, and materials and supplies) and animal census data used to determine the cost per animal per day. The schedule also shows changes to the number of eligible animals and the number of reimbursable days that were used to determine reimbursable costs for the audit period.

Salaries, Benefits, and Related Indirect Costs

During the audit period, the county claimed an estimated percentage of total salaries and benefits for various employee classifications. During audit fieldwork, the county provided salary and benefit amounts paid to those employee classifications directly involved with the care and maintenance of the animals. We reviewed the duty statements for such classifications to assist in determining the percentage of the daily workload devoted to caring for and maintaining animals. In addition, shelter management provided information relating to the level of involvement of each classification.

For the audit period, the county claimed a percentage of total salaries and benefits for the following classifications: 70% for Animal Care Attendants (ACA), 70% for Office Assistant IIs (OAII), 70% for Senior Animal Control Officers (SRACO), and 90% for Supervising Animal Control Officers (SUPACO). We reviewed the employee job descriptions for the various classifications and determined that costs for an OAIIs are unallowable because this classification is not involved in the care and maintenance of animals. The duty statements also showed that the SRACO is primarily involved in field enforcement and the SUPACO is a supervisory position responsible for field and shelter operations. Therefore, we concluded that the SRACO and SUPACO would not typically be involved in the day-to-day activities of care and maintenance of animals. Accordingly, we reduced the claimed percentage for each classification. Based on input from animal shelter management, we determined a reimbursable percentage to be: 80% for ACAs, 50% for SRACOs, and 10% for a SUPACO. Audit adjustments for salaries and benefits consist of unallowable hours claimed and adjustments for allowable positions salary and benefit amounts.

Fiscal Year 2007-08

The county claimed salary costs based on a percentage of total annual salaries and benefits for all of the positions allocated to the kennel unit from the department's Personnel Worksheet by Program Budget for FY 2006-07. The county claimed benefit costs using the average benefit rate per classification from the county's Personnel Budget Schedule (PBR). Consequently the county claimed benefit costs twice.

During the course of the audit, our goal was to calculate the allowable care and maintenance costs by using a consistent method throughout the audit period. We asked the city and county to provide annual expenditure amounts incurred that were related to the costs for care and maintenance of animals. The ACCD was able to retrieve the labor and materials and supplies costs incurred for this component. We used this information in the calculation of eligible care and maintenance costs. We also used annual animal census data that the ACCD provided from its Chameleon software system in each fiscal period to calculate the unit cost to care for each animal per day.

Once we calculated the unit cost, we applied it to the *eligible* number of euthanized dogs, cats, and other animals. The parameters and guidelines list the specific animals that are excluded from reimbursement under this component.

Labor Costs Related to Care and Maintenance (Salaries, Benefits, and Indirect Costs):

During the course of the audit, the ACCD provided actual salary amounts paid to those employee classifications directly involved with the care and maintenance functions. The ACCD also provided job duty statements for each employee classification to document the level of involvement with this cost component. The ACCD used the duty statements to determine the percentage of each employee classification's daily workload that was devoted to care and maintenance functions.

As proposed by the department, we agreed to use the following employee classifications and percentages of their annual salary and benefit costs to calculate labor costs relating to care and maintenance for each fiscal year:

- Animal Care Attendants (85%)
- Shelter Veterinarian (5%)
- Health Technician (15%)
- Animal Care Supervisor (10%)
- Animal Care Assistant Supervisor (80%)

To calculate allowable labor costs for each classification, we calculated annual totals for salaries, benefits, and related indirect costs and applied the percentages noted above.

Materials and Supplies Costs Related to Care and Maintenance

During the course of the audit, the ACCD submitted a list of vendors that provided materials and supplies related to the care and maintenance of animals. In addition, the ACCD was able to retrieve the annual expenditure amounts paid to each of the vendors. The city and county's SB 90 coordinator was able to verify the expenditure amounts through the county's accounting system and confirm that these amounts were not also included as part of the indirect cost pool within the ACCD's indirect cost rate proposals.

Salary and Benefit Costs

The agency did not claim any salary and benefit costs. We determined that the agency incurred $952,445 in salaries and benefits for caring and maintaining animals during the audit period.

During audit fieldwork, the agency provided actual salary and benefit costs for the audit period for the following three positions that provide care and maintenance to the animals housed at the shelter:

- Animal Care Technicians
- Senior Animal Care Technicians
- Lead Animal Care Technicians

However, only a percentage of shelter staff time is devoted to care and maintenance of the animals because staff members also perform non-mandated activities such as recruiting, training, and scheduling. The agency determined that 89% of the Animal Care Technician's and Senior Animal Care Attendants' time, and 60% of the Lead Animal Care Technician's time, was devoted to care and maintenance of animals.

To determine the allowable care and maintenance salaries and benefits, we multiplied the actual salary and benefit amounts provided by the mandated percentage, as shown in the following table:

		Allowable per Audit			
Position	Amount Claimed	Salaries & Benefits	Mandated Percentage	Amount Allowable	Audit Adjustments
FY 2001-02:					
Animal Care Tech.	$ —	$ 149,645	89%	$ 133,184	$ 133,184
Lead Animal Care Tech.	—	72,135	60%	43,281	43,281
Total FY 2001-02	—	221,780		176,465	176,465
FY 2002-03:					
Animal Care Tech.	—	169,565	89%	150,913	150,913
Lead Animal Care Tech.	—	74,667	60%	44,800	44,800
Total FY 2002-03	—	244,232		195,713	195,713
FY 2006-07:					
Animal Care Tech.	—	106,755	89%	95,012	95,012
Lead Animal Care Tech.	—	43,764	60%	26,258	26,258
Total FY2006-07	—	150,519		121,270	121,270
FY 2007-08:					
Animal Care Tech.	—	182,899	89%	162,780	162,780
Lead Animal Care Tech.	—	51,621	60%	30,973	30,973
Total FY 2007-08	—	234,520		193,753	193,753
FY 2008-09:					
Animal Care Tech.	—	226,528	89%	201,610	201,610
Sr. Animal Care Tech.	—	31,509	89%	28,043	28,043
Lead Animal Care Tech.	—	59,319	60%	35,591	35,591
Total FY 2008-09	—	317,356		265,244	265,244
Total	$ —	$1,168,407		$ 952,445	$ 952,445

Costs incurred by the city for care and maintenance consisted of salaries and benefits, materials and supplies, and related indirect costs (related indirect costs are addressed separately in Finding 13).

To calculate the cost per animal per day care in its claims for the audit period, the city allocated some of the expenditures incurred by its Animal Control Department between dogs and cats and other animals. Using forms provided by the city's mandated cost consultant, the city indicated the annual cost of care and maintenance of animals without providing any details on how the amounts were determined. The source of expenditures used was inconsistent because the amounts varied from 10.1% to 97.9% of total expenditures incurred within the Animal Control Department for any one fiscal year. To determine the cost per animal per day, the expenditures were divided by a number that was intended to represent the total animal census, although the numbers claimed were not always reasonable. For example, in some years, the animal census numbers used in the care and maintenance formula resulted in more claimed costs than the total amount of expenditures used in the calculation. The city multiplied the cost per animal per day times an unsupported number of eligible animals and then by either 2 or 6 reimbursable days to calculate claimable care and maintenance costs.

Schedule 2 (Summary of Care and Maintenance Costs) summarizes the adjustments that we made to claimed costs for animal care and maintenance. These adjustments consisted of changes to total annual costs incurred by the city for animal care and maintenance (salaries, benefits, and materials and supplies) and animal census data used to determine the cost per animal per day. The table also shows the changes to the number of eligible animals and the number of reimbursable days that we used to determine reimbursable costs for each year of the audit period.

Salaries and Benefits

The city performed a time study during the months of June, August, and December of 2008 and February of 2009 to determine the employee classifications involved in the care and maintenance of animals and the percentage of their time that was devoted to the reimbursable activities. The city also provided the actual salary and benefit amounts paid to the employee classifications directly involved with the care and maintenance function. Based on the results of the city's time study, we determined the shelter staff and their level of involvement in care and maintenance activities.

The following table details the number of and percentage of involvement for animal care and maintenance per employee classification:

Employee Classification	Percentage Involvement
Animal Control Supervisor	2%
Animal Control Officer (2)	12%
Kennel Attendant	46%

FEDERAL

OMB A-87

GUIDELINES

August 29, 1997

MEMORANDUM FOR THE RECORD
FROM: Norwood J. Jackson
Deputy Controller
Office of Federal Financial Management
SUBJECT: Recompilation of OMB Circular A-87
I certify that the attached document constitutes a recompilation of Office of Management and Budget Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments." The recompilation consists of the last complete revision of the Circular published at 60 FR 26484 (dated May 4, 1995, published May 17, 1995), as further amended at 62 FR 45934 (August 29, 1997).

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OMB CIRCULAR A-87 (REVISED 5/4/95, As Further Amended 8/29/97)

CIRCULAR NO. A-87
Revised

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Cost Principles for State, Local, and Indian Tribal Governments

1. **Purpose**. This Circular establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments and federally-recognized Indian tribal governments (governmental units).

2. **Authority**. This Circular is issued under the authority of the Budget and Accounting Act of 1921, as amended; the Budget and Accounting Procedures Act of 1950, as amended; the Chief Financial Officers Act of 1990; Reorganization Plan No. 2 of 1970; and Executive Order No. 11541 ("Prescribing the Duties of the Office of Management and Budget and the Domestic Policy Council in the Executive Office of the President").

3. **Background**. An interagency task force was established in 1987 to review existing cost principles for Federal awards to State, local, and Indian tribal governments. The task force studied Inspector General reports and recommendations, solicited suggestions for changes to the Circular from governmental units, and compared for consistency the provisions of other OMB cost principles circulars covering non-profit organizations and universities. A proposed revised Circular reflecting the results of those efforts was issued on October 12, 1988, and August 19, 1993. Extensive comments on the proposed revisions, discussions with interest groups, and related developments were considered in developing this revision.

4. **Rescissions**. This Circular rescinds and supersedes Circular A-87, issued January

5. **Policy**. This Circular establishes principles and standards to provide a uniform approach for determining costs and to promote effective program delivery, efficiency, and better relationships between governmental units and the Federal Government. The principles are for determining allowable costs only. They are not intended to identify the circumstances or to dictate the extent of Federal and governmental unit participation in the financing of a particular Federal award. Provision for profit or other increment above cost is outside the scope of this Circular.

6. **Definitions**. Definitions of key terms used in this Circular are contained in Attachment A, Section B.

7. **Required Action**. Agencies responsible for administering programs that involve cost reimbursement contracts, grants, and other agreements with governmental units shall issue codified regulations to implement the provisions of this Circular and its Attachments by September 1, 1995.

8. **OMB Responsibilities**. The Office of Management and Budget (OMB) will review agency regulations and implementation of this Circular, and will provide policy interpretations and assistance to insure effective and efficient implementation. Any exceptions will be subject to approval by OMB. Exceptions will only be made in particular cases where adequate justification is presented.

9. **Information Contact**. Further information concerning this Circular may be obtained by contacting the Office of Federal Financial Management, Financial Standards and Reporting Branch, Office of Management and Budget, Washington, DC 20503, telephone 202-395-3993.

10. **Policy Review Date**. OMB Circular A-87 will have a policy review three years from the date of issuance.

11. **Effective Date**. This Circular is effective as follows:

- For costs charged indirectly or otherwise covered by the cost allocation plans described in Attachments C, D and E, this revision shall be applied to cost allocation plans and indirect cost proposals submitted or prepared for a governmental unit's fiscal year that begins on or after September 1, 1995.

- For other costs, this revision shall be applied to all awards or amendments, including continuation or renewal awards, made on or after September 1, 1995.

Attachments

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COST PRINCIPLES FOR STATE, LOCAL AND INDIAN TRIBAL GOVERNMENTS

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ATTACHMENT A
Circular No. A-87

GENERAL PRINCIPLES FOR DETERMINING ALLOWABLE COSTS

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A. **Purpose and Scope**

1. Objectives. This Attachment establishes principles for determining the allowable costs incurred by State, local, and federally-recognized Indian tribal governments (governmental units) under grants, cost reimbursement contracts, and other agreements with the Federal Government (collectively referred to in this Circular as "Federal awards"). The principles are for the purpose of cost determination and are not intended to identify the circumstances or dictate the extent of Federal or governmental unit participation in the financing of a particular program or project. The principles are designed to provide that Federal awards bear their fair share of cost recognized under these principles except where restricted or prohibited by law. Provision for profit or other increment above cost is outside the scope of this Circular.

2. Policy guides.

a. The application of these principles is based on the fundamental premises that:

(1) Governmental units are responsible for the efficient and effective administration of Federal awards through the application of sound management practices.

(2) Governmental units assume responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.
(3) Each governmental unit, in recognition of its own unique combination of staff, facilities, and experience, will have the primary responsibility for employing whatever form of organization and management techniques may be necessary to assure proper and efficient administration of Federal awards.

b. Federal agencies should work with States or localities which wish to test alternative mechanisms for paying costs for administering Federal programs. The Office of Management and Budget (OMB) encourages Federal agencies to test fee-for-service alternatives as a replacement for current cost-reimbursement payment methods in response to the National Performance Review's (NPR) recommendation. The NPR recommended the fee-for-service approach to reduce the burden associated with maintaining systems for charging administrative costs to Federal programs and preparing and approving cost allocation plans. This approach should also increase incentives for administrative efficiencies and improve outcomes.

3. Application.

a. These principles will be applied by all Federal agencies in determining costs incurred by governmental units under Federal awards (including subawards) except those with (1) publicly-financed educational institutions subject to OMB Circular A-21, "Cost Principles for Educational Institutions," and (2) programs administered by publicly-owned hospitals and other providers of medical care that are subject to requirements promulgated by the sponsoring Federal agencies. However, this Circular does apply to all central service and department/agency costs that are allocated or billed to those educational institutions, hospitals, and other providers of medical care or services by other State and local government departments and agencies.

b. All subawards are subject to those Federal cost principles applicable to the particular organization concerned. Thus, if a subaward is to a governmental unit (other than a college, university or hospital), this Circular shall apply; if a subaward is to a commercial organization, the cost principles applicable to commercial organizations shall apply; if a subaward is to a college or university, Circular A-21 shall apply; if a subaward is to a hospital, the cost principles used by the Federal awarding agency for awards to hospitals shall apply, subject to the provisions of subsection A.3.a. of this Attachment; if a subaward is to some other non-profit organization, Circular A-122, "Cost Principles for Non-Profit Organizations," shall apply.

c. These principles shall be used as a guide in the pricing of fixed price arrangements where costs are used in determining the appropriate price.

d. Where a Federal contract awarded to a governmental unit incorporates a Cost Accounting Standards (CAS) clause, the requirements of that clause shall apply. In such cases, the governmental unit and the cognizant Federal agency shall establish an appropriate advance agreement on how the governmental unit will comply with applicable CAS requirements when estimating, accumulating and reporting costs under CAS-covered contracts. The agreement shall indicate that OMB Circular A-87 requirements will be applied to other Federal awards. In all cases, only one set of records needs to be maintained by the governmental unit.

e. Conditional exemptions.

(1) OMB authorizes conditional exemption from OMB administrative requirements and cost principles circulars for certain Federal programs with statutorily-authorized consolidated planning and consolidated administrative funding, that are identified by a Federal agency and approved by the head of the Executive department or establishment. A Federal agency shall consult with OMB during its consideration of whether to grant such an exemption.

(2) To promote efficiency in State and local program administration, when Federal non-entitlement programs with common purposes have specific statutorily-authorized consolidated planning and consolidated administrative funding and where most of the State agency's resources come from non-Federal sources, Federal agencies may exempt these covered State-administered, non-entitlement grant programs from certain OMB grants management requirements. The exemptions would be from all but the allocability of costs provisions of OMB Circulars A-87 (Attachment A, subsection C.3), "Cost Principles for State, Local, and Indian Tribal Governments," A-21 (Section C, subpart 4), "Cost Principles for Educational Institutions," and A-122 (Attachment A, subsection A.4), "Cost Principles for Non-Profit Organizations," and from all of the administrative requirements provisions of OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations," and the agencies' grants management common rule.

(3) When a Federal agency provides this flexibility, as a prerequisite to a State's exercising this option, a State must adopt its own written fiscal and administrative requirements for expending and accounting for all funds, which are consistent with the provisions of OMB Circular A-87, and extend such policies to all subrecipients. These fiscal and administrative requirements must be sufficiently specific to ensure that: funds are used in compliance with all applicable Federal statutory and regulatory provisions, costs are reasonable and necessary for operating these programs, and funds are not be used for general expenses required to carry out other responsibilities of a State or its subrecipients.

B. **Definitions**

1. "Approval or authorization of the awarding or cognizant Federal agency" means documentation evidencing consent prior to incurring a specific cost. If such costs are specifically identified in a Federal award document, approval of the document constitutes approval of the costs. If the costs are covered by a State/local-wide cost allocation plan or an indirect cost proposal, approval of the plan constitutes the approval.

2. "Award" means grants, cost reimbursement contracts and other agreements between a State, local and Indian tribal government and the Federal Government.

3. "Awarding agency" means (a) with respect to a grant, cooperative agreement, or cost reimbursement contract, the Federal agency, and (b) with respect to a subaward, the party that awarded the subaward.

4. "Central service cost allocation plan" means the documentation identifying, accumulating, and allocating or developing billing rates based on the allowable costs of services provided by a governmental unit on a centralized basis to its departments and agencies. The costs of these services may be allocated or billed to users.

5. "Claim" means a written demand or written assertion by the governmental unit or grantor seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of award terms, or other relief arising under or relating to the award. A voucher, invoice or other routine request for payment that is not a dispute when submitted is not a claim. Appeals, such as those filed by a governmental unit in response to questioned audit costs, are not considered claims until a final management decision is made by the Federal awarding agency.

6. "Cognizant agency" means the Federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed under this Circular on behalf of all Federal agencies. OMB publishes a listing of cognizant agencies.

7. "Common Rule" means the "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments; Final Rule" originally issued at 53 FR 8034-8103 (March 11, 1988). Other common rules will be referred to by their specific titles.

8. "Contract" means a mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited

to): awards and notices of awards; job orders or task orders issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and, bilateral contract modifications. Contracts do not include grants and cooperative agreements covered by 31 U.S.C. 6301 et seq.

9. "Cost" means an amount as determined on a cash, accrual, or other basis acceptable to the Federal awarding or cognizant agency. It does not include transfers to a general or similar fund.

10. "Cost allocation plan" means central service cost allocation plan, public assistance cost allocation plan, and indirect cost rate proposal. Each of these terms are further defined in this section.

11. "Cost objective" means a function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred.

12. "Federally-recognized Indian tribal government" means the governing body or a governmental agency of any Indian tribe, band, nation, or other organized group or community (including any native village as defined in Section 3 of the Alaska Native Claims Settlement Act, 85 Stat. 688) certified by the Secretary of the Interior as eligible for the special programs and services provided through the Bureau of Indian Affairs.

13. "Governmental unit" means the entire State, local, or federally-recognized Indian tribal government, including any component thereof. Components of governmental units may function independently of the governmental unit in accordance with the term of the award.

14. "Grantee department or agency" means the component of a State, local, or federally-recognized Indian tribal government which is responsible for the performance or administration of all or some part of a Federal award.

15. "Indirect cost rate proposal" means the documentation prepared by a governmental unit or component thereof to substantiate its request for the establishment of an indirect cost rate as described in Attachment E of this Circular.

16. "Local government" means a county, municipality, city, town, township, local public authority, school district, special district, intrastate district, council of governments (whether or not incorporated as a non-profit corporation under State law), any other regional or interstate government entity, or any agency or instrumentality of a local government.

17. "Public assistance cost allocation plan" means a narrative description of the procedures that will be used in identifying, measuring and allocating all administrative costs to all of the programs administered or supervised by State

public assistance agencies as described in Attachment D of this Circular.

18. "State" means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State exclusive of local governments.

C. **Basic Guidelines**

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.

b. Be allocable to Federal awards under the provisions of this Circular.

c. Be authorized or not prohibited under State or local laws or regulations.

d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

f. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

g. Except as otherwise provided for in this Circular, be determined in accordance with generally accepted accounting principles.

h. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.

i. Be the net of all applicable credits.

j. Be adequately documented.

2. Reasonable costs. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when governmental units or components are predominately federally- funded. In determining reasonableness of a given cost, consideration shall be given to:

a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit or the performance of the Federal award.

b. The restraints or requirements imposed by such factors as: sound business practices; arms length bargaining; Federal, State and other laws and regulations; and, terms and conditions of the Federal award.

c. Market prices for comparable goods or services.

d. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the governmental unit, its employees, the public at large, and the Federal Government.

e. Significant deviations from the established practices of the governmental unit which may unjustifiably increase the Federal award's cost.

3. Allocable costs.

a. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

b. All activities which benefit from the governmental unit's indirect cost, including unallowable activities and services donated to the governmental unit by third parties, will receive an appropriate allocation of indirect costs.

c. Any cost allocable to a particular Federal award or cost objective under the principles provided for in this Circular may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the Federal awards, or for other reasons. However, this prohibition would not preclude governmental units from shifting costs that are allowable under two or more awards in accordance with existing program agreements.

d. Where an accumulation of indirect costs will ultimately result in charges to a Federal award, a cost allocation plan will be required as described in Attachments C, D, and E.

4. Applicable credits.

a. Applicable credits refer to those receipts or reduction of expenditure-type transactions that offset or reduce expense items allocable to Federal awards as direct or indirect costs. Examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the governmental unit relate to allowable

costs, they shall be credited to the Federal award either as a cost reduction or cash refund, as appropriate.

b. In some instances, the amounts received from the Federal Government to finance activities or service operations of the governmental unit should be treated as applicable credits. Specifically, the concept of netting such credit items (including any amounts used to meet cost sharing or matching requirements) should be recognized in determining the rates or
amounts to be charged to Federal awards. (See Attachment B, item 15, "Depreciation and use allowances," for areas of potential application in the matter of Federal financing of activities.)

D. **Composition of Cost**

1. Total cost. The total cost of Federal awards is comprised of the allowable direct cost of the program, plus its allocable portion of allowable indirect costs, less applicable credits.

2. Classification of costs. There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective. Therefore, it is essential that each item of cost be treated consistently in like circumstances either as a direct or an indirect cost. Guidelines for determining direct and indirect costs charged to Federal awards are provided in the sections that follow.

E. **Direct Costs**

1. General. Direct costs are those that can be identified specifically with a particular final cost objective.

2. Application. Typical direct costs chargeable to Federal awards are:

a. Compensation of employees for the time devoted and identified specifically to the performance of those awards.

b. Cost of materials acquired, consumed, or expended specifically for the purpose of those awards.

c. Equipment and other approved capital expenditures.

d. Travel expenses incurred specifically to carry out the award.

3. Minor items. Any direct cost of a minor amount may be treated as an indirect cost for reasons of practicality where such accounting treatment for that item of cost is consistently applied to all cost objectives.

F. **Indirect Costs**

1. General. Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs within a governmental unit department or in other agencies providing services to a governmental unit department. Indirect cost pools should be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.

2. Cost allocation plans and indirect cost proposals. Requirements for development and submission of cost allocation plans and indirect cost rate proposals are contained in Attachments C, D, and E.

3. Limitation on indirect or administrative costs.

a. In addition to restrictions contained in this Circular, there may be laws that further limit the amount of administrative or indirect cost allowed.

b. Amounts not recoverable as indirect costs or administrative costs under one Federal award may not be shifted to another Federal award, unless specifically authorized by Federal legislation or regulation.

G. **Interagency Services**. The cost of services provided by one agency to another within the governmental unit may include allowable direct costs of the service plus a pro rate share of indirect costs. A standard indirect cost allowance equal to ten percent of the direct salary and wage cost of providing the service (excluding overtime, shift premiums, and fringe benefits) may be used in lieu of determining the actual indirect costs of the service. These services do not include centralized services included in central service cost allocation plans as described in Attachment C.

H. **Required Certifications**. Each cost allocation plan or indirect cost rate proposal required by Attachments C and E must comply with the following:

1. No proposal to establish a cost allocation plan or an indirect cost rate, whether submitted to a Federal cognizant agency or maintained on file by the governmental unit, shall be acceptable unless such costs have been certified by the governmental unit using the Certificate of Cost Allocation Plan or Certificate of Indirect Costs as set forth in Attachments C and E. The certificate must be signed on behalf of the

governmental unit by an individual at a level no lower than chief financial officer of the governmental unit that submits the proposal or component covered by the proposal.

2. No cost allocation plan or indirect cost rate shall be approved by the Federal Government unless the plan or rate proposal has been certified. Where it is necessary to establish a cost allocation plan or an indirect cost rate and the governmental unit has not submitted a certified proposal for establishing such a plan or rate in accordance with the requirements, the Federal Government may either disallow all indirect costs or unilaterally establish such a plan or rate. Such a plan or rate may be based upon audited historical data or such other data that have been furnished to the cognizant Federal agency and for which it can be demonstrated that all unallowable costs have been excluded. When a cost allocation plan or indirect cost rate is unilaterally established by the Federal Government because of failure of the governmental unit to submit a certified proposal, the plan or rate established will be set to ensure that potentially unallowable costs will not be reimbursed.

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ATTACHMENT B
Circular No. A-87

SELECTED ITEMS OF COST

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38. Rental costs
39. Taxes
40. Training
41. Travel costs
42. Underrecovery of costs under Federal agreements

Sections 1 through 42 provide principles to be applied in establishing the allowability or unallowability of certain items of cost. These principles apply whether a cost is treated as direct or indirect. A cost is allowable for Federal reimbursement only to the extent of benefits received by Federal awards and its conformance with the general policies and principles stated in Attachment A to this Circular. Failure to mention a particular item of cost in these sections is not intended to imply that it is either allowable or unallowable; rather, determination of allowability in each case should be based on the treatment or standards provided for similar or related items of cost.

1. **Accounting**. The cost of establishing and maintaining accounting and other information systems is allowable.

2. **Advertising and public relations costs**.

a. The term "advertising costs" means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television programs, direct mail, exhibits, and the like.

b. The term "public relations" includes community relations and means those activities dedicated to maintaining the image of the governmental unit or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.

c. Advertising costs are allowable only when incurred for the recruitment of personnel, the procurement of goods and services, the disposal of surplus materials, and any other specific purposes necessary to meet the requirements of the Federal award. Advertising costs associated with the disposal of surplus materials are not allowable where all disposal costs are reimbursed based on a standard rate as specified in the grants management common rule.

d. Public relations costs are allowable when:

(1) Specifically required by the Federal award and then only as a direct cost;

(2) Incurred to communicate with the public and press pertaining to specific activities or accomplishments that result from performance of the Federal award and then only as a direct cost; or

(3) Necessary to conduct general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of Federal contract/grant awards, financial matters, etc.

e. Unallowable advertising and public relations costs include the following:

(1) All advertising and public relations costs other than as specified in subsections c. and d.;

(2) Except as otherwise permitted by these cost principles, costs of conventions, meetings, or other events related to other activities of the governmental unit including:

(a) Costs of displays, demonstrations, and exhibits;

(b) Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events; and

(c) Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings;

(3) Costs of promotional items and memorabilia, including models, gifts, and souvenirs; and

(4) Costs of advertising and public relations designed solely to promote the governmental unit.

3. **Advisory councils**. Costs incurred by advisory councils or committees are allowable as a direct cost where authorized by the Federal awarding agency or as an indirect cost where allocable to Federal awards.

4. **Alcoholic beverages**. Costs of alcoholic beverages are unallowable.

5. **Audit services**. The costs of audits are allowable provided that the audits were performed in accordance with the Single Audit Act, as implemented by Circular A-128, "Audits of State and Local Governments." [Note: In June 1997, OMB rescinded Circular A-128 and co-located all audit requirements in a re-titled Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."] Generally, the percentage of costs charged to Federal awards for a single audit shall not exceed the percentage derived by dividing Federal funds expended by total funds expended by the recipient or subrecipient (including program matching funds) during the fiscal year. The percentage may be exceeded only if appropriate documentation demonstrates higher actual costs.

Other audit costs are allowable if specifically approved by the awarding or cognizant agency as a direct cost to an award or included as an indirect cost in a cost allocation plan or rate.

6. **Automatic electronic data processing**. The cost of data processing services is allowable (but see section 19, Equipment and other capital expenditures).

7. **Bad debts**. Any losses arising from uncollectible accounts and other claims, and related costs, are unallowable unless provided for in Federal program award regulations.

8. **Bonding costs**. Costs of bonding employees and officials are allowable to the extent that such bonding is in accordance with sound business practice.

9. **Budgeting**. Costs incurred for the development, preparation, presentation, and execution of budgets are allowable.

10. **Communications**. Costs of telephone, mail, messenger, and similar communication services are allowable.

11. **Compensation for personnel services**.

a. General. Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under Federal awards, including but not necessarily limited to wages, salaries, and fringe benefits. The costs of such compensation are allowable to the extent that they satisfy the specific requirements of this Circular, and that the total compensation for individual employees:

(1) Is reasonable for the services rendered and conforms to the established policy of the governmental unit consistently applied to both Federal and non-Federal activities;

(2) Follows an appointment made in accordance with a governmental unit's laws and rules and meets merit system or other requirements required by Federal law, where applicable; and

(3) Is determined and supported as provided in subsection h.

b. Reasonableness. Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the governmental unit. In cases where the kinds of employees required for Federal awards are not found in the other activities of the governmental unit, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the employing government competes for the kind of employees involved. Compensation surveys providing data representative of the labor market involved will be an acceptable basis for evaluating reasonableness.

c. Unallowable costs. Costs which are unallowable under other sections of these principles shall not be allowable under this section solely on the basis that they constitute personnel compensation.

d. Fringe benefits.

(1) Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave, employee insurance, pensions, and unemployment benefit plans. Except as provided elsewhere in these principles, the costs of fringe benefits are allowable to the extent that the benefits are reasonable and are required by law, governmental unit-employee agreement, or an established policy of the governmental unit.

(2) The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, holidays, court leave, military leave, and other similar benefits, are allowable if: (a) they are provided under established written leave policies; (b) the costs are equitably allocated to all related activities, including Federal awards;

and, (c) the accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the governmental unit.

(3) When a governmental unit uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment provided they are allocated as a general administrative expense to all activities of the governmental unit or component.

(4) The accrual basis may be only used for those types of leave for which a liability as defined by Generally Accepted Accounting Principles (GAAP) exists when the leave is earned. When a governmental unit uses the accrual basis of accounting, in accordance with GAAP, allowable leave costs are the lesser of the amount accrued or funded.

(5) The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in section 25, Insurance and indemnification); pension plan costs (see subsection e.); and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits, whether treated as indirect costs or as direct costs, shall be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities.

e. Pension plan costs. Pension plan costs may be computed using a pay-as-you-go method or an acceptable actuarial cost method in accordance with established written policies of the governmental unit.

(1) For pension plans financed on a pay-as-you-go method, allowable costs will be limited to those representing actual payments to retirees or their beneficiaries.

(2) Pension costs calculated using an actuarial cost- based method recognized by GAAP are allowable for a given fiscal year if they are funded for that year within six months after the end of that year. Costs funded after the six month period (or a later period agreed to by the cognizant agency) are allowable in the year funded. The cognizant agency may agree to an extension of the six month period if an appropriate adjustment is made to compensate for the timing of the charges to the Federal Government and related Federal reimbursement and the governmental unit's contribution to the pension fund. Adjustments may be made by cash refund or other equitable procedures to compensate the Federal Government for the time value of Federal reimbursements in excess of contributions to the pension fund.

(3) Amounts funded by the governmental unit in excess of the actuarially determined amount for a fiscal year may be used as the governmental unit's contribution in future periods.

(4) When a governmental unit converts to an acceptable actuarial cost method, as defined by GAAP, and funds pension costs in accordance with this method, the unfunded liability at the time of conversion shall be allowable if amortized over a period of years in accordance with GAAP.

(5) The Federal Government shall receive an equitable share of any previously allowed pension costs (including earnings thereon) which revert or inure to the governmental unit in the form of a refund, withdrawal, or other credit.

f. Post-retirement health benefits. Post-retirement health benefits (PRHB) refers to costs of health insurance or health services not included in a pension plan covered by subsection e. for retirees and their spouses, dependents, and survivors. PRHB costs may be computed using a pay-as-you-go method or an acceptable actuarial cost method in accordance with established written polices of the governmental unit.

(1) For PRHB financed on a pay as-you-go method, allowable costs will be limited to those representing actual payments to retirees or their beneficiaries.

(2) PRHB costs calculated using an actuarial cost method recognized by GAAP are allowable if they are funded for that year within six months after the end of that year. Costs funded after the six month period (or a later period agreed to by the cognizant agency) are allowable in the year funded. The cognizant agency may agree to an extension of the six month period if an appropriate adjustment is made to compensate for the timing of the charges to the Federal Government and related Federal reimbursements and the governmental unit's contributions to the PRHB fund. Adjustments may be made by cash refund, reduction in current year's PRHB costs, or other equitable procedures to compensate the Federal Government for the time value of Federal reimbursements in excess of contributions to the PRHB fund.

(3) Amounts funded in excess of the actuarially determined amount for a fiscal year may be used as the government's contribution in a future period.
(4) When a governmental unit converts to an acceptable actuarial cost method and funds PRHB costs in accordance with this method, the initial unfunded liability attributable to prior years shall be allowable if amortized over a period of years in accordance with GAAP, or, if no such GAAP period exists, over a period negotiated with the cognizant agency.

(5) To be allowable in the current year, the PRHB costs must be paid either to:

(a) An insurer or other benefit provider as current year costs or premiums, or

(b) An insurer or trustee to maintain a trust fund or reserve for the sole purpose of providing post-retirement benefits to retirees and other beneficiaries.

(6) The Federal Government shall receive an equitable share of any amounts of previously allowed post-retirement benefit costs (including earnings thereon) which revert or inure to the governmental unit in the form of a refund, withdrawal, or other credit.

g. Severance pay.

(1) Payments in addition to regular salaries and wages made to workers whose employment is being terminated are allowable to the extent that, in each case, they are required by (a) law, (b) employer-employee agreement, or (c) established written policy.
(2) Severance payments (but not accruals) associated with normal turnover are allowable. Such payments shall be allocated to all activities of the governmental unit as an indirect cost.

(3) Abnormal or mass severance pay will be considered on a case-by-case basis and is allowable only if approved by the cognizant Federal agency.

h. Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

(1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.

(2) No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity.

(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

(a) More than one Federal award,

(b) A Federal award and a non-Federal award,

(c) An indirect cost activity and a direct cost activity,

(d) Two or more indirect activities which are allocated using different allocation bases, or

(e) An unallowable activity and a direct or indirect cost activity.

(5) Personnel activity reports or equivalent documentation must meet the following standards:

(a) They must reflect an after-the-fact distribution of the actual activity of each employee,

(b) They must account for the total activity for which each employee is compensated,

(c) They must be prepared at least monthly and must coincide with one or more pay periods, and

(d) They must be signed by the employee.

(e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that:

(i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;

(ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and

(iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

(6) Substitute systems for allocating salaries and wages to Federal awards may be used in place of activity reports. These systems are subject to approval if required by the cognizant agency. Such systems may include, but are not limited to, random moment sampling, case counts, or other quantifiable measures of employee effort.

(a) Substitute systems which use sampling methods (primarily for Aid to Families with Dependent Children (AFDC), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards including:

(i) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in subsection (c);

(ii) The entire time period involved must be covered by the sample; and

(iii) The results must be statistically valid and applied to the period being sampled.

(b) Allocating charges for the sampled employees' supervisors, clerical and support staffs, based on the results of the sampled employees, will be acceptable.

(c) Less than full compliance with the statistical sampling standards noted in subsection (a) may be accepted by the cognizant agency if it concludes that the amounts to be allocated to Federal awards will be minimal, or if it concludes that the system proposed by the governmental unit will result in lower costs to Federal awards than a system which complies with the standards.

(7) Salaries and wages of employees used in meeting cost sharing or matching requirements of Federal awards must be supported in the same manner as those claimed as allowable costs under Federal awards.

i. Donated services.

(1) Donated or volunteer services may be furnished to a governmental unit by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services is not reimbursable either as a direct or indirect cost. However, the value of donated services may be used to meet cost sharing or matching requirements in accordance with the provisions of the Common Rule.
(2) The value of donated services utilized in the performance of a direct cost activity shall, when material in amount, be considered in the determination of the governmental unit's indirect costs or rate(s) and, accordingly, shall be allocated a proportionate share of applicable indirect costs.

(3) To the extent feasible, donated services will be supported by the same methods used by the governmental unit to support the allocability of regular personnel services.

12. **Contingencies**. Contributions to a contingency reserve or any similar provision made for events the occurrence of which cannot be foretold with certainty as to time, or intensity, or with an assurance of their happening, are unallowable. The term "contingency reserve" excludes self-insurance reserves (see subsection 25.c.), pension plan reserves (see subsection 11.e.), and post-retirement health and other benefit reserves (see subsection 11.f.) computed using acceptable actuarial cost methods.

13. **Contributions and donations**. Contributions and donations, including cash, property, and services, by governmental units to others, regardless of the recipient, are unallowable.

14. **Defense and prosecution of criminal and civil proceedings, and claims**.

a. The following costs are unallowable for contracts covered by 10 U.S.C. 2324(k), "Allowable costs under defense contracts."

(1) Costs incurred in defense of any civil or criminal fraud proceeding or similar proceeding (including filing of false certification brought by the United States where the contractor is found liable or has pleaded nolo contendere to a charge of fraud or similar proceeding (including filing of a false certification).

(2) Costs incurred by a contractor in connection with any criminal, civil or administrative proceedings commenced by the United States or a State to the extent provided in 10 U.S.C. 2324(k).

b. Legal expenses required in the administration of Federal programs are allowable. Legal expenses for prosecution of claims against the Federal Government are unallowable.

15. **Depreciation and use allowances**.

a. Depreciation and use allowances are means of allocating the cost of fixed assets to periods benefitting from asset use. Compensation for the use of fixed assets on hand may be made through depreciation or use allowances. A combination of the two methods may not be used in connection with a single class of fixed assets (e.g., buildings, office equipment, computer equipment, etc.) except as provided in subsection g. Except for enterprise funds and internal service funds that are included as part of a State/local cost allocation plan, classes of assets shall be determined on the same basis used for the government-wide financial statements.

b. The computation of depreciation or use allowances shall be based on the acquisition cost of the assets involved. Where actual cost records have not been maintained, a reasonable estimate of the original acquisition cost may be used. The value of an asset donated to the governmental unit by an unrelated third party shall be its fair market value at the time of donation. Governmental or quasi-governmental organizations located within the same State shall not be considered unrelated third parties for this purpose.

c. The computation of depreciation or use allowances will exclude:

(1) The cost of land;

(2) Any portion of the cost of buildings and equipment borne by or donated by the

Federal Government irrespective of where title was originally vested or where it presently resides; and

(3) Any portion of the cost of buildings and equipment contributed by or for the governmental unit, or a related donor organization, in satisfaction of a matching requirement.

d. Where the use allowance method is followed, the use allowance for buildings and improvements (including land improvements, such as paved parking areas, fences, and sidewalks) will be computed at an annual rate not exceeding two percent of acquisition costs. The use allowance for equipment will be computed at an annual rate not exceeding 6 2/3 percent of acquisition cost. When the use allowance method is used for buildings, the entire building must be treated as a single asset; the building's components (e.g., plumbing system, heating and air condition, etc.) cannot be segregated from the building's shell. The two percent limitation, however, need not be applied to equipment which is merely attached or fastened to the building but not permanently fixed to it and which is used as furnishings or decorations or for specialized purposes (e.g., dentist chairs and dental treatment units, counters, laboratory benches bolted to the floor, dishwashers, modular furniture, carpeting, etc.). Such equipment will be considered as not being permanently fixed to the building if it can be removed without the destruction of, or need for costly or extensive alterations or repairs, to the building or the equipment. Equipment that meets these criteria will be subject to the 6 2/3 percent equipment use allowance limitation.

e. Where the depreciation method is followed, the period of useful service (useful life) established in each case for usable capital assets must take into consideration such factors as type of construction, nature of the equipment used, historical usage patterns, technological developments, and the renewal and replacement policies of the governmental unit followed for the individual items or classes of assets involved. In the absence of clear evidence indicating that the expected consumption of the asset will be significantly greater in the early portions than in the later portions of its useful life, the straight line method of depreciation shall be used. Depreciation methods once used shall not be changed unless approved by the Federal cognizant or awarding agency. When the depreciation method is introduced for application to an asset previously subject to a use allowance, the annual depreciation charge thereon may not exceed the amount that would have resulted had the depreciation method been in effect from the date of acquisition of the asset. The combination of use allowances and depreciation applicable to the asset shall not exceed the total acquisition cost of the asset or fair market value at time of donation.

f. When the depreciation method is used for buildings, a building's shell may be segregated from the major component of the building (e.g., plumbing system, heating, and air conditioning system, etc.) and each major component depreciated over its estimated useful life, or the entire building (i.e., the shell and all

components) may be treated as a single asset and depreciated over a single useful life.

g. A reasonable use allowance may be negotiated for any assets that are considered to be fully depreciated, after taking into consideration the amount of depreciation previously charged to the government, the estimated useful life remaining at the time of negotiation, the
effect of any increased maintenance charges, decreased efficiency due to age, and any other factors pertinent to the utilization of the asset for the purpose contemplated.

h. Charges for use allowances or depreciation must be supported by adequate property records. Physical inventories must be taken at least once every two years (a statistical sampling approach is acceptable) to ensure that assets exist, and are in use. Governmental units will manage equipment in accordance with State laws and procedures. When the depreciation method is followed, depreciation records indicating the amount of depreciation taken each period must also be maintained.

16. **Disbursing service**. The cost of disbursing funds by the Treasurer or other designated officer is allowable.

17. **Employee morale, health, and welfare costs**. The costs of health or first-aid clinics and/or infirmaries, recreational facilities, employee counseling services, employee information publications, and any related expenses incurred in accordance with a governmental unit's policy are allowable. Income generated from any of these activities will be offset against expenses.

18. **Entertainment**. Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.

19. **Equipment and other capital expenditures**.

a. As used in this section the following terms have the meanings as set forth below:

(1) "Capital expenditure" means the cost of the asset including the cost to put it in place. Capital expenditure for equipment means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in, or excluded from, capital expenditure cost in accordance with the governmental unit's regular accounting practices.

(2) "Equipment" means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals the

lesser of (a) the capitalization level established by the governmental unit for financial statement purposes, or (b) $5000.

(3) "Other capital assets" mean buildings, land, and improvements to buildings or land that materially increase their value or useful life.

b. Capital expenditures which are not charged directly to a Federal award may be recovered through use allowances or depreciation on buildings, capital improvements, and equipment (see section 15). See also section 38 for allowability of rental costs for buildings and equipment.

c. Capital expenditures for equipment, including replacement equipment, other capital assets, and improvements which materially increase the value or useful life of equipment or other capital assets are allowable as a direct cost when approved by the awarding agency. Federal awarding agencies are authorized at their option to waive or delegate this approval requirement.

d. Items of equipment with an acquisition cost of less than $5000 are considered to be supplies and are allowable as direct costs of Federal awards without specific awarding agency approval.

e. The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by (1) continuing to claim the otherwise allowable use allowances or depreciation charges on the equipment or by (2) amortizing the amount to be written off over a period of years negotiated with the cognizant agency.

f. When replacing equipment purchased in whole or in part with Federal funds, the governmental unit may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

20. **Fines and penalties**. Fines, penalties, damages, and other settlements resulting from violations (or alleged violations) of, or failure of the governmental unit to comply with, Federal, State, local, or Indian tribal laws and regulations are unallowable except when incurred as a result of compliance with specific provisions of the Federal award or written instructions by the awarding agency authorizing in advance such payments.

21. **Fund raising and investment management costs**.

a. Costs of organized fund raising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable, regardless of the purpose for which the funds will be used.

b. Costs of investment counsel and staff and similar expenses incurred to enhance

income from investments are unallowable. However, such costs associated with investments covering pension, self-insurance, or other funds which include Federal participation allowed by this Circular are allowable.

c. Fund raising and investment activities shall be allocated an appropriate share of indirect costs under the conditions described in subsection C.3.b. of Attachment A.

22. **Gains and losses on disposition of depreciable property and other capital assets and substantial relocation of Federal programs.**

a. (1) Gains and losses on the sale, retirement, or other disposition of depreciable property shall be included in the year in which they occur as credits or charges to the asset cost grouping(s) in which the property was included. The amount of the gain or loss to be included as a credit or charge to the appropriate asset cost grouping(s) shall be the difference between the amount realized on the property and the undepreciated basis of the property.

(2) Gains and losses on the disposition of depreciable property shall not be recognized as a separate credit or charge under the following conditions:

(a) The gain or loss is processed through a depreciation account and is reflected in the depreciation allowable under sections 15 and 19.

(b) The property is given in exchange as part of the purchase price of a similar item and the gain or loss is taken into account in determining the depreciation cost basis of the new item.

(c) A loss results from the failure to maintain permissible insurance, except as otherwise provided in subsection 25.d.

(d) Compensation for the use of the property was provided through use allowances in lieu of depreciation.

b. Substantial relocation of Federal awards from a facility where the Federal Government participated in the financing to another facility prior to the expiration of the useful life of the financed facility requires Federal agency approval. The extent of the relocation, the amount of the Federal participation in the financing, and the depreciation charged to date may require negotiation of space charges for Federal awards.

c. Gains or losses of any nature arising from the sale or exchange of property other than the property covered in subsection a., e.g., land or included in the fair market value used in any adjustment resulting from a relocation of Federal awards covered in subsection b. shall be excluded in computing Federal award costs.

23. **General government expenses.**

a. The general costs of government are unallowable (except as provided in section 41). These include:

(1) Salaries and expenses of the Office of the Governor of a State or the chief executive of a political subdivision or the chief executives of federally-recognized Indian tribal governments;

(2) Salaries and other expenses of State legislatures, tribal councils, or similar local governmental bodies, such as county supervisors, city councils, school boards, etc., whether incurred for purposes of legislation or executive direction;

(3) Cost of the judiciary branch of a government;

(4) Cost of prosecutorial activities unless treated as a direct cost to a specific program when authorized by program regulations (however, this does not preclude the allowability of other legal activities of the Attorney General); and

(5) Other general types of government services normally provided to the general public, such as fire and police, unless provided for as a direct cost in program regulations.

b. For federally-recognized Indian tribal governments and Councils Of Governments (COGs), the portion of salaries and expenses directly attributable to managing and operating Federal programs by the chief executive and his staff is allowable.

24. **Idle facilities and idle capacity**.

a. As used in this section the following terms have the meanings set forth below:

(1) "Facilities" means land and buildings or any portion thereof, equipment individually or collectively, or any other tangible capital asset, wherever located, and whether owned or leased by the governmental unit.

(2) "Idle facilities" means completely unused facilities that are excess to the governmental unit's current needs.

(3) "Idle capacity" means the unused capacity of partially used facilities. It is the difference between (a) that which a facility could achieve under 100 percent operating time on a one-shift basis less operating interruptions resulting from time lost for repairs, setups, unsatisfactory materials, and other normal delays and (b) the extent to which the facility was actually used to meet demands during the accounting period. A multi-shift basis should be used if it can be shown that this amount of usage would normally be expected for the type of facility involved.

(4) "Cost of idle facilities or idle capacity" means costs such as maintenance, repair, housing, rent, and other related costs, e.g., insurance, interest, and depreciation or use allowances.

b. The costs of idle facilities are unallowable except to the extent that:

(1) They are necessary to meet fluctuations in workload; or

(2) Although not necessary to meet fluctuations in workload, they were necessary when acquired and are now idle because of changes in program requirements, efforts to achieve more economical operations, reorganization, termination, or other causes which could not have been reasonably foreseen. Under the exception stated in this subsection, costs of idle facilities are allowable for a reasonable period of time, ordinarily not to exceed one year, depending on the initiative taken to use, lease, or dispose of such facilities.

c. The costs of idle capacity are normal costs of doing business and are a factor in the normal fluctuations of usage or indirect cost rates from period to period. Such costs are allowable, provided that the capacity is reasonably anticipated to be necessary or was originally reasonable and is not subject to reduction or elimination by use on other Federal awards, subletting, renting, or sale, in accordance with sound business, economic, or security practices. Widespread idle capacity throughout an entire facility or among a group of assets having substantially the same function may be considered idle facilities.

25. **Insurance and indemnification.**

a. Costs of insurance required or approved and maintained, pursuant to the Federal award, are allowable.

b. Costs of other insurance in connection with the general conduct of activities are allowable subject to the following limitations:

(1) Types and extent and cost of coverage are in accordance with the governmental unit's policy and sound business practice.

(2) Costs of insurance or of contributions to any reserve covering the risk of loss of, or damage to, Federal Government property are unallowable except to the extent that the awarding agency has specifically required or approved such costs.

c. Actual losses which could have been covered by permissible insurance (through a self-insurance program or otherwise) are unallowable, unless expressly provided for in the Federal award or as described below. However, the Federal Government will participate in actual losses of a self insurance fund that are in excess of reserves. Costs incurred because of losses not covered under nominal deductible insurance coverage provided in keeping with sound management practice, and minor losses

not covered by insurance, such as spoilage, breakage, and disappearance of small hand tools, which occur in the ordinary course of operations, are allowable.

d. Contributions to a reserve for certain self-insurance programs including workers compensation, unemployment compensation, and severance pay are allowable subject to the following provisions:

(1) The type of coverage and the extent of coverage and the rates and premiums would have been allowed had insurance (including reinsurance) been purchased to cover the risks. However, provision for known or reasonably estimated self-insured liabilities, which do not become payable for more than one year after the provision is made, shall not exceed the discounted present value of the liability. The rate used for discounting the liability must be determined by giving consideration to such factors as the governmental unit's settlement rate for those liabilities and its investment rate of return.

(2) Earnings or investment income on reserves must be credited to those reserves.

(3) Contributions to reserves must be based on sound actuarial principles using historical experience and reasonable assumptions. Reserve levels must be analyzed and updated at least biennially for each major risk being insured and take into account any reinsurance, coinsurance, etc. Reserve levels related to employee-related coverages will normally be limited to the value of claims (a) submitted and adjudicated but not paid, (b) submitted but not adjudicated, and (c) incurred but not submitted. Reserve levels in excess of the amounts based on the above must be identified and justified in the cost allocation plan or indirect cost rate proposal.

(4) Accounting records, actuarial studies, and cost allocations (or billings) must recognize any significant differences due to types of insured risk and losses generated by the various insured activities or agencies of the governmental unit. If individual departments or agencies of the governmental unit experience significantly different levels of claims for a particular risk, those differences are to be recognized by the use of separate allocations or other techniques resulting in an equitable allocation.

(5) Whenever funds are transferred from a self-insurance reserve to other accounts (e.g., general fund), refunds shall be made to the Federal Government for its share of funds transferred, including earned or imputed interest from the date of transfer.

e. Actual claims paid to or on behalf of employees or former employees for workers' compensation, unemployment compensation, severance pay, and similar employee benefits (e.g., subsection 11.f. for post retirement health benefits), are allowable in the year of payment
provided (1) the governmental unit follows a consistent costing policy and (2) they are allocated as a general administrative expense to all activities of the governmental unit.

f. Insurance refunds shall be credited against insurance costs in the year the refund is received.

g. Indemnification includes securing the governmental unit against liabilities to third persons and other losses not compensated by insurance or otherwise. The Federal Government is obligated to indemnify the governmental unit only to the extent expressly provided for in the Federal award, except as provided in subsection d.

h. Costs of commercial insurance that protects against the costs of the contractor for correction of the contractor's own defects in materials or workmanship are unallowable.

26. **Interest**.

a. Costs incurred for interest on borrowed capital or the use of a governmental unit's own funds, however represented, are unallowable except as specifically provided in subsection b. or authorized by Federal legislation.

b. Financing costs (including interest) paid or incurred on or after the effective date of this Circular associated with the otherwise allowable costs of building acquisition, construction, or fabrication, reconstruction or remodeling completed on or after October 1, 1980 is allowable, subject to the conditions in (1)-(4). Financing costs (including interest) paid or incurred on or after the effective date of this Circular associated with otherwise allowable costs of equipment is allowable, subject to the conditions in (1)-(4).

(1) The financing is provided (from other than tax or user fee sources) by a bona fide third party external to the governmental unit;

(2) The assets are used in support of Federal awards;

(3) Earnings on debt service reserve funds or interest earned on borrowed funds pending payment of the construction or acquisition costs are used to offset the current period's cost or the capitalized interest, as appropriate. Earnings subject to being reported to the Federal Internal Revenue Service under arbitrage requirements are excludable.

(4) Governmental units will negotiate the amount of allowable interest whenever cash payments (interest, depreciation, use allowances, and contributions) exceed the governmental unit's cash payments and other contributions attributable to that portion of real property used for Federal awards.

27. **Lobbying**. The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost.

Lobbying with respect to certain grants, contracts, cooperative agreements, and loans shall be governed by the common rule, "New Restrictions on Lobbying" published at 55 FR 6736 (February 26, 1990), including definitions, and the Office of Management and Budget "Government-wide Guidance for New Restrictions on Lobbying" and notices published at 54 FR 52306 (December 20, 1989), 55 FR 24540 (June 15, 1990), and 57 FR 1772 (January 15, 1992), respectively.

28. **Maintenance, operations, and repairs**. Unless prohibited by law, the cost of utilities, insurance, security, janitorial services, elevator service, upkeep of grounds, necessary maintenance, normal repairs and alterations, and the like are allowable to the extent that they: (1) keep property (including Federal property, unless otherwise provided for) in an efficient operating condition, (2) do not add to the permanent value of property or appreciably prolong its intended life, and (3) are not otherwise included in rental or other charges for space. Costs which add to the permanent value of property or appreciably prolong its intended life shall be treated as capital expenditures (see sections 15 and 19).

29. **Materials and supplies**. The cost of materials and supplies is allowable. Purchases should be charged at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received. Withdrawals from general stores or stockrooms should be charged at cost under any recognized method of pricing, consistently applied. Incoming transportation charges are a proper part of materials and supply costs.

30. **Memberships, subscriptions, and professional activities**.

a. Costs of the governmental unit's memberships in business, technical, and professional organizations are allowable.

b. Costs of the governmental unit's subscriptions to business, professional, and technical periodicals are allowable.

c. Costs of meetings and conferences where the primary purpose is the dissemination of technical information, including meals, transportation, rental of meeting facilities, and other incidental costs are allowable.

d. Costs of membership in civic and community, social organizations are allowable as a direct cost with the approval of the Federal awarding agency.

e. Costs of membership in organizations substantially engaged in lobbying are unallowable.

31. **Motor pools**. The costs of a service organization which provides automobiles to user governmental units at a mileage or fixed rate and/or provides vehicle maintenance, inspection, and repair services are allowable.

32. **Pre-award costs**. Pre-award costs are those incurred prior to the effective date of the award directly pursuant to the negotiation and in anticipation of the award where such costs are necessary to comply with the proposed delivery schedule or period of performance. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the award and only with the written approval of the awarding agency.

33. **Professional service costs**.

a. Cost of professional and consultant services rendered by persons or organizations that are members of a particular profession or possess a special skill, whether or not officers or employees of the governmental unit, are allowable, subject to section 14 when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal Government.

b. Retainer fees supported by evidence of bona fide services available or rendered are allowable.

34. **Proposal costs**. Costs of preparing proposals for potential Federal awards are allowable. Proposal costs should normally be treated as indirect costs and should be allocated to all activities of the governmental unit utilizing the cost allocation plan and indirect cost rate proposal. However, proposal costs may be charged directly to Federal awards with the prior approval of the Federal awarding agency.

35. **Publication and printing costs**. Publication costs, including the costs of printing (including the processes of composition, plate-making, press work, and binding, and the end products produced by such processes), distribution, promotion, mailing, and general handling are allowable.

36. **Rearrangements and alterations**. Costs incurred for ordinary and normal rearrangement and alteration of facilities are allowable. Special arrangements and alterations costs incurred specifically for a Federal award are allowable with the prior approval of the Federal awarding agency.

37. **Reconversion costs**. Costs incurred in the restoration or rehabilitation of the governmental unit's facilities to approximately the same condition existing immediately prior to commencement of Federal awards, less costs related to normal wear and tear, are allowable.

38. **Rental costs**.

a. Subject to the limitations described in subsections b. through d. of this section, rental costs are allowable to the extent that the rates are reasonable in light of such factors as: rental costs of comparable property, if any; market conditions in the area; alternatives available; and, the type, life expectancy, condition, and value of the property leased.

b. Rental costs under sale and leaseback arrangements are allowable only up to the amount that would be allowed had the governmental unit continued to own the property.

c. Rental costs under less-than-arms-length leases are allowable only up to the amount that would be allowed had title to the property vested in the governmental unit. For this purpose, less-than-arms-length leases include, but are not limited to, those where:

(1) One party to the lease is able to control or substantially influence the actions of the other;

(2) Both parties are parts of the same governmental unit; or

(3) The governmental unit creates an authority or similar entity to acquire and lease the facilities to the governmental unit and other parties.

d. Rental costs under leases which are required to be treated as capital leases under GAAP are allowable only up to the amount that would be allowed had the governmental unit purchased the property on the date the lease agreement was executed. This amount would include expenses such as depreciation or use allowance, maintenance, and insurance. The provisions of Financial Accounting Standards Board Statement 13 shall be used to determine whether a lease is a capital lease. Interest costs related to capital leases are allowable to the extent they meet the criteria in section 26.

39. **Taxes**.

a. Taxes that a governmental unit is legally required to pay are allowable, except for self-assessed taxes that disproportionately affect Federal programs or changes in tax policies that disproportionately affect Federal programs. This provision becomes effective for taxes paid during the governmental unit's first fiscal year that begins on or after January 1, 1998, and applies thereafter.

b. Gasoline taxes, motor vehicle fees, and other taxes that are in effect user fees for benefits provided to the Federal Government are allowable.

c. This provision does not restrict the authority of Federal agencies to identify taxes where Federal participation is inappropriate. Where the identification of the amount of unallowable taxes would require an inordinate amount of effort, the cognizant agency may accept a reasonable approximation thereof.

40. **Training**. The cost of training provided for employee development is allowable.

41. **Travel costs.**

a. **General.** Travel costs are allowable for expenses for transportation, lodging, subsistence, and related items incurred by employees traveling on official business. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip, and results in charges consistent with those normally allowed in like circumstances in non-federally-sponsored activities. Notwithstanding the provisions of section 23, travel costs of officials covered by that section, when specifically related to Federal awards, are allowable with the prior approval of a grantor agency.

b. **Lodging and subsistence.** Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, shall be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the governmental unit in its regular operations as a result of the governmental unit's policy. In the absence of a written governmental unit policy regarding travel costs, the rates and amounts established under subchapter I of Chapter 57 of Title 5, United States Code "Travel and Subsistence Expenses; Mileage Allowances," or by the Administrator of General Services, or the President (or his designee) pursuant to any provisions of such subchapter shall be used as guidance for travel under Federal awards (41 U.S.C. 420, "Travel Expenses of Government Contractors").

c. **Commercial air travel.** Airfare costs in excess of the customary standard (coach or equivalent) airfare, are unallowable except when such accommodations would: require circuitous routing, require travel during unreasonable hours, excessively prolong travel, greatly increase the duration of the flight, result in increased cost that would offset transportation savings, or offer accommodations not reasonably adequate for the medical needs of the traveler. Where a governmental unit can reasonably demonstrate to the awarding agency either the nonavailability of customary standard airfare or Federal Government contract airfare for individual trips or, on an overall basis, that it is the governmental unit's practice to make routine use of such airfare, specific determinations of nonavailability will generally not be questioned by the Federal Government, unless a pattern of avoidance is detected. However, in order for airfare costs in excess of the customary standard commercial airfare to be allowable, e.g., use of first-class airfare, the governmental unit must justify and document on a case-by-case basis the applicable condition(s) set forth above.

d. **Air travel by other than commercial carrier.** Cost of travel by governmental unit-owned, -leased, or -chartered aircraft, as used in this section, includes the cost of lease, charter, operation (including personnel costs), maintenance, depreciation, interest, insurance, and other related costs. Costs of travel via governmental unit-owned, -leased, or -chartered aircraft are unallowable to the extent they exceed the cost of allowable commercial air travel, as provided for in subsection c.

42. **Underrecovery of costs under Federal agreements**. Any excess costs over the Federal contribution under one award agreement are unallowable under other award agreements.

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ATTACHMENT C
Circular No. A-87

STATE/LOCAL-WIDE CENTRAL SERVICE COST ALLOCATION PLANS

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A. **General.**

1. Most governmental units provide certain services, such as motor pools, computer centers, purchasing, accounting, etc., to operating agencies on a centralized basis. Since federally-supported awards are performed within the individual operating agencies, there needs to be a process whereby these central service costs can be identified and assigned to benefitted activities on a reasonable and consistent basis. The central service cost allocation plan provides that process. All costs and other data used to distribute the costs included in the plan
should be supported by formal accounting and other records that will support the propriety of the costs assigned to Federal awards.

2. Guidelines and illustrations of central service cost allocation plans are provided in a brochure published by the Department of Health and Human Services entitled "A Guide for State and Local Government Agencies: Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government." A copy of this brochure may be obtained from the Superintendent of Documents, U.S. Government Printing Office.

B. **Definitions.**

1. "Billed central services" means central services that are billed to benefitted agencies and/or programs on an individual fee-for-service or similar basis. Typical examples of billed central services include computer services, transportation services, insurance, and fringe benefits.

2. "Allocated central services" means central services that benefit operating agencies but are not billed to the agencies on a fee-for-service or similar basis. These costs are allocated to benefitted agencies on some reasonable basis. Examples of such services might include general accounting, personnel administration, purchasing, etc.

3. "Agency or operating agency" means an organizational unit or sub-division within a governmental unit that is responsible for the performance or administration of awards or activities of the governmental unit.

C. **Scope of the Central Service Cost Allocation Plans.** The central service cost allocation plan will include all central service costs that will be claimed (either as a billed or an allocated cost) under Federal awards and will be documented as described in section E. Costs of central services omitted from the plan will not be reimbursed.

D. **Submission Requirements.**

1. Each State will submit a plan to the Department of Health and Human Services for each year in which it claims central service costs under Federal awards. The

plan should include (a) a projection of the next year's allocated central service cost (based either on actual costs for the most recently completed year or the budget projection for the coming year), and (b) a reconciliation of actual allocated central service costs to the estimated costs used for either the most recently completed year or the year immediately preceding the most recently completed year.

2. Each local government that has been designated as a "major local government" by the Office of Management and Budget (OMB) is also required to submit a plan to its cognizant agency annually. OMB periodically lists major local governments in the **Federal Register**.

3. All other local governments claiming central service costs must develop a plan in accordance with the requirements described in this Circular and maintain the plan and related supporting documentation for audit. These local governments are not required to submit their plans for Federal approval unless they are specifically requested to do so by the cognizant agency. Where a local government only receives funds as a sub-recipient, the primary recipient will be responsible for negotiating indirect cost rates and/or monitoring the sub-recipient's plan.

4. All central service cost allocation plans will be prepared and, when required, submitted within six months prior to the beginning of each of the governmental unit's fiscal years in which it proposes to claim central service costs. Extensions may be granted by the cognizant agency on a case-by-case basis.

E. **Documentation Requirements for Submitted Plans**. The documentation requirements described in this section may be modified, expanded, or reduced by the cognizant agency on a case-by-case basis. For example, the requirements may be reduced for those central services which have little or no impact on Federal awards. Conversely, if a review of a plan indicates that certain additional information is needed, and will likely be needed in future years, it may be routinely requested in future plan submissions. Items marked with an asterisk (*) should be submitted only once; subsequent plans should merely indicate any changes since the last plan.

1. General. All proposed plans must be accompanied by the following: an organization chart sufficiently detailed to show operations including the central service activities of the State/local government whether or not they are shown as benefiting from central service functions; a copy of the Comprehensive Annual Financial Report (or a copy of the Executive Budget if budgeted costs are being proposed) to support the allowable costs of each central service activity included in the plan; and, a certification (see subsection 4.) that the plan was prepared in accordance with this Circular, contains only allowable costs, and was prepared in a manner that treated similar costs consistently among the various Federal awards and between Federal and non-Federal awards/activities.

2. Allocated central services. For each allocated central service, the plan must also include the following: a brief description of the service*, an identification of the unit rendering the service and the operating agencies receiving the service, the items of expense included in the cost of the service, the method used to distribute the cost of the service to benefitted agencies, and a summary schedule showing the allocation of each service to the specific benefitted
agencies. If any self-insurance funds or fringe benefits costs are treated as allocated (rather than billed) central services, documentation discussed in subsections 3.b. and c. shall also be included.
3. Billed services.

a. General. The information described below shall be provided for all billed central services, including internal service funds, self-insurance funds, and fringe benefit funds.

b. Internal service funds.

(1) For each internal service fund or similar activity with an operating budget of $5 million or more, the plan shall include: a brief description of each service; a balance sheet for each fund based on individual accounts contained in the governmental unit's accounting system; a revenue/expenses statement, with revenues broken out by source, e.g., regular billings, interest earned, etc.; a listing of all non-operating transfers (as defined by Generally Accepted Accounting Principles (GAAP)) into and out of the fund; a description of the procedures (methodology) used to charge the costs of each service to users, including how billing rates are determined; a schedule of current rates; and, a schedule comparing total revenues (including imputed revenues) generated by the service to the allowable costs of the service, as determined under this Circular, with an explanation of how variances will be handled.

(2) Revenues shall consist of all revenues generated by the service, including unbilled and uncollected revenues. If some users were not billed for the services (or were not billed at the full rate for that class of users), a schedule showing the full imputed revenues associated with these users shall be provided. Expenses shall be broken out by object cost categories (e.g., salaries, supplies, etc.).

c. Self-insurance funds. For each self-insurance fund, the plan shall include: the fund balance sheet; a statement of revenue and expenses including a summary of billings and claims paid by agency; a listing of all non-operating transfers into and out of the fund; the type(s) of risk(s) covered by the fund (e.g., automobile liability, workers' compensation, etc.); an explanation of how the level of fund contributions are determined, including a copy of the current actuarial report (with the actuarial assumptions used) if the contributions are determined on an actuarial basis; and, a description of the procedures used to charge or allocate fund contributions to benefitted activities. Reserve levels in excess of claims (1) submitted and adjudicated but not paid, (2) submitted but not adjudicated, and (3) incurred but not

submitted must be identified and explained.

d. Fringe benefits. For fringe benefit costs, the plan shall include: a listing of fringe benefits provided to covered employees, and the overall annual cost of each type of benefit; current fringe benefit policies*; and procedures used to charge or allocate the costs of the benefits to benefitted activities. In addition, for pension and post-retirement health insurance plans, the following information shall be provided: the governmental unit's funding policies, e.g., legislative bills, trust agreements, or State-mandated contribution rules, if different from actuarially determined rates; the pension plan's costs accrued for the year; the amount funded, and date(s) of funding; a copy of the current actuarial report (including the actuarial assumptions); the plan trustee's report; and, a schedule from the activity showing the value of the interest cost associated with late funding.

4. Required certification. Each central service cost allocation plan will be accompanied by a certification in the following form:

CERTIFICATE OF COST ALLOCATION PLAN

This is to certify that I have reviewed the cost allocation plan submitted herewith and to the best of my knowledge and belief:

(1) All costs included in this proposal [identify date] to establish cost allocations or billings for [identify period covered by plan] are allowable in accordance with the requirements of OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments," and the Federal award(s) to which they apply. Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.

(2) All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the awards to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently.

I declare that the foregoing is true and correct.

Governmental Unit: _____

Signature: _____

Name of Official: _____

Title: _____

Date of Execution: _____

F. **Negotiation and Approval of Central Service Plans.**

1. All proposed central service cost allocation plans that are required to be submitted will be reviewed, negotiated, and approved by the Federal cognizant agency on a timely basis. The cognizant agency will review the proposal within six months of receipt of the proposal and either negotiate/approve the proposal or advise the governmental unit of the additional documentation needed to support/evaluate the proposed plan or the changes required to make the proposal acceptable. Once an agreement with the governmental unit has been reached, the agreement will be accepted and used by all Federal agencies, unless prohibited or limited by statute. Where a Federal funding agency has reason to believe that special operating factors affecting its awards necessitate special consideration, the funding agency will, prior to the time the plans are negotiated, notify the cognizant agency.

2. The results of each negotiation shall be formalized in a written agreement between the cognizant agency and the governmental unit. This agreement will be subject to re-opening if the agreement is subsequently found to violate a statute or the information upon which the plan was negotiated is later found to be materially incomplete or inaccurate. The results of the negotiation shall be made available to all Federal agencies for their use.

3. Negotiated cost allocation plans based on a proposal later found to have included costs that: (a) are unallowable (i) as specified by law or regulation, (ii) as identified in Attachment B of this Circular, or (iii) by the terms and conditions of Federal awards, or (b) are unallowable because they are clearly not allocable to Federal awards, shall be adjusted, or a refund shall be made at the option of the Federal cognizant agency. These adjustments or refunds are designed to correct the plans and do not constitute a reopening of the negotiation.

G. **Other Policies.**

1. Billed central service activities. Each billed central service activity must separately account for all revenues (including imputed revenues) generated by the service, expenses incurred to furnish the service, and profit/loss.

2. Working capital reserves. Internal service funds are dependent upon a reasonable level of working capital reserve to operate from one billing cycle to the next. Charges by an internal service activity to provide for the establishment and maintenance of a reasonable level of working capital reserve, in addition to the full recovery of costs, are allowable. A working capital reserve as part of retained earnings of up to 60 days cash expenses for normal operating purposes is considered reasonable. A working capital reserve exceeding 60 days may be approved by the cognizant Federal agency in exceptional cases.

3. Carry-forward adjustments of allocated central service costs. Allocated central

service costs are usually negotiated and approved for a future fiscal year on a "fixed with carry-forward" basis. Under this procedure, the fixed amounts for the future year covered by agreement are not subject to adjustment for that year. However, when the actual costs of the year involved become known, the differences between the fixed amounts previously approved and the actual costs will be carried forward and used as an adjustment to the fixed amounts established for a later year. This "carry-forward" procedure applies to all central services whose costs were fixed in the approved plan. However, a carry-forward adjustment is not permitted, for a central service activity that was not included in the approved plan, or for unallowable costs that must be reimbursed immediately.

4. Adjustments of billed central services. Billing rates used to charge Federal awards shall be based on the estimated costs of providing the services, including an estimate of the allocable central service costs. A comparison of the revenue generated by each billed service (including total revenues whether or not billed or collected) to the actual allowable costs of the service will be made at least annually, and an adjustment will be made for the difference between the revenue and the allowable costs. These adjustments will be made through one of the following adjustment methods: (a) a cash refund to the Federal Government for the Federal share of the adjustment, (b) credits to the amounts charged to the individual programs, (c) adjustments to future billing rates, or (d) adjustments to allocated central service costs. Adjustments to allocated central services will not be permitted where the total amount of the adjustment for a particular service (Federal share and non-Federal) share exceeds $500,000.

5. Records retention. All central service cost allocation plans and related documentation used as a basis for claiming costs under Federal awards must be retained for audit in accordance with the records retention requirements contained in the Common Rule.

6. Appeals. If a dispute arises in the negotiation of a plan between the cognizant agency and the governmental unit, the dispute shall be resolved in accordance with the appeals procedures of the cognizant agency.

7. OMB assistance. To the extent that problems are encountered among the Federal agencies and/or governmental units in connection with the negotiation and approval process, OMB will lend assistance, as required, to resolve such problems in a timely manner.

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ATTACHMENT D
Circular No. A-87

PUBLIC ASSISTANCE COST ALLOCATION PLANS

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F. Unallowable Costs

A. **General**. Federally-financed programs administered by State public assistance agencies are funded predominately by the Department of Health and Human Services (HHS). In support of its stewardship requirements, HHS has published requirements for the development, documentation, submission, negotiation, and approval of public assistance cost allocation plans in Subpart E of 45 CFR Part 95. All administrative costs (direct and indirect) are normally charged to Federal awards by implementing the public assistance cost allocation plan. This Attachment extends these requirements to all Federal agencies whose programs are administered by a State public assistance agency. Major federally-financed programs typically administered by State public assistance agencies include: Aid to Families with Dependent Children, Medicaid, Food Stamps, Child Support Enforcement, Adoption Assistance and Foster Care, and Social Services Block Grant.

B. **Definitions**.

1. "State public assistance agency" means a State agency administering or supervising the administration of one or more public assistance programs operated by the State as identified in Subpart E of 45 CFR Part 95. For the purpose of this Attachment, these programs include all programs administered by the State public assistance agency.

2. "State public assistance agency costs" means all costs incurred by, or allocable to, the State public assistance agency, except expenditures for financial assistance, medical vendor
payments, food stamps, and payments for services and goods provided directly to program recipients.

C. **Policy**. State public assistance agencies will develop, document and implement, and the Federal Government will review, negotiate, and approve, public assistance

cost allocation plans in accordance with Subpart E of 45 CFR Part 95. The plan will include all programs administered by the State public assistance agency. Where a letter of approval or disapproval is transmitted to a State public assistance agency in accordance with Subpart E, the letter will apply to all Federal agencies and programs. The remaining sections of this Attachment (except for the requirement for certification) summarize the provisions of Subpart E of 45 CFR Part 95.

D. **Submission, Documentation, and Approval of Public Assistance Cost Allocation Plans.**

1. State public assistance agencies are required to promptly submit amendments to the cost allocation plan to HHS for review and approval.

2. Under the coordination process outlined in subsection E, affected Federal agencies will review all new plans and plan amendments and provide comments, as appropriate, to HHS. The effective date of the plan or plan amendment will be the first day of the quarter following the submission of the plan or amendment, unless another date is specifically approved by HHS. HHS, as the cognizant agency acting on behalf of all affected Federal agencies, will, as necessary, conduct negotiations with the State public assistance agency and will inform the State agency of the action taken on the plan or plan amendment.

E. **Review of Implementation of Approved Plans.**

1. Since public assistance cost allocation plans are of a narrative nature, the review during the plan approval process consists of evaluating the appropriateness of the proposed groupings of costs (cost centers) and the related allocation bases. As such, the Federal Government needs some assurance that the cost allocation plan has been implemented as approved. This is accomplished by reviews by the funding agencies, single audits, or audits conducted by the cognizant audit agency.

2. Where inappropriate charges affecting more than one funding agency are identified, the cognizant HHS cost negotiation office will be advised and will take the lead in resolving the issue(s) as provided for in Subpart E of 45 CFR Part 95.

3. If a dispute arises in the negotiation of a plan or from a disallowance involving two or more funding agencies, the dispute shall be resolved in accordance with the appeals
procedures set out in 45 CFR Part 75. Disputes involving only one funding agency will be resolved in accordance with the funding agency's appeal process.

4. To the extent that problems are encountered among the Federal agencies and/or governmental units in connection with the negotiation and approval process, the Office of Management and Budget will lend assistance, as required, to resolve such problems in a timely manner.

F. **Unallowable Costs.** Claims developed under approved cost allocation plans will be based on allowable costs as identified in this Circular. Where unallowable costs have been claimed and reimbursed, they will be refunded to the program that reimbursed the unallowable cost using one of the following methods: (a) a cash refund, (b) offset to a subsequent claim, or (c) credits to the amounts charged to individual awards.

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ATTACHMENT E
Circular No. A-87

STATE AND LOCAL INDIRECT COST RATE PROPOSALS

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A. **General.**

1. Indirect costs are those that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned directly to Federal awards and other activities as appropriate, indirect costs are those remaining to be allocated to benefitted cost objectives. A cost may not be allocated to a Federal award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to a Federal award as a direct cost.

2. Indirect costs include (a) the indirect costs originating in each department or agency of the governmental unit carrying out Federal awards and (b) the costs of central governmental services distributed through the central service cost allocation plan (as described in Attachment C) and not otherwise treated as direct costs.

3. Indirect costs are normally charged to Federal awards by the use of an indirect cost rate. A separate indirect cost rate(s) is usually necessary for each department or agency of the governmental unit claiming indirect costs under Federal awards. Guidelines and illustrations of indirect cost proposals are provided in a brochure published by the Department of Health and Human Services entitled "A Guide for State and Local Government Agencies: Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government." A copy of this brochure may be obtained from the Superintendent of Documents, U.S. Government Printing Office.

4. Because of the diverse characteristics and accounting practices of governmental units, the types of costs which may be classified as indirect costs cannot be specified in all situations. However, typical examples of indirect costs may include certain State/local-wide central service costs, general administration of the grantee department or agency, accounting and personnel services performed within the grantee department or agency, depreciation or use allowances on buildings and equipment, the costs of operating and maintaining facilities, etc.

5. This Attachment does not apply to State public assistance agencies. These agencies should refer instead to Attachment D.

B. **Definitions.**

1. "Indirect cost rate proposal" means the documentation prepared by a governmental unit or subdivision thereof to substantiate its request for the

establishment of an indirect cost rate.

2. "Indirect cost rate" is a device for determining in a reasonable manner the proportion of indirect costs each program should bear. It is the ratio (expressed as a percentage) of the indirect costs to a direct cost base.

3. "Indirect cost pool" is the accumulated costs that jointly benefit two or more programs or other cost objectives.

4. "Base" means the accumulated direct costs (normally either total direct salaries and wages or total direct costs exclusive of any extraordinary or distorting expenditures) used to distribute indirect costs to individual Federal awards. The direct cost base selected should result in each award bearing a fair share of the indirect costs in reasonable relation to the benefits received from the costs.

5. "Predetermined rate" means an indirect cost rate, applicable to a specified current or future period, usually the governmental unit's fiscal year. This rate is based on an estimate of the costs to be incurred during the period. Except under very unusual circumstances, a predetermined rate is not subject to adjustment. (Because of legal constraints, predetermined rates are not permitted for Federal contracts; they may, however, be used for grants or cooperative agreements.) Predetermined rates may not be used by governmental units that have not submitted and negotiated the rate with the cognizant agency. In view of the potential advantages offered by this procedure, negotiation of predetermined rates for indirect costs for a period of two to four years should be the norm in those situations where the cost experience and other pertinent facts available are deemed sufficient to enable the parties involved to reach an informed judgment as to the probable level of indirect costs during the ensuing accounting periods.

6. "Fixed rate" means an indirect cost rate which has the same characteristics as a predetermined rate, except that the difference between the estimated costs and the actual, allowable costs of the period covered by the rate is carried forward as an adjustment to the rate computation of a subsequent period.

7. "Provisional rate" means a temporary indirect cost rate applicable to a specified period which is used for funding, interim reimbursement, and reporting indirect costs on Federal awards pending the establishment of a "final" rate for that period.

8. "Final rate" means an indirect cost rate applicable to a specified past period which is based on the actual allowable costs of the period. A final audited rate is not subject to adjustment.

9. "Base period" for the allocation of indirect costs is the period in which such costs are incurred and accumulated for allocation to activities performed in that period. The base period normally should coincide with the governmental unit's fiscal year, but in any event, shall be so selected as to avoid inequities in the allocation of costs.

C. **Allocation of Indirect Costs and Determination of Indirect Cost Rates.**

1. General.

a. Where a governmental unit's department or agency has only one major function, or where all its major functions benefit from the indirect costs to approximately the same degree, the allocation of indirect costs and the computation of an indirect cost rate may be accomplished through simplified allocation procedures as described in subsection 2.

b. Where a governmental unit's department or agency has several major functions which benefit from its indirect costs in varying degrees, the allocation of indirect costs may require the accumulation of such costs into separate cost groupings which then are allocated individually to benefitted functions by means of a base which best measures the relative degree of benefit. The indirect costs allocated to each function are then distributed to individual awards and other activities included in that function by means of an indirect cost rate(s).

c. Specific methods for allocating indirect costs and computing indirect cost rates along with the conditions under which each method should be used are described in subsections 2, 3 and 4.

2. Simplified method.

a. Where a grantee agency's major functions benefit from its indirect costs to approximately the same degree, the allocation of indirect costs may be accomplished by (1) classifying the grantee agency's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to individual Federal awards. The rate should be expressed as the percentage which the total amount of allowable indirect costs bears to the base selected. This method should also be used where a governmental unit's department or agency has only one major function encompassing a number of individual projects or activities, and may be used where the level of Federal awards to that department or agency is relatively small.

b. Both the direct costs and the indirect costs shall exclude capital expenditures and unallowable costs. However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

c. The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

3. Multiple allocation base method.

a. Where a grantee agency's indirect costs benefit its major functions in varying degrees, such costs shall be accumulated into separate cost groupings. Each grouping shall then be allocated individually to benefitted functions by means of a base which best measures the relative benefits.

b. The cost groupings should be established so as to permit the allocation of each grouping on the basis of benefits provided to the major functions. Each grouping should constitute a pool of expenses that are of like character in terms of the functions they benefit and in terms of the allocation base which best measures the relative benefits provided to each function. The number of separate groupings should be held within practical limits, taking into consideration the materiality of the amounts involved and the degree of precision needed.

c. Actual conditions must be taken into account in selecting the base to be used in allocating the expenses in each grouping to benefitted functions. When an allocation can be made by assignment of a cost grouping directly to the function benefitted, the allocation shall be made in that manner. When the expenses in a grouping are more general in nature, the allocation should be made through the use of a selected base which produces results that are equitable to both the Federal Government and the governmental unit. In general, any cost element or related factor associated with the governmental unit's activities is potentially adaptable for use as an allocation base provided that: (1) it can readily be expressed in terms of dollars or other quantitative measures (total direct costs, direct salaries and wages, staff hours applied, square feet used, hours of usage, number of documents processed, population served, and the like), and (2) it is common to the benefitted functions during the base period.

d. Except where a special indirect cost rate(s) is required in accordance with subsection 4, the separate groupings of indirect costs allocated to each major function shall be aggregated and treated as a common pool for that function. The costs in the common pool shall then be distributed to individual Federal awards included in that function by use of a single indirect cost rate.

e. The distribution base used in computing the indirect cost rate for each function may be (1) total direct costs (excluding capital expenditures and other distorting items such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution. An indirect cost rate should be developed for each separate indirect cost pool developed. The rate in each case should be stated as the percentage relationship between the particular indirect cost pool and the distribution base identified with that pool.

4. Special indirect cost rates.

a. In some instances, a single indirect cost rate for all activities of a grantee

department or agency or for each major function of the agency may not be appropriate. It may not take into account those different factors which may substantially affect the indirect costs applicable to a particular program or group of programs. The factors may include the physical location of the work, the level of administrative support required, the nature of the facilities or other resources employed, the organizational arrangements used, or any combination thereof. When a particular award is carried out in an environment which appears to generate a significantly different level of indirect costs, provisions should be made for a separate indirect cost pool applicable to that award. The separate indirect cost pool should be developed during the course of the regular allocation process, and the separate indirect cost rate resulting therefrom should be used, provided that: (1) the rate differs significantly from the rate which would have been developed under subsections 2. and 3., and (2) the award to which the rate would apply is material in amount.

b. Although this Circular adopts the concept of the full allocation of indirect costs, there are some Federal statutes which restrict the reimbursement of certain indirect costs. Where such restrictions exist, it may be necessary to develop a special rate for the affected award. Where a "restricted rate" is required, the procedure for developing a non-restricted rate will be used except for the additional step of the elimination from the indirect cost pool those costs for which the law prohibits reimbursement.

D. **Submission and Documentation of Proposals.**

1. Submission of indirect cost rate proposals.

a. All departments or agencies of the governmental unit desiring to claim indirect costs under Federal awards must prepare an indirect cost rate proposal and related documentation to support those costs. The proposal and related documentation must be retained for audit in accordance with the records retention requirements contained in the Common Rule.

b. A governmental unit for which a cognizant agency assignment has been specifically designated must submit its indirect cost rate proposal to its cognizant agency. The Office of Management and Budget (OMB) will periodically publish lists of governmental units identifying the appropriate Federal cognizant agencies. The cognizant agency for all governmental units or agencies not identified by OMB will be determined based on the Federal agency providing the largest amount of Federal funds. In these cases, a governmental unit must develop an indirect cost proposal in accordance with the requirements of this Circular and maintain the proposal and related supporting documentation for audit. These governmental units are not required to submit their proposals unless they are specifically requested to do so by the cognizant agency. Where a local government only receives funds as a sub-recipient, the primary recipient will be responsible for negotiating and/or monitoring the sub-recipient's plan.

c. Each Indian tribal government desiring reimbursement of indirect costs must submit its indirect cost proposal to the Department of the Interior (its cognizant Federal agency).

d. Indirect cost proposals must be developed (and, when required, submitted) within six months after the close of the governmental unit's fiscal year, unless an exception is approved by the cognizant Federal agency. If the proposed central service cost allocation plan for the same period has not been approved by that time, the indirect cost proposal may be prepared including an amount for central services that is based on the latest federally-approved central service cost allocation plan. The difference between these central service amounts and the amounts ultimately approved will be compensated for by an adjustment in a subsequent period.

2. Documentation of proposals. The following shall be included with each indirect cost proposal:

a. The rates proposed, including subsidiary work sheets and other relevant data, cross referenced and reconciled to the financial data noted in subsection b. Allocated central service costs will be supported by the summary table included in the approved central service cost allocation plan. This summary table is not required to be submitted with the indirect cost proposal if the central service cost allocation plan for the same fiscal year has been approved by the cognizant agency and is available to the funding agency.

b. A copy of the financial data (financial statements, comprehensive annual financial report, executive budgets, accounting reports, etc.) upon which the rate is based. Adjustments resulting from the use of unaudited data will be recognized, where appropriate, by the Federal cognizant agency in a subsequent proposal.

c. The approximate amount of direct base costs incurred under Federal awards. These costs should be broken out between salaries and wages and other direct costs.

d. A chart showing the organizational structure of the agency during the period for which the proposal applies, along with a functional statement(s) noting the duties and/or responsibilities of all units that comprise the agency. (Once this is submitted, only revisions need be submitted with subsequent proposals.)

3. Required certification. Each indirect cost rate proposal shall be accompanied by a certification in the following form:

CERTIFICATE OF INDIRECT COSTS

This is to certify that I have reviewed the indirect cost rate proposal submitted

herewith and to the best of my knowledge and belief:

(1) All costs included in this proposal [identify date] to establish billing or final indirect costs rates for [identify period covered by rate] are allowable in accordance with the requirements of the Federal award(s) to which they apply and OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments." Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.

(2) All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the Federal Government will be notified of any accounting changes that would affect the predetermined rate.

I declare that the foregoing is true and correct.

Governmental Unit: _____

Signature: _____

Name of Official: _____

Title: _____

Date of Execution: _____

E. **Negotiation and Approval of Rates.**

1. Indirect cost rates will be reviewed, negotiated, and approved by the cognizant Federal agency on a timely basis. Once a rate has been agreed upon, it will be accepted and used by all Federal agencies unless prohibited or limited by statute. Where a Federal funding agency has reason to believe that special operating factors affecting its awards necessitate special indirect cost rates, the funding agency will, prior to the time the rates are negotiated, notify the cognizant Federal agency.

2. The use of predetermined rates, if allowed, is encouraged where the cognizant agency has reasonable assurance based on past experience and reliable projection of the grantee agency's costs, that the rate is not likely to exceed a rate based on actual costs. Long-term agreements utilizing predetermined rates extending over two or more years are encouraged, where appropriate.

3. The results of each negotiation shall be formalized in a written agreement between the cognizant agency and the governmental unit. This agreement will be subject to re-opening if the agreement is subsequently found to violate a statute, or the information upon which the plan was negotiated is later found to be materially incomplete or inaccurate. The agreed upon rates shall be made available to all Federal agencies for their use.

4. Refunds shall be made if proposals are later found to have included costs that (a) are unallowable (i) as specified by law or regulation, (ii) as identified in Attachment B of this Circular, or (iii) by the terms and conditions of Federal awards, or (b) are unallowable because they are clearly not allocable to Federal awards. These adjustments or refunds will be made regardless of the type of rate negotiated (predetermined, final, fixed, or provisional).

F. **Other Policies**.

1. Fringe benefit rates. If overall fringe benefit rates are not approved for the governmental unit as part of the central service cost allocation plan, these rates will be reviewed, negotiated and approved for individual grantee agencies during the indirect cost negotiation process. In these cases, a proposed fringe benefit rate computation should accompany the indirect cost proposal. If fringe benefit rates are not used at the grantee agency level (i.e., the agency specifically identifies fringe benefit costs to individual employees), the governmental unit should so advise the cognizant agency.
2. Billed services provided by the grantee agency. In some cases, governmental units provide and bill for services similar to those covered by central service cost allocation plans (e.g., computer centers). Where this occurs, the governmental unit should be guided by the requirements in Attachment C relating to the development of billing rates and documentation requirements, and should advise the cognizant agency of any billed services. Reviews of these types of services (including reviews of costing/billing methodology, profits or losses, etc.) will be made on a case-by-case basis as warranted by the circumstances involved.

3. Indirect cost allocations not using rates. In certain situations, a governmental unit, because of the nature of its awards, may be required to develop a cost allocation plan that distributes indirect (and, in some cases, direct) costs to the specific funding sources. In these cases, a narrative cost allocation methodology should be developed, documented, maintained for audit, or submitted, as appropriate, to the cognizant agency for review, negotiation, and approval.
4. Appeals. If a dispute arises in a negotiation of an indirect cost rate (or other rate) between the cognizant agency and the governmental unit, the dispute shall be resolved in accordance with the appeals procedures of the cognizant agency.

5. Collection of unallowable costs and erroneous payments. Costs specifically identified as unallowable and charged to Federal awards either directly or indirectly will be refunded (including interest chargeable in accordance with applicable

Federal agency regulations).

6. OMB assistance. To the extent that problems are encountered among the Federal agencies and/or governmental units in connection with the negotiation and approval process, OMB will lend assistance, as required, to resolve such problems in a timely manner.

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

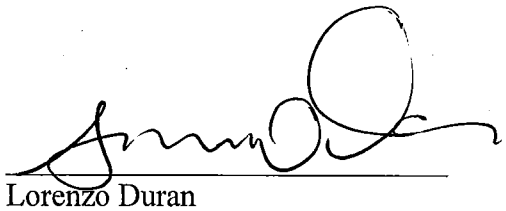
On November 21, 2017, I served the:

- **Claimant's Rebuttal Comments on the IRC filed November 20, 2017**

  Animal Adoption, 17-9811-I-04
  Civil Code Sections 1834 and 1846; Food and Agriculture Code sections 31108, 31752, 31752.5, 31753, 32001, and 32003;
  Statutes 1998, Chapter 752 and Statutes 2004, Chapter 313
  Fiscal Years: 2007-2008 and 2008-2009
  Town of Apple Valley, Claimant

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on November 21, 2017 at Sacramento, California.



Lorenzo Duran
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 9/21/17

Claim Number: 17-9811-I-04

Matter: Animal Adoption

Claimant: Town of Apple Valley

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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STATE of CALIFORNIA
COMMISSION ON STATE MANDATES

March 17, 2020

Ms. Annette Chinn
Cost Recovery Systems, Inc.
705-2 East Bidwell Street, #294
Folsom, CA 95630

Ms. Natalie Sidarous
State Controller's Office
Local Government Programs and Services Division
3301 C Street, Suite 740
Sacramento, CA 95816

And Parties, Interested Parties, and Interested Persons (See Mailing List)

Re: Draft Proposed Decision, Schedule for Comments, and Notice of Hearing
Animal Adoption, 17-9811-I-04
Civil Code Sections 1834 and 1846; Food and Agriculture Code Sections 31108, 31752, 31752.5, 31753, 32001, and 32003;
As Added or Amended by Statutes 1998, Chapter 752 (SB 1785)
Fiscal Years: 2007-2008 and 2008-2009
Town of Apple Valley, Claimant

Dear Ms. Chinn and Ms. Sidarous:

The Draft Proposed Decision for the above-captioned matter is enclosed for your review and comment.

Written Comments

Written comments may be filed on the Draft Proposed Decision by **April 7, 2020**. Please note that all representations of fact submitted to the Commission must be signed under penalty of perjury by persons who are authorized and competent to do so and must be based upon the declarant's personal knowledge, information, or belief. (Cal. Code Regs., tit. 2, § 1187.5.) Hearsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a finding unless it would be admissible over an objection in civil actions. (Cal. Code Regs., tit. 2, § 1187.5.) The Commission's ultimate findings of fact must be supported by substantial evidence in the record.[1]

You are advised that comments filed with the Commission on State Mandates (Commission) are required to be simultaneously served on the other interested parties on the mailing list, and to be accompanied by a proof of service. However, this requirement may also be satisfied by electronically filing your documents. Refer to http://www.csm.ca.gov/dropbox_procedures.php on the Commission's website for electronic filing instructions. (Cal. Code Regs., tit. 2, § 1181.3.)

If you would like to request an extension of time to file comments, please refer to section 1187.9(a) of the Commission's regulations.

[1] Government Code section 17559(b), which provides that a claimant or the state may commence a proceeding in accordance with the provisions of section 1094.5 of the Code of Civil Procedure to set aside a decision of the Commission on the ground that the Commission's decision is not supported by substantial evidence in the record.

Hearing

This matter is set for hearing on **Friday, May 22, 2020**, at 10:00 a.m., State Capitol, Room 447, Sacramento, California. The Proposed Decision will be issued on or about May 8, 2020.

Please notify Commission staff not later than the Wednesday prior to the hearing that you or a witness you are bringing plan to testify and please specify the names of the people who will be speaking for inclusion on the witness list. Staff will no longer be sending reminder emails. Therefore, the last communication from Commission staff is the Proposed Decision which will be issued approximately 2 weeks prior to the hearing and it is incumbent upon the participants to let Commission staff know if they wish to testify or bring witnesses.

If you would like to request postponement of the hearing, please refer to section 1187.9(b) of the Commission's regulations.

Sincerely,

Heather Halsey
Executive Director

ITEM ___

INCORRECT REDUCTION CLAIM

DRAFT PROPOSED DECISION

Civil Code Sections 1834 and 1846;

Food and Agriculture Code Sections 31108, 31752, 31752.5, 31753, 32001, and 32003;

As Added or Amended by Statutes 1998, Chapter 752 (SB 1785)

Animal Adoption

Fiscal Years 2007-2008, 2008-2009

17-9811-I-04

Town of Apple Valley, Claimant

EXECUTIVE SUMMARY

Overview

This Incorrect Reduction Claim (IRC) was filed in response to reductions by the State Controller's Office (Controller) of the Town of Apple Valley's (claimant's) annual reimbursement claims under the *Animal Adoption*, 98-TC-11 program for fiscal years 2007-2008 and 2008-2009. The Final Audit Report determined that out of the $2,256,209 in total costs claimed, $215,608 was allowable and $2,040,601 was unallowable.[1]

The claimant challenges the following audit findings: reduction of all costs claimed for the construction of a new facility (Finding 1); the Controller's recalculation of total annual salaries and benefits as an element of the formula for calculating the care and maintenance costs related to the mandate (Finding 2); and the allowable amount of indirect costs (Finding 7). In addition, the claimant alleges that the necessary and prompt veterinary care costs were claimed in the composite cost per animal per day under the care and maintenance component and that the claimant should have been given an opportunity to provide support for these costs during the audit. Thus, the claimant alleges that reimbursement for necessary and prompt veterinary costs should have been allowed by the Controller.

Staff recommends the Commission partially approve this IRC.

[1] Exhibit A, IRC, page 286 (Final Audit Report). The cover page of the IRC, however, states the total amount reduced during the audit period as $2,105,792, exceeding the amount of reductions identified in the audit report by $65,191. (Exhibit A, IRC, page 1.)

The *Animal Adoption* Program

The *Animal Adoption* program arose from amendments to the Civil Code and Food and Agriculture Code made by Statutes 1998, chapter 752 (SB 1785[2]). The purpose of the test claim statute was to carry out the state policy that "*no adoptable animal* should be euthanized if it can be adopted into a suitable home" and "*no treatable animal* should be euthanized."[3] Generally, the program increases the holding period to allow for the adoption and redemption of stray and abandoned dogs, cats, and other specified animals before the local agency can euthanize the animal, and requires:

- verification of the temperament of feral cats;
- posting of lost and found lists;
- maintenance of records for impounded animals; and
- that impounded animals receive "necessary and prompt veterinary care."

On January 25, 2001, the Commission partially approved the Test Claim, for the increased costs in performing the following activities only:

1. Providing care and maintenance during the increased holding period for impounded dogs and cats that are ultimately euthanized. The increased holding period shall be measured by calculating the difference between three days from the day of capture and four business days from the day after impoundment, as specified below in 3 (a) and 3 (b), or six business days from the day after impoundment (Food & Agr. Code, §§ 31108, 31752);
2. Providing care and maintenance for four business days from the day after impoundment, as specified below in 3 (a) and 3 (b), or six business days from the day after impoundment, for impounded rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, or tortoises legally allowed as personal property that are ultimately euthanized (Food & Agr. Code, § 31753);
3. For dogs, cats, and other specified animals held for four business days after the day of impoundment, either:
    (a) Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or
    (b) For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed (Food & Agr., Code §§ 31108, 31752, and 31753);

[2] Sometimes referred to as the Hayden Bill.

[3] Civil Code section 1834.4, Penal Code section 559d, and Food and Agricultural Code section 17005 as added or amended by Statutes 1998, chapter 752.

4. Verifying whether a cat is feral or tame by using a standardized protocol (Food & Agr. Code, § 31752.5);
5. Posting lost and found lists (Food & Agr. Code, § 32001);
6. Maintaining records on animals that are not medically treated by a veterinarian, but are either taken up, euthanized after the holding period, or impounded (Food & Agr. Code, § 32003); and
7. Providing "necessary and prompt veterinary care" for abandoned animals, other than injured cats and dogs given emergency treatment, that are ultimately euthanized (Civ.Code, §§ 1834 and 1846).

The Commission adopted the Parameters and Guidelines for this program on February 28, 2002. The Parameters and Guidelines, in addition to the activities identified in the Test Claim Statement of Decision, as described above, provide reimbursement for one-time activities of developing policies and procedures; training; and developing or procuring computer software for maintaining records; as well as ongoing costs for:

- Acquisition of additional space by purchase or lease or construction of new facilities to provide appropriate or adequate shelter necessary to comply with the mandated activities during the increased holding period for impounded stray or abandoned dogs, cats, and other animals;[4] and
- Remodeling/renovating existing facilities to provide appropriate or adequate shelter necessary to comply with the mandated activities during the increased holding period for impounded stray or abandoned dogs, cats, and other animals.[5]

On March 12, 2003, the Joint Legislative Audit Committee authorized an audit of the *Animal Adoption* mandate, which was completed by the Bureau of State Audits on October 15, 2003. The audit report recommended that the Legislature "direct the Commission to amend the Parameters and Guidelines of the *animal adoption* mandate to correct the formula for determining the reimbursable portion of acquiring additional shelter space." In 2004, AB 2224 (Stats. 2004, ch. 313) was enacted to direct the Commission to amend the Parameters and Guidelines for the *Animal Adoption* program to:

1. Amend the formula for determining the reimbursable portion of acquiring or building additional shelter space that is larger than needed to comply with the increased holding period to specify that costs incurred to address preexisting shelter overcrowding or animal population growth are not reimbursable.
2. Clarify how the costs for care and maintenance shall be calculated.
3. Detail the documentation necessary to support reimbursement claims under this mandate, in consultation with the Bureau of State Audits and the Controller's office.

[4] Exhibit X, Staff Analysis and Proposed Parameters and Guidelines, *Animal Adoption*, 98-TC-11, Item 4, February 28, 2002, page 23.

[5] Exhibit X, Staff Analysis and Proposed Parameters and Guidelines, *Animal Adoption*, 98-TC-11, Item 4, February 28, 2002, page 25.

On January 26, 2006, the Commission adopted the Parameters and Guidelines Amendment, applicable to claims beginning July 1, 2005, to require, among other things, contemporaneous source documents to show the validity of costs claimed and their relationship to the reimbursable activities. The 2006 amendment also amended the formula for determining the reimbursable portion of "acquiring additional space by purchase or lease and/or construction of new facilities to provide appropriate or adequate shelter necessary to comply with the mandated activities during the increased holding period" and clarified the definition of "average daily census" of dogs and cats, for purposes of the formula to calculate care and maintenance; this amendment is clarifying only, and does not affect the methodology used to calculate actual costs for this component.[6]

Procedural History

The claimant's claim for fiscal year 2007-2008 is dated February 11, 2009.[7] The claimant's claim for fiscal year 2008-2009 is dated February 9, 2010.[8] The claimant's amended claim for fiscal year 2007-2008 is dated February 9, 2010 and was filed on February 16, 2010.[9] The claimant's amended claim for fiscal year 2008-2009 is not dated and does not indicate the filing date.[10] On June 15, 2015 the Controller initiated the audit.[11] On June 8, 2016 the Controller issued the Draft Audit Report.[12] On June 17, 2016, the claimant filed comments on the Draft Audit Report.[13] On August 15, 2016, the Controller issued the Final Audit Report.[14] The claimant filed the IRC on August 1, 2017.[15] The Controller filed comments on the IRC on

[6] Exhibit X, Staff Analysis and Proposed Amendment to Parameters and Guidelines, *Animal Adoption*, 98-TC-11, Item 11, January 26, 2006.

[7] Exhibit A, IRC, page 519 (2007-2008 Reimbursement Claim).

[8] Exhibit A, IRC, page 664 (2008-2009 Reimbursement Claim).

[9] Exhibit A, IRC, page 401 (2007-2008 Amended Reimbursement Claim). See also Exhibit A, IRC, page 293, FN 3 (Final Audit Report) (stating that the claimant submitted an amended claim on February 16, 2010, totaling $878,735).

[10] Exhibit A, IRC, page 640 (2008-2009 Amended Reimbursement Claim).

[11] Exhibit B, Controller's Comments on the IRC, page 6 (Affidavit of Assistant Division Chief Jim L. Spano).

[12] Exhibit A, IRC, page 122.

[13] Exhibit A, IRC, page 337.

[14] Exhibit A, IRC, page 286; Exhibit B, Controller's Comments on the IRC, page 6 (Affidavit of Assistant Division Chief Jim L. Spano).

[15] Exhibit A, IRC, page 1.

October 19, 2017.[16] The claimant filed rebuttal comments on November 20, 2017.[17] Commission staff issued the Draft Proposed Decision on March 17, 2020.[18]

Commission Responsibilities

Government Code section 17561(d) authorizes the Controller to audit the claims filed by local agencies and school districts and to reduce any claim for reimbursement of state-mandated costs if the Controller determines that the claim is excessive or unreasonable.

Government Code section 17551(d) requires the Commission to hear and decide a claim that the Controller has incorrectly reduced payments to the local agency or school district. If the Commission determines that a reimbursement claim has been incorrectly reduced, section 1185.9 of the Commission's regulations requires the Commission to send the decision to the Controller and request that the costs in the claim be reinstated.

The Commission must review questions of law, including interpretation of parameters and guidelines, de novo, without consideration of legal conclusions made by the Controller in the context of an audit. The Commission is vested with exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6 of the California Constitution.[19] The Commission must also interpret the Government Code and implementing regulations in accordance with the broader constitution and statutory scheme. In making its decisions, the Commission must strictly construe article XIII B, section 6 and not apply it as an "equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities."[20]

With regard to the Controller's audit decisions, the Commission must determine whether they were arbitrary, capricious, or entirely lacking in evidentiary support. This standard is similar to the standard used by the courts when reviewing an alleged abuse of discretion of a state agency.[21]

The Commission must also review the Controller's audit in light of the fact that the initial burden of providing evidence for a claim of reimbursement lies with the claimant.[22] In addition, section 1185.1(f)(3) and 1185.2(d) and (e) of the Commission's regulations requires that any assertions

[16] Exhibit B, Controller's Comments on the IRC.

[17] Exhibit C, Claimant's Rebuttal Comments.

[18] Exhibit D, Draft Proposed Decision.

[19] *Kinlaw v. State of California* (1991) 54 Cal.3d 326, 331-334; Government Code sections 17551, 17552.

[20] *County of Sonoma v. Commission on State Mandates* (2000), 84 Cal.App.4th 1264, 1281, citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817.

[21] *Johnston v. Sonoma County Agricultural Preservation and Open Space District* (2002) 100 Cal.App.4th 973, 983-984; *American Bd. of Cosmetic Surgery, Inc. v. Medical Bd. of California* (2008) 162 Cal.App.4th 534, 547.

[22] *Gilbert v. City of Sunnyvale* (2005) 130 Cal.App.4th 1264, 1274-1275.

of fact by the parties to an IRC must be supported by documentary evidence. The Commission's ultimate findings of fact must be supported by substantial evidence in the record.[23]

Claims

The following chart provides a brief summary of the claims and issues raised and staff's recommendation.

Issue	Description	Staff Recommendation
Was the IRC timely filed?	Section 1185.1 of the Commission's regulations requires IRCs to be filed no later than three years from when the claimant first receives from the Controller a final state audit report, letter, or other written notice of adjustment to a reimbursement claim, which complies with Government Code section 17558.5(c) by specifying the claim components adjusted, the amounts adjusted, interest charges on claims adjusted to reduce the overall reimbursement to the claimant, and the reason for the adjustment.	*Timely filed* – The Controller's Final Audit Report is dated August 15, 2016 and the IRC was filed August 1, 2017, less than three years from the date of the Controller's Final Audit Report.
Is the Controller's reduction of all costs claimed for the construction of a new shelter facility correct as matter of law?	The Parameters and Guidelines require the claimant to show that the costs incurred for construction of new facilities were required as a direct result of the mandate. The Parameters and Guidelines require the claimant to submit with the reimbursement claim, contemporaneous documentation reflecting a determination by the	*Correct* – The claimant has the burden to support costs claimed by documentation that shows the validity of the costs and their relationship to the mandate in accordance with the Parameters and Guidelines. Absent such a showing, the Controller's reductions are correct as a matter of law. The claimant failed to provide adequate supporting documentation.

[23] Government Code section 17559(b), which provides that a claimant or the state may commence a proceeding in accordance with the provisions of section 1094.5 of the Code of Civil Procedure to set aside a decision of the Commission on the ground that the Commission's decision is not supported by substantial evidence in the record.

Issue	Description	Staff Recommendation
	governing board that "acquiring additional space by purchase, lease, and/or construction of new facilities" is necessary for the increased holding period mandated by Statutes of 1998, Chapter 752 because the existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats, and other specified animals that die during the increased holding period or are ultimately euthanized. The Controller reduced all shelter construction costs because the claimant did not provide supporting documentation that the construction was a direct result of the increased holding period mandated by the test claim statutes.	None of the documents in the record provide evidence that the claimant's governing board made the determination and the findings required by the Parameters and Guidelines. The record instead shows that the claimant acquired additional space by purchasing land and constructing a new facility because of the availability of redevelopment agency funds; an overall increase in population in the Town of Apple Valley; the need for additional office space; its plan to accommodate growth needs over the twenty-year planning horizon; its plan to expand the shelter facility to accommodate potential contracts with outside government agencies; and the temporary nature of the existing animal shelter where the animals were housed because long-term contracting arrangements with other shelters were terminated by the claimant for reasons unrelated to the mandate.
Is the Controller's reduction of care and maintenance costs correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support?	The Parameters and Guidelines provide a specific formula for calculating the actual costs for care and maintenance during the increased holding period mandated by the test claim statutes.	*Partially Correct* – The Controller's disallowance of care and maintenance costs as claimed is correct as a matter of law. The Controller's recalculation of care and maintenance costs is partially incorrect because the Controller's requirement that the sum of percentages of

Issue	Description	Staff Recommendation
	The claimant used the actual cost method to claim its care and maintenance costs during the audit period. The claimant, however, did not identify the costs allowable under the first step of the actual cost method formula, such as labor costs, which were incurred specifically for the care and maintenance component during each year of the audit period. Instead, the claimant used a different formula to calculate total annual care and maintenance costs by taking a total unsegregated amount of all shelter expenditures (with the exclusion of the Spay/Neuter Program expenditures) and adding a 40% overhead factor for the Municipal Services Director, instead of adding up only those categories of expenditures that are specified in the Parameters and Guidelines formula that directly relate to the care and maintenance of animals. The Controller disallowed the costs for care and maintenance as claimed and recalculated care and maintenance costs, allowing reimbursement of $33,584 for the audit period (reduced from $153,233).	time devoted by various employee classifications to care and maintenance be limited to 100 percent, when recalculating total annual labor cost of care and maintenance, is arbitrary, capricious, and entirely lacking in evidentiary support. Neither the audit report nor the Controller's comments on the IRC explain the methodology used to adjust and reduce the percentages allocated to the classifications performing care and maintenance services or show what it was based on and therefore the recalculation is not supported by evidence in the record.
Are the Controller's disallowance of indirect costs included in the claimant's calculation of care and maintenance costs, the Controller's refusal to	The Parameters and Guidelines provide only two options for calculating indirect costs: (1) using ten percent of direct labor costs, excluding fringe benefits, or	*Correct* – The claimant failed to comply with the Parameters and Guidelines and claiming instructions. Although the claimant alleges that it incorporated indirect

Issue	Description	Staff Recommendation
consider the Indirect Cost Rate Proposal (ICRP) submitted in 2016 to support indirect costs for fiscal years 2007-2008 and 2008-2009, and the recalculation of indirect costs at the ten percent default rate correct as a matter of law?	(2) if indirect costs exceed ten percent, then preparing an ICRP for approval by the Controller. The claiming instructions applicable to the claimant's 2007-2008 and 2008-2009 reimbursement claims specify that if the claimant's indirect cost rate is greater than ten percent of direct salaries, the claimant is required to prepare an ICRP and include it with the reimbursement claim. The claimant did not claim indirect costs as a separate item in its 2007-2008 and 2008-2009 reimbursement claims, but incorporated indirect costs into the care and maintenance cost component by adding in a 40 percent overhead factor for the Municipal Services Director, without submitting an ICRP to support this calculation of indirect costs.	costs in its reimbursement claims at a rate higher than the ten percent default rate when calculating care and maintenance, the claimant never submitted an ICRP to support those costs until 2016. The claimant's submittal of an ICRP in 2016 for fiscal years 2007-2008 and 2008-2009 is too late. Finally, the Controller's allowance of indirect costs at the ten percent default rate complies with the Parameters and Guidelines and is, therefore, correct as a matter of law. Since the claimant did not prepare and submit ICRPs with its reimbursement claims, it was only entitled to the ten percent default rate under the Parameters and Guidelines and claiming instructions.
Does the Commission have jurisdiction to determine whether the claimant is entitled to reimbursement for necessary and prompt veterinary care costs?	The claimant did not identify any veterinary care costs on its reimbursement claims. In response to the Draft Audit Report the claimant requested reimbursement of $10,608 for fiscal year 2007-2008 and $10,298 for fiscal year 2008-2009 for wellness vaccine costs and for employee salary and benefit costs. The Controller refused to review the claimant's request	*No jurisdiction* – The Commission's jurisdiction is limited to a claim by a local government that "the Controller has incorrectly *reduced* payments to the local agency."[24] There can be no *reduction* of a cost that was never the subject of a reimbursement claim. Despite the claimant's argument that it claimed necessary and prompt veterinary care costs by

[24] Government Code section 17551(d), emphasis added.

Issue	Description	Staff Recommendation
	because the claimant did not claim veterinary care costs. The claimant argues that the necessary and prompt veterinary care costs were claimed because they were included in the composite cost per animal per day under the care and maintenance component, and requests that its time studies and any additional material necessary to support the costs be reviewed and the costs for the necessary and prompt veterinary care be restored.	including all unsegregated costs for veterinary care in its formula for calculating care and maintenance, necessary and prompt veterinary care costs were not identified or claimed on the reimbursement claims for the audit period. Thus, they are not the subject of a reduction.

Staff Analysis

A. The Claimant Timely Filed this IRC Within Three Years from the Date the Claimant First Received from the Controller a Final State Audit Report, Letter, or Other Written Notice of Adjustment to a Reimbursement Claim, which Complies with Government Code Section 17558.5(c).

To be timely filed, an IRC must be filed with the Commission no later than three years "following the date a claimant first receives from the Office of State Controller a final state audit report, letter, or other written notice of adjustment to a reimbursement claim, which complies with Government Code section 17558.5(c) by specifying the claim components adjusted, the amounts adjusted, interest charges on claims adjusted to reduce the overall reimbursement to the claimant, and the reason for the adjustment."[25] Here, the Final Audit Report is dated August 15, 2016.[26] The IRC was filed with the Commission less than three years later on August 1, 2017.[27] Accordingly, this IRC was timely filed within the period prescribed in Code of Regulations, title 2, section 1185.1.

B. The Controller's Reduction of All Costs Claimed for the Acquisition of Additional Space by Purchasing Land and Constructing a New Shelter Facility (Finding 1), Is Correct as a Matter of Law Because the Claimant Failed to Provide Adequate Supporting Documentation, as Required by the Parameters and Guidelines, Showing that the Costs Were Incurred as a Direct Result of the Mandate.

In its 2007-2008 and 2008-2009 reimbursement claims, the claimant alleged that it incurred reimbursable state-mandated costs for acquiring additional space by purchasing land and

[25] California Code of Regulations, title 2, section 1185.1(c) (Register 2016, No. 38).

[26] Exhibit A, IRC, page 291 (Final Audit Report, page 3).

[27] Exhibit A, IRC, page 1.

constructing a new animal shelter facility, and claimed a percentage of overall costs totaling $1,978,499 for the audit period.[28]

To be eligible for reimbursement, the Parameters and Guidelines require the claimant to show that the costs incurred for construction of new facilities were required as a direct result of the mandate. The Parameters and Guidelines require the claimant to submit with the reimbursement claim contemporaneous documentation reflecting a determination by the governing board that acquiring additional space by purchasing land and constructing new facilities is necessary for the increased holding period mandated by Statutes of 1998, Chapter 752 because the existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats, and other specified animals that die during the increased holding period or are ultimately euthanized.[29]

The Controller disallowed all shelter construction costs because the claimant "did not support, through a Board Agenda or other similar supporting documentation, that the construction was a direct result of the increased holding period requirements of this mandated program."[30]

Staff finds that the Controller's reduction of all costs claimed for acquiring additional shelter space by purchasing land and constructing a new facility is correct as a matter of law because the claimant failed to provide adequate supporting documentation required by the Parameters and Guidelines showing that the costs were incurred as a direct result of the mandate. The record instead shows that the claimant acquired additional space by purchasing land and constructing a new facility because of the availability of redevelopment agency funds; an overall increase in population in the Town of Apple Valley; the need for additional office space; its plan to accommodate growth needs over the twenty-year planning horizon; its plan to expand the shelter facility to accommodate potential contracts with outside government agencies; and the temporary nature of the existing animal shelter where the animals were housed because long-term contracting arrangements with other shelters were terminated by the claimant for reasons unrelated to the mandate.

C. The Controller's Disallowance of Care and Maintenance Costs as Claimed (Finding 2), Is Correct as a Matter of Law. However, the Controller's Recalculation of Annual Labor Costs to Determine Reimbursable Costs for Care and Maintenance Is Arbitrary, Capricious, and Entirely Lacking in Evidentiary Support.

The Parameters and Guidelines provide a specific formula for calculating the actual costs for care and maintenance during the increased holding period mandated by the test claim statutes.

The claimant used the actual cost method to claim its care and maintenance costs.[31] The claimant, however, did not identify the costs allowable under the first step of the actual cost method formula, such as labor costs for each year of the audit period, which were incurred

[28] Exhibit A, IRC, pages 403-404 (2007-2008 Amended Reimbursement Claim), 641-642 (2008-2009 Amended Reimbursement Claim).

[29] Exhibit A, IRC, pages 259-262 (2006 Parameters and Guidelines Amendment).

[30] Exhibit A, IRC, page 295 (Final Audit Report).

[31] Exhibit A, IRC, page 302 (Final Audit Report).

specifically for the care and maintenance component.[32] Instead, the claimant used a different formula to calculate total annual care and maintenance costs by taking a total unsegregated amount of all shelter expenditures (with the exclusion of the Spay/Neuter Program expenditures) and adding a 40 percent overhead factor for the Municipal Services Director, instead of adding up only those categories of expenditures that are specified in the Parameters and Guidelines formula that directly relate to the care and maintenance of animals.[33] The claimant then applied the rest of the steps of the care and maintenance formula to this unsegregated amount of total shelter costs to arrive at the amount that it claimed as its actual care and maintenance costs.[34]

The Controller disallowed the costs for care and maintenance as claimed and recalculated care and maintenance costs, allowing reimbursement of $33,584 for the audit period (reduced from $153,233).[35]

Staff finds that the Controller's disallowance of care and maintenance costs as claimed, is correct as a matter of law because the claimant did not comply with the formula required by the Parameters and Guidelines. The Parameters and Guidelines, which are regulatory in nature and are binding on the parties, require the application of a specific formula in order to detail the care and maintenance costs under the actual cost method. The formula first requires a claimant to calculate the total annual costs incurred to provide care and maintenance for all animals housed in its shelter(s) by adding up pertinent labor, materials, supplies, indirect costs, and contract services costs. While the Parameters and Guidelines use inclusive language to describe costs for this component ("total cost of care and maintenance includes labor, materials, supplies…") the care and maintenance costs cannot be interpreted beyond the reasonable scope of the approved activity, to include labor, materials, supplies, indirect costs, and contract services costs incurred for all other activities conducted by the shelter beyond *care and maintenance.* Thus, the reduction is correct as a matter of law.

However, the Controller's recalculation of annual labor costs, which is the first step in the calculation of care and maintenance, is arbitrary, capricious, and entirely lacking in evidentiary support. To recalculate annual labor costs, the Controller requested the duty statements of the employee classifications that provide care and maintenance to assist in determining the percentage of the daily workload for each classification devoted to care and maintenance.[36] The Controller's auditor explained that the purpose of requesting the duty statements was "to assist us in determining the percentage of the daily workload that each classification devoted to caring for and maintaining the animals (cleaning, feeding and grooming). The goal is to assign a pro-rata percentage to those classifications involved in care and maintenance activities, where the sum of

[32] Exhibit A, IRC, pages 405-406 (2007-2008 Amended Reimbursement Claim), 643-644 (2008-2009 Amended Reimbursement Claim).

[33] Exhibit A, IRC, page 303 (Final Audit Report); Exhibit B, Controller's Comments on the IRC, pages 27-28.

[34] Exhibit A, IRC, pages 303-304 (Final Audit Report).

[35] Exhibit A, IRC, pages 294, 301 (Final Audit Report).

[36] Exhibit A, IRC, page 305 (Final Audit Report).

all percentages equal to 100%."[37] The claimant provided a list of classifications and designated the percentages of time spent by each classification on care and maintenance services, the total of which exceeded 100 percent.[38] The Controller included five of the classifications in the formula, and reduced the percentages per employee so that when the percentage for each employee is added together it equals a total of 100 percent.

The claimant contends that the Controller's recalculation of annual labor costs results in an incorrect reduction of actual costs incurred, and is "illogical, incorrect, and arbitrary," because the Controller did not allow *actual time* for various employees for the care and maintenance calculation.[39] Specifically, the claimant contends that the animal shelter attendant's time devoted to care and maintenance should be 85 percent, rather than 60 percent; and that the animal shelter supervisor's time devoted to care and maintenance should be 10 percent, rather than 5 percent, as originally provided by the claimant.[40] Second, the claimant alleges that the Controller erroneously concluded that staff time between all positions had to total 100 percent.[41] The claimant states that "[w]hile it is logical that the total time allotted for each individual on various activities must total to 100% - there is no reason why the total time spent by a GROUP of different individuals on a mandated activity must add to 100% between all of them. We asked the SCO to examine this finding and to explain their reasoning, but the SCO did not respond either formally or informally and provided no explanation."[42]

The choice of methodology for auditing annual labor costs for care and maintenance of animals, in the absence of supporting documentation showing the actual employee time spent on care and maintenance as required by the Parameters and Guidelines, is a matter within the discretion of the Controller. However, neither the audit report nor the Controller's comments on the IRC fully explain the methodology used to adjust and reduce the percentages allocated to the classifications performing care and maintenance services. On the one hand, the Controller asserts that the percentages were reduced based on a review of the duty statements.[43] On the other hand, it appears from the record that the Controller's allocation of percentages, including those for the animal shelter attendant and the animal shelter supervisor, were reduced to make the percentages simply add up to 100 percent.[44] If the methodology used by the Controller estimates percentages of *time* spent by the claimant's employees on care and maintenance, then adding these percentages across all employee classifications to a limit of 100 percent (i.e. a total of 40 hours per work week) does not make sense and is arbitrary, capricious, and entirely lacking

[37] Exhibit C, Claimant's Rebuttal Comments, page 21.

[38] Exhibit A, IRC, page 305 (Final Audit Report); Exhibit C, Claimant's Rebuttal Comments, pages 8-9, 20 (April 12, 2016 email from the claimant to the Controller).

[39] Exhibit A, IRC, pages 9-10.

[40] Exhibit A, IRC, pages 10, 312-313 (Final Audit Report).

[41] Exhibit A, IRC, page 9, 313 (Final Audit Report).

[42] Exhibit A, IRC, page 10; see also, Exhibit C, Claimant's Rebuttal Comments, page 8.

[43] Exhibit A, IRC, page 314 (Final Audit Report).

[44] Exhibit A, IRC, pages 305 (Final Audit Report), 363-366 (Claimant's Response to Draft Audit Report).

in evidentiary support. For example, employees from five classifications could each spend 60 percent of their time on care and maintenance, which clearly exceeds 100 percent. If the Controller used a factor or methodology *other than the employee's time worked* to calculate annual labor costs, then the record provides no explanation of that methodology. The Final Audit Report refers to "*the extent of*" and "*percentages of employee classification involvement*" and "*applicable percentages of actual salaries and benefits costs*," but does not explain how the extent of involvement and the applicable percentages were determined and applied with respect to individual employee classifications and balanced across classifications to 100 percent.[45] The Controller simply states that "[w]hen considering care and maintenance, we view the activity as a whole, where the responsibilities are divided among various employee classifications, and the sum of the responsibilities performed by the employees equals 100%."[46] This statement does not explain what is being calculated, or how the Controller came up with annual labor costs of $210,000 for fiscal year 2007-2008 and $155,101 for fiscal year 2008-2009.[47]

Accordingly, to the extent that the Controller's recalculation of care and maintenance costs in Finding 2, which adjusted the percentages allocated to the classifications performing annual care and maintenance services during the audit period, results in a reduction of care and maintenance costs, that reduction is arbitrary, capricious, and entirely lacking in evidentiary support.

D. The Controller's Disallowance of Indirect Costs Included in the Claimant's Calculation of Care and Maintenance Costs, the Controller's Refusal to Consider the ICRP Submitted by the Claimant in 2016 to Support Indirect Costs for Fiscal Years 2007-2008 and 2008-2009, and the Recalculation of Indirect Costs at the Ten Percent Default Rate Provided in the Parameters and Guidelines (Finding 7), Are Correct as a Matter of Law.

The claimant did not claim indirect costs as a separate item, but incorporated indirect costs into the care and maintenance cost component by adding in a 40 percent overhead factor for the Municipal Services Director.[48] The Controller found this approach to be incorrect and not in accordance with the Parameters and Guidelines.[49] The Controller recalculated indirect costs using the ten percent default rate and found that $12,708 is reimbursable.[50] While the claimant first agreed with the Controller's use of the ten percent rate to recalculate indirect costs during the audit,[51] in response to the Draft Audit Report on June 17, 2016, the claimant for the first time

[45] Exhibit A, IRC, page 306 (Final Audit Report), emphasis added.

[46] Exhibit B, Controller's Comments on the IRC, page 28.

[47] Exhibit A, IRC, page 306 (Final Audit Report); Exhibit B, Controller's Comments on the IRC, page 29.

[48] Exhibit A, IRC, page 328 (Final Audit Report).

[49] Exhibit A, IRC, page 328 (Final Audit Report).

[50] Exhibit A, IRC, page 328-329 (Final Audit Report).

[51] Exhibit A, IRC, pages 328-329 (Final Audit Report); Exhibit B, Controller's Comments on the IRC, pages 30 and 111 (Tab 6 - Phone Log, stating that during the April 12, 2016 telephone call discussion of regarding indirect costs, the claimant's Assistant Director of Finance "Kofi decided

submitted an ICRP for a higher rate (between 67 percent and 78.9 percent, based on salaries and wages)[52] for both fiscal years of the audit period.[53] The Controller did not consider this proposal.[54]

Staff finds that the Controller's disallowance of indirect costs included in the claimant's calculation of care and maintenance costs, the Controller's refusal to consider the ICRP submitted in 2016 in support of indirect costs for fiscal year 2007-2008 and 2008-2009, and the recalculation of indirect costs at the ten percent default rate are correct as a matter of law. The Parameters and Guidelines provide only two options for calculating indirect costs: (1) using ten percent of direct labor costs, excluding fringe benefits, or (2) if indirect costs exceed ten percent, then preparing an ICRP for approval by the Controller.[55] The claiming instructions applicable to the claimant's 2007-2008 and 2008-2009 reimbursement claims specify that if the claimant's indirect cost rate is greater than ten percent of direct salaries, the claimant is required to prepare an ICRP and include it with the reimbursement claim.[56] Although the claimant alleges that it incorporated indirect costs in its reimbursement claims at a rate higher than the ten percent default rate when calculating care and maintenance, the claimant never submitted an ICRP to support those costs until 2016. The claimant's submittal of an ICRP in 2016 for fiscal years 2007-2008 and 2008-2009 is too late. Finally, the Controller's allowance of indirect costs at the ten percent default rate is correct as a matter of law. Since the claimant did not prepare and submit ICRPs with its reimbursement claims, it was only entitled to the ten percent default rate under the Parameters and Guidelines and claiming instructions.

E. The Commission Does Not Have Jurisdiction To Determine Whether the Claimant Is Entitled to Reimbursement for Necessary and Prompt Veterinary Costs Because There Has Been No Reduction of Necessary and Prompt Veterinary Costs.

Finally, the reimbursement claims filed by the claimant do not identify any costs for necessary and prompt veterinary care. The line item for "veterinary care" was left blank in both reimbursement claims.[57] In its June 17, 2016 response to the Draft Audit Report, however, the claimant "questioned why the SCO did not allow any reimbursement for the Necessary and

that due to the town's record retention issues and unavailability of supporting documentation, that using the flat 10% would be the best option.").

[52] Exhibit A, IRC, page 370 ("ICRP Input Screen, provided with the Claimant's Response to the Draft Audit Report.").

[53] Exhibit A, IRC, pages 331 (Final Audit Report). Exhibit A, IRC, pages 369-399 (Claimant's Response to the Draft Audit Report).

[54] Exhibit A, IRC, pages 331 (Final Audit Report).

[55] Exhibit A, IRC, page 274 (2006 Parameters and Guidelines Amendment).

[56] Exhibit X, Excerpt of 2007-2008 State Mandated Cost Claiming Instructions No. 2006-11, revised February 6, 2009, pages 1, 27; Exhibit A, IRC, page 280 (State Mandated Cost Claiming Instructions No. 2006-11, revised October 26, 2009).

[57] Exhibit A, IRC, pages 403 and 641 (Claim Summaries for Amended Reimbursement Claims for Fiscal Years 2007-2008 and 2008-2009).

Prompt Veterinary Care component as these costs are eligible for reimbursement."[58] The claimant's response to the Draft Audit Report requests reimbursement for necessary and prompt veterinary costs of $10,608 for fiscal year 2007-2008 and $10,298 for fiscal year 2008-2009, consisting of wellness vaccine costs and employee salary and benefit costs for the time to conduct the initial physical exam to determine the animal's baseline health and to administer the wellness vaccine.[59] The claimant's IRC states that veterinary care costs were included as part of the care and maintenance component, and argues that the Controller incorrectly refused to accept supporting documents for veterinary costs, including time study results, after the exit conference.[60]

Despite the claimant's argument that it claimed necessary and prompt veterinary care costs by including all unsegregated costs for veterinary care in its formula for calculating care and maintenance, necessary and prompt veterinary care costs were not identified or claimed on the reimbursement claims for the audit period. Thus, there were no costs to reduce. Pursuant to Government Code section 17551(d), the Commission has jurisdiction only to hear and decide incorrect *reduction* claims. Therefore, the Commission does not have jurisdiction to determine whether the claimant is entitled to reimbursement for necessary and prompt veterinary care.

Conclusion

Based on the foregoing analysis, staff recommends that the Commission partially approve this IRC based on the following conclusions:

- The IRC was timely filed.
- The Controller's reduction of the entire amount claimed for the construction of a new shelter facility (Finding 1) is correct as a matter of law because the claimant failed to provide adequate supporting documentation required by the Parameters and Guidelines that the costs were incurred as a direct result of the increased holding period mandated by the test claim statutes.
- The Controller's disallowance of care and maintenance costs as claimed (Finding 2) is correct as a matter of law because the claimant did not comply with the formula required by the Parameters and Guidelines. However, the Controller's recalculation of care and maintenance costs in Finding 2, which adjusted the percentages allocated to the classifications performing annual care and maintenance services during the audit period, is arbitrary, capricious, and entirely lacking in evidentiary support.
- The Controller's disallowance of indirect costs included in the claimant's calculation of care and maintenance costs; the Controller's refusal to consider the claimant's ICRP submitted in 2016 to support indirect costs for fiscal years 2007-2008 and 2008-2009; and the recalculation of indirect costs at the 10 percent default rate (Finding 7) are correct as a matter of law.

[58] Exhibit A, IRC, pages 337-338 (Claimant's Response to Draft Audit Report).

[59] Exhibit A, IRC, pages 334 (Final Audit Report), 337-338 (Claimant's Response to Draft Audit Report).

[60] Exhibit A, IRC, pages 5-7.

- The Commission does not have jurisdiction over the claimant's request for reimbursement of necessary and prompt veterinary care costs which were never specifically claimed and for which there was no reduction.

Staff Recommendation

Staff recommends that the Commission adopt the Proposed Decision partially approving the IRC and, pursuant to Government Code section 17551(d) and section 1185.9 of the Commission's regulations, request that the Controller reinstate the following costs that were incorrectly reduced:

- Care and maintenance costs, to the extent that the Controller's recalculation of care and maintenance costs in Finding 2, which adjusted the percentages allocated to the classifications performing annual care and maintenance services during the audit period, results in a reduction of care and maintenance costs.

Staff further recommends that the Commission authorize staff to make any technical, non-substantive changes following the hearing.

BEFORE THE

COMMISSION ON STATE MANDATES

STATE OF CALIFORNIA

IN RE INCORRECT REDUCTION CLAIM Civil Code Sections 1834 and 1846; Food and Agriculture Code Sections 31108, 31752, 31752.5, 31753, 32001, and 32003; As Added or Amended by Statutes 1998, Chapter 752 (SB 1785) Fiscal Years 2007-2008, 2008-2009 Filed on August 1, 2017 Town of Apple Valley, Claimant	Case No.: 17-9811-I-04 *Animal Adoption* DECISION PURSUANT TO GOVERNMENT CODE SECTION 17500 ET SEQ.; CALIFORNIA CODE OF REGULATIONS, TITLE 2, DIVISION 2, CHAPTER 2.5, ARTICLE 7. (*Adopted May 22, 2020*)

DECISION

The Commission in State Mandates (Commission) heard and decided this Incorrect Reduction Claim (IRC) during a regularly scheduled hearing on May 22, 2020. [Witness list will be included in the adopted Decision.]

The law applicable to the Commission's determination of a reimbursable state-mandated program is article XIII B, section 6 of the California Constitution, Government Code sections 17500 et seq., and related case law.

The Commission [adopted/modified] the Proposed Decision to [approve/partially approve/deny] the IRC by a vote of [vote will be included in the adopted Decision], as follows:

Member	**Vote**
Lee Adams, County Supervisor	
Mark Hariri, Representative of the State Treasurer, Vice Chairperson	
Jeannie Lee, Representative of the Director of the Office of Planning and Research	
Gayle Miller, Director of the Department of Finance, Chairperson	
Sarah Olsen, Public Member	
Carmen Ramirez, City Council Member	
Jacqueline Wong-Hernandez, Representative of the State Controller	

Summary of the Findings

This IRC was filed in response to the following alleged reductions by the State Controller's Office (Controller) of the Town of Apple Valley's (claimant's) annual reimbursement claims under the *Animal Adoption*, 98-TC-11 program for fiscal years 2007-2008 and 2008-2009: disallowance of construction of new facilities costs (Finding 1); reduction of care and maintenance costs resulting from the Controller's recalculation of total annual salaries and benefits incurred for all pertinent care and maintenance activities as an element of the formula for calculating the care and maintenance costs related to the mandate (Finding 2); and disallowance of the rate proposed by the claimant for indirect costs(Finding 7). In addition, the claimant alleges that the necessary and prompt veterinary care costs were claimed in the composite cost per animal per day under the care and maintenance component and that these costs should have been allowed by the Controller.

The Commission finds that this IRC was timely filed.

The Commission further finds that the Controller's reduction of all costs claimed for acquiring additional shelter space by purchasing land and constructing a new shelter facility is correct as a matter of law because the claimant failed to provide adequate supporting documentation required by the Parameters and Guidelines showing that the costs were incurred as a direct result of the mandate. The record instead shows that the claimant acquired additional space by purchasing land and constructing a new facility because of the availability of redevelopment agency funds; an overall increase in population in the Town of Apple Valley; the need for additional office space; its plan to accommodate growth needs over the twenty-year planning horizon; its plan to expand the shelter facility to accommodate potential contracts with outside government agencies; and the temporary nature of the existing animal shelter where the animals were housed because long-term contracting arrangements with other shelters were terminated by the claimant for reasons unrelated to the mandate.

The Commission finds that the Controller's disallowance of care and maintenance costs as claimed, is correct as a matter of law because the claimant did not comply with the specific formula required by the Parameters and Guidelines. The claimant calculated the total annual care and maintenance costs by lumping together all shelter expenditures (with the exclusion of the Spay/Neuter Program expenditures) and adding a 40 percent overhead factor for the Municipal Services Director, instead of adding up only those categories of expenditures that are specified in the Parameters and Guidelines formula that directly relate to the care and maintenance of animals.[61] However the first part of the formula requires a claimant to calculate the total annual costs incurred to provide care and maintenance for all animals housed in its shelter(s) by adding up pertinent labor, materials, supplies, indirect costs, and contract services costs and then that number is divided by the annual census of all animals housed in the shelter to determine the cost per animal per day, which is multiplied by the number of impounded animals that die during the increased holding period or are ultimately euthanized (i.e., those animals for which there is no fee authority) and by each reimbursable day.[62] The costs for care and maintenance cannot be interpreted beyond the reasonable scope of the approved activity, to

[61] Exhibit A, IRC, pages 303-304 (Final Audit Report,).

[62] Exhibit A, IRC, pages 266-267 (2006 Parameters and Guidelines Amendment).

include labor, materials, supplies, indirect costs, and contract services costs incurred for other activities conducted by the shelter beyond *care and maintenance.* Thus, the disallowance of care and maintenance costs as claimed is correct as a matter of law.

However, the Controller's recalculation of annual labor costs, which is a part of the first step in the calculation of care and maintenance, is arbitrary, capricious, and entirely lacking in evidentiary support. To recalculate annual labor costs, the Controller requested the duty statements of the employee classifications that provide care and maintenance to assist in determining the percentage of the daily workload for each classification devoted to care and maintenance.[63] The Controller then reduced the percentages provided by the claimant so that the sum of all percentages equals 100 percent. On the one hand, the Controller asserts that the percentages were reduced based on its review of the duty statements.[64] On the other hand, it appears from the record that the Controller's allocation of percentages, including those for the animal shelter attendant and the animal shelter supervisor, were reduced in order for the allocation of percentages to simply add up to 100 percent.[65] If the methodology used by the Controller estimates percentages of *time* spent by the claimant's employees on care and maintenance, then adding these percentages across all employee classifications to a limit of 100 percent does not make sense and is arbitrary, capricious, and entirely lacking in evidentiary support. For example, five employees could spend 60 percent of their time on care and maintenance, which clearly exceeds 100 percent. If the Controller used a factor or methodology *other than time* to calculate annual labor costs, then the record provides no explanation of that methodology. The Final Audit Report refers to "*the extent of*" and "*percentages of employee classification involvement*" and "*applicable percentages of actual salaries and benefits costs,*" but does not explain how the extent of involvement and the applicable percentages were determined and applied with respect to individual employee classifications and balanced across classifications to 100 percent.[66] The Controller simply states that "[w]hen considering care and maintenance, we view the activity as a whole, where the responsibilities are divided among various employee classifications, and the sum of the responsibilities performed by the employees equals 100%."[67] This statement does not explain what was being calculated, or how the Controller came up with annual labor costs of $210,000 for fiscal year 2007-2008 and $155,101 for fiscal year 2008-2009.[68] Accordingly, to the extent that the Controller's recalculation of care and maintenance costs in Finding 2, which adjusted the percentages allocated to the classifications performing annual care and maintenance services during the audit period, results

[63] Exhibit A, IRC, page 305 (Final Audit Report).

[64] Exhibit A, IRC, page 314 (Final Audit Report).

[65] Exhibit A, IRC, pages 305 (Final Audit Report), 363-366 (Claimant's Response to Draft Audit Report).

[66] Exhibit A, IRC, page 306 (Final Audit Report), emphasis added.

[67] Exhibit B, Controller's Comments on the IRC, page 28.

[68] Exhibit A, IRC, page 306 (Final Audit Report); Exhibit B, Controller's Comments on the IRC, page 29.

in a reduction of care and maintenance costs, that reduction is arbitrary, capricious, and entirely lacking in evidentiary support.

The Commission finds that the Controller's disallowance of indirect costs included in the claimant's calculation of care and maintenance costs, the Controller's refusal to consider the indirect cost rate proposal (ICRP) submitted in 2016 in support of indirect costs for fiscal year 2007-2008 and 2008-2009, and the recalculation of indirect costs at the ten percent default rate are correct as a matter of law. The claimant did not claim indirect costs as a separate item, but incorporated overhead costs into the care and maintenance cost component by adding in a 40 percent overhead factor for the Municipal Services Director.[69] This does not comply with the Parameters and Guidelines. The Parameters and Guidelines provide only two options for calculating indirect costs: (1) using ten percent of direct labor costs, excluding fringe benefits, or (2) if indirect costs exceed ten percent, then preparing an ICRP for approval by the Controller.[70] The Controller's allowance of indirect costs at the ten percent default rate is correct as a matter of law. Since the claimant did not prepare and submit ICRPs with its reimbursement claims, it was only entitled to the ten percent default rate under the Parameters and Guidelines and claiming instructions.

Finally, the reimbursement claims filed by the claimant do not identify any costs for necessary and prompt veterinary care. The line item for "veterinary care" was left blank in both reimbursement claims.[71] Since these costs were not claimed on the reimbursement claim form, there was no "reduction" of these costs and the Commission does not have jurisdiction. The Commission's jurisdiction is limited to alleged incorrect *reductions* of costs claimed.[72]

Accordingly, the Commission partially approves this IRC, and requests, pursuant to Government Code section 17551(d) and section 1185.9 of the Commission regulations, that the Controller reinstate the following costs which were incorrectly reduced:

- To the extent the Controller's recalculation of care and maintenance costs in Finding 2, which adjusted the percentages allocated to the classifications performing annual care and maintenance services during the audit period, results in a reduction of care and maintenance costs.

All other reductions made by the Controller are correct as a matter of law.

COMMISSION FINDINGS

I. Chronology

02/11/2009 The date on the claimant's fiscal year 2007-2008 reimbursement claim.[73]

[69] Exhibit A, IRC, page 328 (Final Audit Report).

[70] Exhibit A, IRC, page 274 (2006 Parameters and Guidelines Amendment).

[71] Exhibit A, IRC, pages 403 and 641 (Claim Summaries for Amended Reimbursement Claims for Fiscal Years 2007-2008 and 2008-2009).

[72] Government Code section 17551(d).

[73] Exhibit A, IRC, page 519 (2007-2008 Reimbursement Claim).

02/09/2010	The date on the claimant's fiscal year 2008-2009 reimbursement claim.[74]
02/09/2010	The date on the claimant's amended fiscal year 2007-2008 reimbursement claim.[75]
N/A	The claimant's amended fiscal year 2008-2009 reimbursement claim is not dated.[76]
06/15/2015	The Controller initiated the audit.[77]
06/08/2016	The Controller issued the Draft Audit Report.[78]
06/17/2016	The claimant filed comments with the Controller on the Draft Audit Report.[79]
08/15/2016	The Controller issued the Final Audit Report.[80]
08/01/2017	The claimant filed the IRC. [81]
10/19/2017	The Controller filed comments on the IRC.[82]
11/20/2017	The claimant filed rebuttal comments.[83]
03/17/2020	Commission staff issued the Draft Proposed Decision.[84]

II. Background

A. The *Animal Adoption* Program

The *Animal Adoption*, 98-TC-11 program arose from amendments to the Civil Code and Food and Agriculture Code made by Statutes 1998, chapter 752 (SB 1785).[85] The purpose of the test claim statute was to carry out the state policy that "no adoptable animal should be euthanized if it

[74] Exhibit A, IRC, page 664 (2008-2009 Reimbursement Claim).

[75] Exhibit A, IRC, page 401 (2007-2008 Amended Reimbursement Claim). See also Exhibit A, IRC, page 293, FN 3 (Final Audit Report stating that the claimant submitted an amended claim on February 16, 2010, totaling $878,735).

[76] Exhibit A, IRC, page 640 (2008-2009 Amended Reimbursement Claim).

[77] Exhibit B, Controller's Comments on the IRC, page 6 (Affidavit of Assistant Division Chief Jim L. Spano, page 2).

[78] Exhibit A, IRC, page 122.

[79] Exhibit A, IRC, page 337.

[80] Exhibit A, IRC, page 286; Exhibit B, Controller's Comments on the IRC, page 6 (Affidavit of Assistant Division Chief Jim L. Spano, page 2).

[81] Exhibit A, IRC, page 1.

[82] Exhibit B, Controller's Comments on the IRC, page 1.

[83] Exhibit C, Claimant's Rebuttal Comments, page 1.

[84] Exhibit D, Draft Proposed Decision.

[85] Sometimes referred to as the Hayden Bill.

can be adopted into a suitable home" and "no treatable animal should be euthanized."[86] Generally, the program increases the holding period to allow for the adoption and redemption of stray and abandoned dogs, cats, and other specified animals before the local agency can euthanize the animal, and requires:

- verification of the temperament of feral cats;
- posting of lost and found lists;
- maintenance of records for impounded animals; and
- "necessary and prompt veterinary care" for impounded animals.

On January 25, 2001, the Commission partially approved the Test Claim, for the increased costs in performing the following activities:

1. Providing care and maintenance during the increased holding period for impounded dogs and cats that are ultimately euthanized. The increased holding period shall be measured by calculating the difference between three days from the day of capture and four business days from the day after impoundment, as specified below in 3 (a) and 3 (b), or six business days from the day after impoundment (Food & Agr. Code, §§ 31108, 31752);
2. Providing care and maintenance for four business days from the day after impoundment, as specified below in 3 (a) and 3 (b), or six business days from the day after impoundment, for impounded rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, or tortoises legally allowed as personal property that are ultimately euthanized (Food & Agr. Code, § 31753);
3. For dogs, cats, and other specified animals held for four business days after the day of impoundment, either:
   (a) Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or
   (b) For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed (Food & Agr., Code §§ 31108, 31752, and 31753);
4. Verifying whether a cat is feral or tame by using a standardized protocol (Food & Agr. Code, § 31752.5);
5. Posting lost and found lists (Food & Agr. Code, § 32001);
6. Maintaining records on animals that are not medically treated by a veterinarian, but are either taken up, euthanized after the holding period, or impounded (Food & Agr. Code, § 32003); and

[86] Civil Code section 1834.4, Penal Code section 559d, and Food and Agricultural Code section 17005 as added or amended by Statutes 1998, chapter 752.

7. Providing "necessary and prompt veterinary care" for abandoned animals, other than injured cats and dogs given emergency treatment, that are ultimately euthanized (Civ. Code, §§ 1834 and 1846).[87]

The Commission adopted the Parameters and Guidelines for this program on February 28, 2002.[88] The 2002 Parameters and Guidelines, in addition to the activities identified in the Test Claim Statement of Decision, provided reimbursement for one-time activities of developing policies and procedures; training; and developing or procuring computer software for maintaining records; as well as:

- Acquiring additional space by purchase or lease and/or construction of new facilities to provide appropriate or adequate shelter necessary to comply with the mandated activities during the increased holding period for impounded stray or abandoned dogs, cats, and other animals.[89]
- Remodeling/renovating existing facilities to provide appropriate or adequate shelter necessary to comply with the mandated activities during the increased holding period for impounded stray or abandoned dogs, cats, and other animals.[90]

Section VI. of the Parameters and Guidelines required the claimants to provide source documents that show the evidence of the validity of claimed costs and their relationship to the mandate. The supporting documentation must be kept on file by the agency during the audit period required by Government Code section 17558.5. In this respect, claimants are required to provide documentation evidencing the determination and specific findings by the governing board that acquiring additional space by purchase or lease and/or constructing new facilities, or remodeling existing facilities is necessary for the increased holding period required by the test claim statute.[91]

On March 12, 2003, the Joint Legislative Audit Committee authorized an audit of the *Animal Adoption* mandate, which was completed by the Bureau of State Audits on October 15, 2003. The audit report recommended that the Legislature direct the Commission to amend the Parameters and Guidelines to correct the formula for determining the reimbursable portion of acquiring additional shelter space, and to detail the documentation necessary to support

[87] Exhibit B, Controller's Comments on the IRC, pages 72-73 (Statement of Decision, *Animal Adoption*, 98-TC-11, adopted January 25, 2001).

[88] See Exhibit A, IRC, page 257 (2006 Parameters and Guidelines Amendment); Exhibit X, Staff Analysis and Proposed Parameters and Guidelines, *Animal Adoption*, 98-TC-11, Item 4, February 28, 2002.

[89] Exhibit X, Staff Analysis and Proposed Parameters and Guidelines, *Animal Adoption*, 98-TC-11, Item 4, February 28, 2002, page 23.

[90] Exhibit X, Staff Analysis and Proposed Parameters and Guidelines, *Animal Adoption*, 98-TC-11, Item 4, February 28, 2002, page 25.

[91] Exhibit X, Staff Analysis and Proposed Parameters and Guidelines, *Animal Adoption*, 98-TC-11, Item 4, February 28, 2002, pages 24-26.

reimbursement claims. In 2004, AB 2224 (Stats. 2004, ch. 313) was enacted to direct the Commission to amend the Parameters and Guidelines for the *Animal Adoption* program to:

1. Amend the formula for determining the reimbursable portion of acquiring or building additional shelter space that is larger than needed to comply with the increased holding period to specify that costs incurred to address preexisting shelter overcrowding or animal population growth are not reimbursable.
2. Clarify how the costs for care and maintenance shall be calculated.
3. Detail the documentation necessary to support reimbursement claims under this mandate, in consultation with the Bureau of State Audits and the Controller's office.

On January 26, 2006, the Commission adopted the Parameters and Guidelines Amendment, *Animal Adoption*, 04-PGA-01 and 04-PGA-02, applicable to claims beginning July 1, 2005, in accordance with AB 2224, which apply to the reimbursement claims at issue in this case.[92] The amended Parameters and Guidelines require, among other things, contemporaneous source documents to show the validity of costs claimed and their relationship to the reimbursable activities, and clarify the formulas for claiming reimbursement for acquiring additional shelter space by purchase, lease and construction, and the increased costs for care and maintenance as explained in the analysis below.

B. The Controller's Audit and Summary of the Issues

The Controller determined, in its Final Audit Report, that out of the $2,256,209 in total costs claimed for fiscal years 2007-2008 and 2008-2009, $215,608 was allowable and $2,040,601 was unallowable.[93] The audit report contains nine sections with findings and recommendations, titled "Finding 1" through "Finding 8," and one section, titled "Other Issue."[94]

Findings 1, 2, and 3 include reductions of the costs claimed; Findings 4, 5, 6, 7, and 8 identify allowable costs that were not separately claimed or identified under appropriate program components, but were recalculated by the Controller; and "Other Issue" disallows the claimant's request to add costs for necessary and prompt veterinary care that were not claimed on the reimbursement claim form, but were requested in response to the Draft Audit Report.[95]

The claimant challenges only the following findings: disallowance of costs for acquiring additional space by purchasing land and constructing a new facility (Finding 1);[96] the Controller's recalculation of total annual salaries and benefits as an element of the formula for

[92] Exhibit A, IRC, page 257 (2006 Parameters and Guidelines Amendment).

[93] Exhibit A, IRC, page 286; see also Exhibit A, IRC, pages 401-407 (2007-2008 Amended Reimbursement Claim); Exhibit A, IRC, pages 640-645 (2008-2009 Amended Reimbursement Claim). The cover page of the IRC, however, states the total amount reduced during the audit period as $2,105,792, exceeding the amount of reductions identified in the audit report by $65,191. (Exhibit A, IRC, page 1.)

[94] Exhibit A, IRC, pages 295-335 (Final Audit Report).

[95] Exhibit A, IRC, pages 295-335 (Final Audit Report).

[96] Exhibit A, IRC, pages 3-4.

calculating the care and maintenance costs related to the mandate (Finding 2);[97] and the allowable amount of indirect costs (Finding 7).[98] In addition, the claimant alleges that the necessary and prompt veterinary care costs (addressed under "Other Issue") were claimed in the composite cost per animal per day under the care and maintenance component and that the claimant should have been given an opportunity to provide support for these costs during the audit. Thus, the claimant alleges that reimbursement for necessary and prompt veterinary costs should have been allowed by the Controller.[99] The Controller's findings with respect to the issues in dispute are described below.

1. Finding 1 (Unallowable Costs for Acquiring Additional Space by Purchasing Land and Constructing a New Facility)

In the fiscal year 2007-2008 reimbursement claim, the claimant requested reimbursement of $745,135 for acquiring additional space by the purchase of land and construction of a new animal shelter facility.[100] The reimbursement claim explains that the land acquisition costs totaled $865,000, and that facility construction costs totaled $572,231, for total costs of $1,437,231; but that the claimant was only requesting reimbursement of 51.8 percent of that amount, for a total claim for fiscal year 2007-2008 of $745,135.[101]

In the fiscal year 2008-2009 reimbursement claim, the claimant requested reimbursement of $1,233,364 for construction of the new facility.[102] The claim form identifies total facility costs of $11,008,301, less the 2007-2008 costs of $1,437,231, for total costs remaining of $9,571,070; but that the claimant was only requesting reimbursement of 12.9 percent of that amount, for a total claim for fiscal year 2008-2009 of $1,233,364.[103]

Thus, for fiscal years 2007-2008 and 2008-2009, total costs of $1,978,499 were claimed for acquisition of additional space by the purchase of land and construction of a new facility.

The Controller disallowed the entire $1,978,499 claimed on the ground that the claimant did not provide sufficient documentation establishing, in a manner required by the Parameters and Guidelines that acquiring additional space by purchasing land and constructing a new shelter facility was a direct result of the increased holding period established by the test claim

[97] Exhibit A, IRC, pages 9-10. The claimant has not challenged the remaining findings with respect to the Controller's recalculation of care and maintenance costs in Finding 2. These include overstated materials and supplies; incorrect reporting of animal census data; the number of eligible animals; and the number of reimbursable days representing the increased holding period. (Exhibit A, IRC, pages 294, 301, 307-312 (Final Audit Report))

[98] Exhibit A, IRC, pages 11-12.

[99] Exhibit A, IRC, pages 5-9.

[100] Exhibit A, IRC, page 403 (2007-2008 Amended Reimbursement Claim).

[101] Exhibit A, IRC, page 404 (2007-2008 Amended Reimbursement Claim).

[102] Exhibit A, IRC, pages 641-642 (2008-2009 Amended Reimbursement Claim).

[103] Exhibit A, IRC, page 642 (2008-2009 Amended Reimbursement Claim).

statutes.[104] Based on documentation provided by the claimant, the Controller determined that the claimant's animal shelter was constructed because of population growth, the temporary nature of the existing shelter, and the cost-effectiveness of taking on the project and the availability of redevelopment funds at that time.[105] The Controller also found that the claimant did not provide detailed calculations for determining the reimbursable portion of costs for acquiring additional shelter space attributable to the mandate and in accordance with the formula required by the Parameters and Guidelines, and that many of the expenses claimed were outside of the audit period.[106]

2. Finding 2 (Care and Maintenance; the Controller's Recalculation of Total Annual Salaries and Benefits)

Costs of $153,233 were claimed for care and maintenance for the audit period, but the Controller found that the claimant did not correctly apply the care and maintenance formula to calculate the costs, which included unallowable and misapplied costs, and found that $119,649 is unallowable and only $33,584 is allowable for the two-year audit period.[107]

The claimant elected to use the actual cost method to claim costs for care and maintenance. The actual cost method is a specific formula required by the Parameters and Guidelines and is designed to reimburse a proportion of total care and maintenance costs based on the incremental increase in service (the increased holding period) and the animals for which no fees can be collected (animals that are not adopted, redeemed, or released to a nonprofit animal rescue organization, but instead die during the increased holding period or are ultimately euthanized). The formula requires a claimant to calculate the total amount of eligible costs incurred to provide care and maintenance for animals housed in the shelter (which includes total labor, materials, supplies, indirect costs, and contract services) divided by the annual census of animals housed, to determine a cost per animal per day. The cost per animal per day is then multiplied by the number of impounded animals that die during the increased holding period or are ultimately euthanized, by each reimbursable day (which depends on the animal and when the animal was impounded).[108]

The claimant, however, calculated the total annual care and maintenance costs required by the formula by lumping together all shelter expenditures (with the exclusion of the Spay/Neuter Program expenditures) and adding a 40 percent overhead factor for the Municipal Services Director, instead of adding up only those categories of expenditures that are specified in the Parameters and Guidelines that directly relate to the care and maintenance of animals. The claimant then divided the overall total by the annual census of animals to determine the cost per animal per day. The cost per animal per day was then multiplied by the number of animals

[104] Exhibit A, IRC, pages 295-301 (Final Audit Report).

[105] Exhibit A, IRC, page 295 (Final Audit Report).

[106] Exhibit A, IRC, pages 295-301 (Final Audit Report).

[107] Exhibit A, IRC, page 301 (Final Audit Report). Note that the Controller recalculated the associated indirect costs separately under indirect costs.

[108] Exhibit A, IRC, pages 266-269 (Parameters and Guidelines); page 303 (Final Audit Report).

euthanized during the year, which was then multiplied by a factor of two or four to correspond to the number of extra days in the holding period.[109]

The Controller determined that the claimant's methodology was incorrect, since the calculation assumes that all shelter costs (including animal licensing, adoption, education, training, meetings, conferences, office-related expenditures, and veterinary medical services) are related to the care and maintenance of animals.[110] The Controller recalculated the costs for care and maintenance and the claimant disputes the recalculation of annual labor costs.

The claimant did not claim salaries and benefits for the audit period for care and maintenance. Instead, the claimant misclassified those costs under the category of services and supplies.[111] To recalculate these costs, the Controller requested the duty statements of the employee classifications that provide care and maintenance to determine the percentage of the daily workload for each classification devoted to care and maintenance.[112]

The claimant's animal shelter management provided a list of personnel who participate in the care and maintenance functions and information relating to the level of involvement of each classification according to the employee's job duty description and staffing requirements during the audit period.[113] The Final Audit Report includes the following table to detail the percent of animal care and maintenance per employee classification "as determined by shelter management" and allowed by the Controller:

FY 2007-2008 and FY 2008-2009	
Employee Classification:	
Animal Shelter Attendant/Assistant	60%
Animal Control/Customer Service Technician	5%
Animal Control Officer	5%
Animal Control Supervisor	5%
Registered Veterinary Technician	20%
Animal Shelter Supervisor	5%
	100%[114]

The Controller also requested that the claimant provide actual salary amounts paid to the employee classifications directly involved with the care and maintenance function. Due to record retention and software issues, the claimant provided salary information for fiscal year

[109] Exhibit A, IRC, pages 303-304 (Final Audit Report).

[110] Exhibit A, IRC, page 304 (Final Audit Report).

[111] Exhibit A, IRC, page 304 (Final Audit Report).

[112] Exhibit A, IRC, page 305 (Final Audit Report).

[113] Exhibit A, IRC, page 305 (Final Audit Report).

[114] Exhibit A, IRC, page 305 (Final Audit Report). The same information and findings were included in the Draft Audit Report. Exhibit A, IRC, pages 138-139 (Draft Audit Report).

2007-2008 only. The claimant agreed to use the fiscal year 2007-2008 salary amounts as a base for fiscal year 2008-2009, and then the Controller applied the 2008-2009 CPI index of 1.01 percent.[115]

In response to the Draft Audit Report, the claimant disagreed with the percentages of time attributed by the Controller for animal care and maintenance for the animal shelter attendant and the animal shelter supervisor, and contended that the animal shelter attendant's time devoted to care and maintenance should be 85 percent, rather than 60 percent; and that the animal shelter supervisor's time devoted to care and maintenance should be 10 percent, rather than 5 percent.[116] The claimant also contended that the Controller erroneously concluded that staff time for care and maintenance across positions had to total 100 percent, and that the "decision to restrict the allocation of time spent on the entire group of people to 100% is illogical and arbitrary."[117] The claimant states that "each position can spend varying amounts of time on an activity – to the maximum of 100% per person."[118]

The Controller's finding did not change and the Final Audit Report states the following:

> The town did not claim salaries and benefits for the audit period. In the absence of supporting documentation for actual salary and benefit costs incurred for the care and maintenance of animals during the course of the audit, we requested duty statements for the employee classifications directly involved in care and maintenance activities in order to assist in determining the percentage of the daily workload that staff devoted to caring for and maintaining the animals. The duty statements are very detailed in the description of essential job functions for each classification. For example, the duty statement for the Animal Shelter Attendant classification lists 11 essential job functions, one of which describes care and maintenance activities. The duty statement for the Animal Shelter Supervisor classification lists 21 essential job functions, one of which describes care and maintenance activities. Contrary to what the town believes, it is not reasonable to apply 100% of any classification's workload solely to care and maintenance activities. Based on the detailed duty statements provided, these employees are also performing many activities that are reimbursable under other components of this mandated program (necessary and prompt veterinary care, maintaining non-medical records, lost and found lists), as well as various administrative activities and non-mandated activities.[119]

[115] Exhibit A, IRC, pages 304-305 (Final Audit Report).

[116] Exhibit A, IRC, pages 314 (Final Audit Report), 362 (Claimant's Response to the Draft Audit Report).

[117] Exhibit A, IRC, pages 314 (Final Audit Report), 362 (Claimant's Response to the Draft Audit Report).

[118] Exhibit A, IRC, pages 314 (Final Audit Report), 362 (Claimant's Response to the Draft Audit Report).

[119] Exhibit A, IRC, page 314 (Final Audit Report).

3. Finding 7 (Reduction of Indirect Costs)

The Controller found that $12,708 in indirect costs is allowable.[120] The claimant did not claim indirect costs as a separate item but incorporated indirect costs into the Care and Maintenance cost component by adding in a 40 percent overhead factor for the Municipal Services Director.[121] The Controller found this approach to be incorrect and not in accordance with the Parameters and Guidelines. The Parameters and Guidelines allow claimants to use ten percent of direct labor, excluding fringe benefits, or preparing an indirect cost rate proposal (ICRP). The Controller recalculated indirect costs as a separate reimbursable cost item using the ten percent default rate.[122] The Controller did not consider an ICRP submitted by the claimant in April 2016, that was prepared in response to the Draft Audit Report. The Final Audit Report states the following:

> With its response to the draft audit report, the town submitted calculations for an ICRP for both fiscal years of the audit period. Submitting an ICRP at this time would require us to re-open the audit and conduct further fieldwork to analyze and verify the indirect cost rates that the town is now proposing. However, the indirect costs that are allowable for the audit period were calculated using an acceptable methodology as prescribed in the parameters and guidelines. Further, the town agreed with this method as being the best option, in discussions that took place on April 12, 2016. Therefore, we are not considering the additional information provided for indirect cost rate calculations.[123]

4. Other Issue—Necessary and Prompt Veterinary Care Costs

Although the Controller made no finding relating to the necessary and prompt veterinary care in the Draft Audit Report issued on June 8, 2016, the Controller incorporated a section titled "Other Issue" in the Final Audit Report to address the claimant's comments on the Draft Audit Report requesting reimbursement for necessary and prompt veterinary care costs. The claimant did not identify any veterinary care costs on its reimbursement claims.[124] However, in response to the Draft Audit Report the claimant requested reimbursement of $10,608 for fiscal year 2007-2008 and $10,298 for fiscal year 2008-2009 for wellness vaccine costs and for employee salary and benefit costs for the time to conduct the initial physical exam to determine the animal's baseline health and to administer the wellness vaccine.[125] The Controller states that the claimant did not claim veterinary care costs in its reimbursement claims, and the belated claim would not be considered for the following reasons:

[120] Exhibit A, IRC, page 328 (Final Audit Report).

[121] Exhibit A, IRC, page 328 (Final Audit Report).

[122] Exhibit A, IRC, pages 328-329 (Final Audit Report).

[123] Exhibit A, IRC, page 331 (Final Audit Report).

[124] Exhibit A, IRC, pages 401-407 (2007-2008 Amended Reimbursement Claim), 640-645 (2008-2009 Amended Reimbursement Claim).

[125] Exhibit A, IRC, pages 334-335 (Final Audit Report).

> . . . The salary and benefit costs that the town is requesting reimbursement for are based on a two-day time study that the town conducted from May 18, 2016, to May 20, 2016.
>
> The town did not claim any costs for this component for the audit period. We informed the town on numerous occasions (via email on July 13, 2015, October 14, 2015, February 29, 2016, and March 15, 2016, and by telephone on October 26, 2015, and October 29, 2015) that in order to determine allowable salary and benefit costs for the audit period, it would need to conduct a time study for this cost component. In addition, the results of a two-day time study that the town conducted post-exit conference do not appear adequate to determine allowable costs for the audit period. Similar to our comments above for the indirect cost rate information provided, examining the town's time study at this time would require us to re-open the audit and conduct additional fieldwork to analyze and verify the accuracy of the information provided.
>
> Lastly, during fieldwork, we informed the town that in order to determine allowable materials and supplies costs for the purchase of wellness vaccines, the town would need to provide supporting documentation in the form of invoices in order to determine a unit cost per vaccine. Such information was not provided during the course of the audit or in the response to the draft audit report.[126]

III. Positions of the Parties

A. Town of Apple Valley

The claimant specifically challenges only Findings 1, a portion of Finding 2 relating to salaries and benefits, and Finding 7 of the Final Audit Report. The claimant also challenges the Controller's determination that the claimant did not claim any costs for necessary and prompt veterinary care for the audit period and the Controller's decision not to consider documents to support costs under this component which were submitted to the Controller after the exit conference and after the Draft Audit Report was issued.

In regard to Finding 1, the claimant argues that the Controller's denial of reimbursement for the costs claimed for construction of the new animal shelter is incorrect, and that, contrary to the Controller's conclusion, the claimant did provide sufficient documentation to demonstrate "that the construction of a new facility was necessary to provide appropriate and adequate shelter space to comply with the mandated activities."[127] Specifically, the claimant relies on two particular statements contained in the items referred to by the claimant, as follows:

> Page 2 of the April 2007, Request for Qualifications to Design the Animal Shelter Facility stated, "The Proposed Animal Control Shelter will be designed to increase the hold time for potentially adoptable animals..." (see Town of Apple Valley's June 17, 2016 Response to the Draft Audit - SCO website- beginning on page 63. http://sco.ca.gov/Files-AUD/MandCosts/08_2016_applevalley_animal.pdf)

[126] Exhibit A, IRC, page 335 (Final Audit Report).

[127] Exhibit A, IRC, page 3.

> Further, at the July 10, 2007 Council meeting audio recording (at 1:32:37 of the recording) contains Councilman Jasper's statement that the need to build a new animal shelter is because it is "Mandated by the State to take care of our animals."[128]

The claimant also points to a number of other documents, arguing that they show that the existing facilities were not properly configured, and that remodeling or contracting with existing private and public shelters was "not feasible."[129]

In addition, the claimant argues that "[t]he records shows that the Town did provide the calculations used to determine the percentage of facility costs claimed."[130] The claimant reiterates in its rebuttal comments that "the computation formulas were included as a part of the original claims" and that the claimant "also provided the SCO with another copy during the audit process."[131] However, the claimant also admits that it "had difficulty computing the Formula for Proportionate Share of Actual Costs . . . because the formula requires data from 1998 such as shelter square footages of facilities and animal populations . . . [and] these numbers were extremely difficult to obtain," and that claimant "deliberately left both [conflicting] computations as a part of the records so that when the SCO reviewed the claim for payment, we could discuss which computation was correct."[132] Finally, the claimant objects to the Controller's conclusion that "[m]*any of the costs claimed occurred outside of the audit period*" because "[c]ost incurred includes obligated and expended costs during the fiscal years claimed,"[133] and both of these categories of costs should qualify as "cost incurred" according to Federal Office of Management and Budget (OMB) A-87 guidelines.[134]

In regard to Finding 2, the claimant disagrees with the Controller's recalculation of salaries and benefits reimbursable under the Care and Maintenance cost component. The claimant disputes the Controller's conclusion in Finding 2 that the claimant did not claim salary and benefits costs for care and maintenance of animals, stating that these costs were claimed as part of the actual cost formula. The claimant then alleges that while recalculating salary and benefits under the care and maintenance component, the Controller wrongly and arbitrarily demanded that the claimant adjust the percentage of actual time spent by various shelter employees on care and maintenance of animals, so that care and maintenance staff time between all positions would total 100 percent.[135] The claimant maintains that the Controller did not provide any reasoning for this requirement.[136] Although according to the claimant the imposition of this requirement resulted in significant reduction of time for various employee classifications, the claimant

[128] Exhibit A, IRC, page 3.

[129] Exhibit C, Claimant's Rebuttal Comments, pages 1-2.

[130] Exhibit A, IRC.

[131] Exhibit C, Claimant's Rebuttal Comments, page 2.

[132] Exhibit C, Claimant's Rebuttal Comments, page 2.

[133] Exhibit A, IRC, page 4.

[134] Exhibit C, Claimant's Rebuttal Comments, page 3.

[135] Exhibit A, IRC, pages 9-10.

[136] Exhibit A, IRC, page 10.

specifically disputes only the reduction of time allocated to the Animal Shelter Attendant for performance of his care and maintenance duties from 85 percent to 60 percent; and reduction of care and maintenance time allocated to the Animal Shelter Supervisor from 10 percent to 5 percent.[137] The claimant then requests that the allocation of time spent on care and maintenance be based on "actual amounts originally specified by the Shelter Manager, and the subsequent calculation of eligible care and maintenance costs be restored."[138]

In its rebuttal comments, the claimant states that "[t]he Audit Report **falsely implies that the percentage allocations shown in the Final Audit report were determined by the town shelter management staff.**"[139] The claimant explains that upon the Controller's request, the shelter staff performed an analysis of employee's duty statements and provided an allocation of actual time spent by each shelter employee classification on animal care and maintenance and on other activities,[140] as follows:

> Animal Shelter Supervisor = 10% time spent providing care to impounded animals, 90% other duties
>
> Registered Veterinary Technician = 85% time spent caring/maintaining animals, 15% other duties
>
> Animal Control Technician = 25% time spent maintaining shelter disinfecting kennels, 75% other duties
>
> Animal Shelter Attendant = 80% time spent caring/maintaining the animals and 5% overseeing volunteer and work releases (who provide care and maintenance), 15% other duties
>
> Animal Control Supervisor = 5% Shelter (morning cleaning/feeding dogs), 95% animal control duties
>
> Animal Control Officer I = 10% Shelter (morning cleaning/feeding dogs), 90% animal control duties
>
> Animal Control Officer II = 10% Shelter (morning cleaning/feeding dogs), 90% animal control duties[141]

However, because the total time spent on care and maintenance of animals among all of these employees added up to more than 100 percent, the Controller's staff communicated to the claimant via phone and by email that it must reduce reported time so that all of the care and maintenance time would add up to 100 percent among all of the employee classifications.[142] As directed by the Controller, the claimant made artificial reductions in time allocations, which were

[137] Exhibit A, IRC, page 9.

[138] Exhibit A, IRC, page 10.

[139] Exhibit C, Claimant's Rebuttal Comments, page 9, emphasis in original.

[140] Exhibit C, Claimant's Rebuttal Comments, pages 8-10.

[141] Exhibit C, Claimant's Rebuttal Comments, pages 8-9.

[142] Exhibit C, Claimant's Rebuttal Comments, pages 8-9.

not based on the actual time spent by each category of employees on care and maintenance, but were necessary so that all of the care and maintenance time would add up to 100 percent, as required by the Controller.[143] As a result, the Final Audit Report reflects the following reduced allocation of time per employee classification during the audit period "[t]o make all employees time add to 100% per SCO request":[144]

Animal Shelter Supervisor	5%
Registered Veterinary Technician	20%
Animal Control Technician	5%
Animal Shelter Attendant	60%
Animal Control Supervisor	5%
Animal Control Officer I	5%
Animal Control Officer II	0%[145]

The claimant argues that the Controller's requests that the claimant make these reductions did not have a legitimate basis and "were incorrect and arbitrary and resulted in improper reductions of eligible Town costs."[146] The claimant refutes the Controller's argument that these reductions resulted from the Controller's determination of what would be a reasonable allocation of care and maintenance time for each job classification based on the Controller's analysis of job descriptions provided by the claimant. According to the claimant, such determination based on the reviewing job descriptions alone would be questionable because while some job duties take much more employee time than others, "[t]here is no indication of how much employee time is required to be spent on each activity on the Job Description documents."[147] On the other hand, the claimant states that its initial allocation of time for each job classification is correct and based on the shelter staff analysis, as was requested by the Controller, describing specific care and maintenance activities performed by the employees in each classification and the percentage of their time spent on these activities.[148]

Finally, the claimant notes that the Controller did not require most other audited local agencies to limit their allocations of care and maintenance time among various employee classifications to 100 percent, and therefore it "is not the common methodology used" by the Controller.[149] According to the claimant's analysis of the audit reports for other *Animal Adoption* programs, "Besides the Town of Apple Valley, only three other agencies (Antioch, Placer and Santa Barbara audits) of the over 43 audits were similarly forced to reduce their employee time

[143] Exhibit C, Claimant's Rebuttal Comments, page 9.

[144] Exhibit C, Claimant's Rebuttal Comments, page 9.

[145] Exhibit C, Claimant's Rebuttal Comments, page 9.

[146] Exhibit C, Claimant's Rebuttal Comments, pages 9-10.

[147] Exhibit C, Claimant's Rebuttal Comments, page 10.

[148] Exhibit C, Claimant's Rebuttal Comments, page 10.

[149] Exhibit C, Claimant's Rebuttal Comments, page 10.

allocations to total to 100% between a group of employees." [150] The claimant states that "All other agencies that used the 'Actual Cost Method to compute Care and Maintenance Costs were allowed to use their actual allocations'"[151] For example, according to the claimant, the Town of Apple Valley, Contra Costa County was allowed to use the following allocation of time, exceeding the total of 100 percent:

Contra Costa Audit - Technicians = 91.667%
Senior Technicians = 91.38%
Utility Workers =91.38%
Special Services Workers = 55%[152]

The claimant also provided excerpts from several *Animal Adoption* program audits to show that similarly situated agencies were not required to balance the percentages of time devoted by various employee classifications to care and maintenance activities to 100 percent.[153]

In regard to Finding 7, the claimant disagrees with the Controller's conclusion that the claimant did not claim indirect costs, and that therefore there was no reduction when the Controller recalculated allowable indirect costs.[154] The claimant argues that indirect costs were included in the computed cost per animal per day in accordance with the formula provided in the Parameters and Guidelines for actual costs under the care and maintenance cost component.[155]

Further, the claimant argues that the Controller incorrectly recalculated allowable indirect costs using ten percent indirect cost rate because actual indirect costs incurred by the claimant were higher than ten percent and that the claimant should have been given the opportunity to "support [its] costs with actual overhead (ICRP) rates" based on the ICRP prepared and submitted to the Controller with its formal response to the Draft Audit Report. The claimant states that the Controller wrongly denied the claimant's request to consider its ICRP and to recalculate allowable indirect costs based on the ICRP rate during the audit.[156] The claimant admits that it did not prepare an ICRP to support its claim for indirect costs with its reimbursement claims, but insists that it was not required to do so, because the methodology that the claimant used to calculate costs for its reimbursement claims did not require preparation of an ICRP.[157] Finally, the claimant states that its submission of the ICRPs after the release of Draft Audit Report was timely because it was submitted "within the audit response period of time allotted to the Claimant,"[158] and argues that the Controller should have continued the audit in order to review

[150] Exhibit C, Claimant's Rebuttal Comments, page 10.

[151] Exhibit C, Claimant's Rebuttal Comments, page 11.

[152] Exhibit C, Claimant's Rebuttal Comments, page 11.

[153] Exhibit C, Claimant's Rebuttal Comments, pages 31-46.

[154] Exhibit C, Claimant's Rebuttal Comments, page 13.

[155] Exhibit C, Claimant's Rebuttal Comments, page 13.

[156] Exhibit A, IRC, page 11.

[157] Exhibit A, IRC, page 11.

[158] Exhibit A, IRC, page 12.

the claimant's two ICRPs because "[t]here was still at least another year in which the audit had to conclude statutorily."[159]

In regard to the "Other Issue—Necessary and Prompt Veterinary Care Costs," the claimant disagrees with the Controller's conclusion that the claimant did not claim any costs for the necessary and prompt veterinary care, because these costs were included in the composite cost per animal per day under the care and maintenance component.[160] The claimant further argues that because the Controller informed the claimant that if some of the costs were not properly supported, then the claimant would have an opportunity to support the incurred costs during the audit. The claimant argues that the Controller should not have later refused to consider the claimant's "Prompt and Necessary Veterinary Care" time study, conducted post-exit conference, to support the cost of labor for the initial physical examination and administration of the wellness vaccine.[161] In addition, the claimant argues that in the absence of actual invoices documenting the cost of wellness vaccines, the Controller should have allowed the claimant some other alternative to support these costs. The claimant alleges that the Controller offered and allowed other alternatives to other local agencies that could not locate the actual, old invoices to support the cost of the vaccine.[162] The claimant further argues that the Controller was not justified to disallow further time studies or to refuse further review of supporting documents on the ground that it would have to re-open audit field work to review them because, by law, the Controller had another year to complete the audit.[163]

B. State Controller's Office

With respect to the space and facilities acquisition costs (Finding 1), the Controller explains that the primary reason for the disallowance of the entire amount claimed was that "the town did not support, through a Board agenda or other similar supporting documentation that the construction was a direct result of the increased holding period requirements of this mandated program."[164] The Controller states that although the claimant provided some of the city council's documents related to the history of the shelter contractual arrangements from the late 1990s, and the documents pertaining to the city's decisions about construction of the new shelter, none of the documents in the record include "language stating that acquiring additional space and/or construction of new facilities is necessary for the increased holding period requirements of the mandated program," as required by Parameters and Guidelines.[165] The Controller disagrees with the claimant's argument that the statement made by then Mayor Pro Tem Jasper at a Town Council meeting held on July 10, 2007 "that a new animal shelter is needed because it is '[m]andated by the State to take care of our animals," provides evidence that the construction of

[159] Exhibit A, IRC, page 11.

[160] Exhibit A, IRC, page 5.

[161] Exhibit A, IRC, pages 5-6.

[162] Exhibit A, IRC, pages 8-9.

[163] Exhibit A, IRC, page 7.

[164] Exhibit B, Controller's Comments on the IRC, page 13.

[165] Exhibit B, Controller's Comments on the IRC, pages 12-14.

a new shelter was undertaken in order to comply with the mandated activities.[166] Upon review of the recording of the July 10, 2007 Town Council meeting, the Controller concluded that, although Mr. Jasper made the alleged statement, "there was no discussion at that meeting concerning shelter overcrowding due to the increased holding period or any other topics related to the requirements of the mandated program," and Mr. Jasper's statement alone, relied upon by the claimant, does not address any specific requirements of the mandated program. It merely refers to a general obligation to take care of animals, which in itself "is not a new requirement resulting from the test claim legislation."[167] In addition, the Controller states that the record does not include "a statement that 'remodeling existing facilities is not feasible and/or is more expensive than acquiring additional space and/or constructing new facilities' or that 'contracting with existing private or public shelters in the area to house the increase of impounded stray or abandoned dogs, cats, or other animals... is not feasible or is more expensive than acquiring additional space and/or constructing new facilities," which is also required by the Parameters and Guidelines.[168]

In response to the claimant's argument regarding its calculation of the reimbursable share of construction costs, the Controller notes that the mandated program allows reimbursement under this cost component only for a proportionate share of actual costs incurred, which must be calculated using a specific formula provided in the amended Parameters and Guidelines. The Controller argues that these required calculations, first provided by the claimant only in response to the Draft Audit Report, are incorrect and lack supporting documentation.[169]

Finally, the Controller addresses the claimant's argument that all the costs claimed under the space and facilities acquisition component should be counted as incurred during the claimed period, 2007-2008 and 2008-2009 fiscal years. The Controller explains that upon review of the Transaction Detail Report representing total construction project costs of $11,008,301, which was submitted by the claimant in support of its 2007-2008 and 2008-2009 claims, the records for the transactions corresponding to the alleged costs date between 2007 and 2010 as follows:

- FY 2007-08 - $1,437,396
- FY 2008-09 - $3,044,818
- FY 2009-10 - $6,522,080
- FY 2009-10 - $ 4,007[170]

Accordingly, the Controller argues that while the claimant correctly based its calculation of allegedly allowable costs for the 2007-2008 claim on $1,437,396 of total costs incurred in 2007-2008 fiscal year, it incorrectly based its calculation of costs for the 2008-2009 claim on the full remaining amount of the project costs incurred between 2007 and 2010. The Controller claims that only the $3,044,818 amount incurred in the 2008-2009 fiscal year, as supported by the

[166] Exhibit B, Controller's Comments on the IRC, page 14.

[167] Exhibit B, Controller's Comments on the IRC, page 14.

[168] Exhibit B, Controller's Comments on the IRC, page 15.

[169] Exhibit B, Controller's Comments on the IRC, page 16.

[170] Exhibit B, Controller's Comments on the IRC, page 16.

Transaction Detail Report, should have been used for calculation of allowable costs for the 2008-2009 claim.[171]

With respect to the recalculation of allowable salaries and benefits under the care and maintenance cost component (Finding 2), the Controller disagrees with the claimant's contention that the Controller "arbitrarily" reduced time for two employee classifications.[172] The Controller maintains that the claimant did not claim salary and benefits for this component because it misclassified costs, and did not have supporting documentation for actual salary and benefit costs incurred specifically for the care and maintenance of animals during audit period.[173] In the absence of required documentation "detailing the percentage of time various classifications of employees spent on care and maintenance or any other activities," the Controller determined allowable salaries and benefits for the care and maintenance component using "an appropriate and reasonable methodology" on the basis of "two items" provided by the claimant: "1) actual salary amounts paid to those employee classifications directly involved with care and maintenance function; and 2) the duty statements for the identified classifications to help determine approximately how much of their workload is devoted to care and maintenance functions," which "include activities such as feeding, watering, grooming, and cleaning the animals."[174]

The Controller acknowledges that "[w]hen considering care and maintenance, we view the activity as a whole, where the responsibilities are divided among various employee classifications, and the sum of the responsibilities performed by the employees equals 100%."[175] The Controller also states it reduced allocation of time originally proposed by the claimant because the Controller determined it to be unreasonable, based on its own analysis of the duty statements, which are "very detailed; and in this case, helped determine to what extent an employee classification's duties are directly related to care and maintenance activities."[176] Based on the analysis of the "essential job functions" listed in the duty statements of the two contested classifications, the Controller concluded that "the 60% allocation for the Animal Shelter Attendant classification and the 5% allocation for the Animal Shelter Supervisor classification are reasonable determinations of the actual time spent by these employees performing care and maintenance activities."[177]

With respect to the recalculation of indirect costs (Finding 7), the Controller maintains that the claimant did not directly claim reimbursement for indirect costs.[178] Instead, the claimant "computed a 40% overhead factor and included this in its alternative formula for claiming costs

[171] Exhibit B, Controller's Comments on the IRC, page 16.

[172] Exhibit B, Controller's Comments on the IRC, pages 27-29.

[173] Exhibit B, Controller's Comments on the IRC, pages 27-29.

[174] Exhibit B, Controller's Comments on the IRC, pages 27-29.

[175] Exhibit B, Controller's Comments on the IRC, page 28.

[176] Exhibit B, Controller's Comments on the IRC, page 29.

[177] Exhibit B, Controller's Comments on the IRC, page 29.

[178] Exhibit B, Controller's Comments on the IRC, page 30.

using the Actual Cost Method reserved for Care and Maintenance costs." [179] The Controller argues that "including a factor for overhead within a cost component is not an option outlined in the parameters and guidelines for claiming indirect costs," which provide for two options: either using ten percent of direct labor, excluding fringe benefits, or preparing an ICRP pursuant to the OMB Circular A-87.[180] The Controller further explains that the claimant initially agreed with the Controller's use of the ten percent default rate for indirect costs. However, the claimant later changed its mind in its response to the Draft Audit Report, requesting recalculation of indirect costs using an ICRP rate submitted by the claimant for both fiscal years of the audit period.[181]

As to the claimant's argument that the Controller decided to end the audit a year before the statutory deadline, the Controller argues that it was not obligated to reopen audit fieldwork and to keep the audit open to consider a newly submitted ICRP.[182] The Controller states that it is the Controller's responsibility to conduct an audit in the most efficient manner.[183] While "pursuant GC section 17558.5, subdivision (b), the SCO is required to complete an audit no later than two years after the date the audit commenced," this is a limitation on the length of the audit and not a requirement that the Controller keep the audit open for the entire two years.[184]

With respect to the claimant's request for reimbursement of necessary and prompt veterinary care costs ("Other Issue—Necessary and Prompt Veterinary Care Costs"), the Controller reiterates its conclusion in the Final Audit Report that these costs were not claimed for either fiscal year of the audit period.[185] The Controller explains that although the claimant used total shelter costs, including all veterinary costs, when it calculated the care and maintenance component, it would be impossible to correctly determine or segregate out which portion of these overall costs was attributable to the necessary and prompt veterinary care costs.[186] At the same time, the Controller acknowledges that it agreed to work with the claimant during the audit and advised the claimant on numerous occasions throughout the audit that it would need to conduct time studies (one for performing an initial physical exam and one for administering wellness vaccines), and to submit invoices to support any material and supplies costs.[187] However, the Controller argues that the claimant did not timely perform the time studies and did not submit the required documentation to support the cost of vaccines.[188] Furthermore, the Controller argues that the time study submitted by the claimant after the exit conference and in response to the

[179] Exhibit B, Controller's Comments on the IRC, page 30.

[180] Exhibit B, Controller's Comments on the IRC, page 30.

[181] Exhibit B, Controller's Comments on the IRC, page 30-32.

[182] Exhibit B, Controller's Comments on the IRC, page 30-32.

[183] Exhibit B, Controller's Comments on the IRC, page 32.

[184] Exhibit B, Controller's Comments on the IRC, page 32.

[185] Exhibit B, Controller's Comments on the IRC, pages 17, 21.

[186] Exhibit B, Controller's Comments on the IRC, page 21.

[187] Exhibit B, Controller's Comments on the IRC, page 17.

[188] Exhibit B, Controller's Comments on the IRC, pages 24-27.

Draft Audit Report was inadequate and not supported by source documents.[189] The Controller argues that under these circumstances, the claimant is not entitled to reinstatement of costs that were never claimed.[190] The Controller also states that it is the claimant's sole responsibility to promptly provide supporting documents, including time studies, and the Controller is not responsible to ensure that the claimant completes the studies and submits all the supporting documents.[191] Nevertheless, the Controller states that it worked with the claimant and sent the claimant numerous reminders throughout the year to submit required documents and to conduct the time studies.[192] Further, the Controller asserts that it gave the claimant notice that it was planning to end the audit, and worked with the claimant to agree on the date for the exit conference.[193]

IV. Discussion

Government Code section 17561(d) authorizes the Controller to audit the claims filed by local agencies and school districts and to reduce any claim for reimbursement of state-mandated costs if the Controller determines that the claim is excessive or unreasonable.

Government Code section 17551(d) requires the Commission to hear and decide a claim that the Controller has incorrectly reduced payments to the local agency or school district. If the Commission determines that a reimbursement claim has been incorrectly reduced, section 1185.9 of the Commission's regulations requires the Commission to send the decision to the Controller and request that the costs in the claim be reinstated.

The Commission must review questions of law, including interpretation of the parameters and guidelines, de novo, without consideration of legal conclusions made by the Controller in the context of an audit. The Commission is vested with exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6 of the California Constitution.[194] The Commission must also interpret the Government Code and implementing regulations in accordance with the broader constitutional and statutory scheme. In making its decisions, the Commission must strictly construe article XIII B, section 6 and not apply it as an "equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities."[195]

With regard to the Controller's audit decisions, the Commission must determine whether they were arbitrary, capricious, or entirely lacking in evidentiary support. This standard is similar to

[189] Exhibit B, Controller's Comments on the IRC, pages 24-25.

[190] Exhibit B, Controller's Comments on the IRC, page 21.

[191] Exhibit B, Controller's Comments on the IRC, page 21.

[192] Exhibit B, Controller's Comments on the IRC, pages 21-24.

[193] Exhibit B, Controller's Comments on the IRC, pages 17-24.

[194] *Kinlaw v. State of California* (1991) 54 Cal.3d 326, 331-334; Government Code sections 17551, 17552.

[195] *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1281, citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817.

the standard used by the courts when reviewing an alleged abuse of discretion of a state agency.[196] Under this standard, the courts have found that

> When reviewing the exercise of discretion, "[t]he scope of review is limited, out of deference to the agency's authority and presumed expertise: 'The court may not reweigh the evidence or substitute its judgement for that of the agency. [Citation.]'" … "In general … the inquiry is limited to whether the decision was arbitrary, capricious, or entirely lacking in evidentiary support…." [Citations.] When making that inquiry, the " ' "court must ensure that an agency has adequately considered all relevant factors, and has demonstrated a rational connection between those factors, the choice made, and the purposes of the enabling statute." [Citation.]' "[197]

The Commission must review the Controller's audit in light of the fact that the initial burden of providing evidence for a claim of reimbursement lies with the claimant.[198] In addition, sections 1185.1(f)(3) and 1185.2(d) and (e) of the Commission's regulations require that any assertions of fact by the parties to an IRC must be supported by documentary evidence. The Commission's ultimate findings of fact must be supported by substantial evidence in the record.[199]

A. The Claimant Timely Filed this IRC Within Three Years from the Date the Claimant First Received the Written Notice of Adjustment from the Controller, as Required by the Commission's Regulations.

California Code of Regulations, title 2, section 1185.1 provides for the period of limitation in which an IRC must be timely filed:

> All incorrect reduction claims shall be filed with the Commission no later than three years following the date a claimant first receives from the Office of State Controller a final state audit report, letter, or other written notice of adjustment to a reimbursement claim, which complies with Government Code section 17558.5(c) by specifying the claim components adjusted, the amounts adjusted, interest charges on claims adjusted to reduce the overall reimbursement to the claimant, and the reason for the adjustment. The filing shall be returned to the claimant for lack of jurisdiction if this requirement is not met.[200]

[196] *Johnson v. Sonoma County Agricultural Preservation and Open Space Dist.* (2002) 100 Cal.App.4th 973, 983-984. See also *American Bd. of Cosmetic Surgery, Inc. v. Medical Bd. of California* (2008) 162 Cal.App.4th 534, 547.

[197] *American Bd. of Cosmetic Surgery, Inc. v. Medical Bd. of California* (2008) 162 Cal.App.4th 534, 547-548.

[198] *Gilbert v. City of Sunnyvale* (2005) 130 Cal.App.4th 1264, 1274-1275.

[199] Government Code section 17559(b), which provides that a claimant or the state may commence a proceeding in accordance with the provisions of section 1094.5

[200] California Code of Regulations, title 2, section 1185.1(c) (Register 2016, No. 38).

Here, the Final Audit Report is dated August 15, 2016.[201] The IRC was filed with the Commission less than three years later on August 1, 2017.[202] Accordingly, this IRC was timely filed within the period prescribed in Code of Regulations, title 2, section 1185.1.

B. The Controller's Reduction of All Costs Claimed for the Acquisition of Additional Space by Purchasing Land and Constructing a New Shelter Facility (Finding 1), Is Correct as a Matter of Law Because the Claimant Failed to Provide Adequate Supporting Documentation, as Required by the Parameters and Guidelines, Showing that the Costs Were Incurred as a Direct Result of the Mandate.

In its 2007-2008 and 2008-2009 reimbursement claims, the claimant alleged that it incurred reimbursable state-mandated costs for acquiring additional space by purchasing land and constructing a new shelter, and claimed a percentage of overall acquisition costs, totaling $1,978,499 for the audit period.[203]

The Controller found that "the entire amount" of $1,978,499 claimed for the audit period is unallowable because the claimant "did not support, through a Board Agenda or other similar supporting documentation, that the construction was a direct result of the increased holding period requirements of this mandated program."[204] The Controller explains in the Final Audit Report that this was the primary reason for the reduction.[205] The Controller also found that that the claimant's documents did not include the following information required by the Parameters and Guidelines:

> . . . a statement that 'remodeling existing facilities is not feasible and/or is more expensive than acquiring additional space and/or constructing new facilities' or that 'contracting with existing private or public shelters in the area to house the increase of impounded stray or abandoned dogs, cats, or other animals . . . is not feasible or is more expensive than acquiring additional space and/or constructing new facilities.[206]

The claimant disputes the finding and requests "the allowable share of facility construction costs be restored."[207] The claimant argues that it "provid[ed] material that shows that the construction of a new facility was necessary to provide appropriate and adequate shelter space to comply with the mandated activities,"[208] and that "the project was necessary and due in part to the requirements of the passage of the new State Mandate program which required increased space

[201] Exhibit A, IRC, page 291 (Final Audit Report).

[202] Exhibit A, IRC, page 1.

[203] Exhibit A, IRC, pages 403-404 (2007-2008 Amended Reimbursement Claim), 641-642 (2008-2009 Amended Reimbursement Claim).

[204] Exhibit A, IRC, page 295 (Final Audit Report).

[205] Exhibit A, IRC, page 301 (Final Audit Report).

[206] Exhibit B, Controller's Comments on the IRC, page 15.

[207] Exhibit A, IRC, pages 3-4.

[208] Exhibit A, IRC, page 3.

due the increased hold time for animals and also because the facility was not configured or equipped properly."[209]

In its response to the Draft Audit Report, the claimant argued as follows:

> Because the SCO is requesting specific wording to "prove" the facility construction was necessary due to increased space needed due to changes in State Law (Hayden Bill) we believe page two, Section E of the attached "Request For Qualifications/Request for Proposals (RFQ/RFP)" to Provide Architectural Design Services for New Municipal Services Animal Shelter Facility addresses this concern:
>
> **"The Project: The project will include design of a purpose built Animal Shelter Facility including office space. The proposed Animal Control Shelter will be designed to increase the hold time for animals and improve customer service."**
>
> This RFQ/RFP was released on April 2, 2007, resulting from the authorization by the Town Council following the special meeting in February 2007 and a meeting in March 2007.[210]

The claimant further stated

> At the July 10, 2007 Town Council Meeting when the Town Council approved the Architectural Design Contract for the Animal Shelter Facility, the minutes do not reflect the entire conversation of the Town Council. If you listen to the discussion that led to the approval of the Notice to Proceed with Design of the Shelter, there was clearly discussion regarding the lack of space and need to expand the facility.
>
> At 1:32:37 of the recording of the July 10, 2007 Town Council Meeting, Councilman Jasper makes the comment regarding the need of building a new animal shelter is because it is "Mandated by the State to take care of our animals."[211]

[209] Exhibit A, IRC, page 4.

[210] Exhibit A, IRC, page 347 (Claimant's Response to the Draft Audit Report), emphasis in original; Exhibit A, IRC, page 299 (Final Audit Report); Exhibit A, IRC, page 3 (quoting this language from page two of the April 2007 RFQ in support of the argument that the new facility was necessary to comply with the mandate).

[211] Exhibit A, IRC, page 347 (Claimant's Response to the Draft Audit Report); Exhibit A, IRC, page 299 (Final Audit Report); Exhibit A, IRC, page 3; Exhibit C, Claimant's Rebuttal Comments, page 1 (stating that "audio discussion provided in our IRC supports [the] requirement" that the record include "language stating that acquiring additional space and or construction of a new facility is necessary for the increased holding period of the mandated program" and including links that appear to be to audio recordings).

In the IRC narrative, the claimant adds a brief overview of the town's animal sheltering arrangements from late 1990s through September 2008, when according to claimant, discussion and planning began to construct a new shelter facility:

> In the late 1990s through almost the end of FY 2003-04 (May 2004), the Town contracted with Victor Valley Animal Protective League for their shelter services. This arrangement ended because of increased costs for sheltering services being presented by Victor Valley Animal Protective League without audited records to support the increased fee request. (See Appendix C)
>
> In June of 2004, the Town contracted with the City of Hesperia to care and shelter their animals because the Town ended their contract with Victor Valley Animal Protective League and needed emergency animal sheltering services while the Town constructed a temporary animal shelter for Apple Valley animals. Sheltering with the City of Hesperia ended when the Town completed the renovation of an old residential dwelling and warehouse structure in March of 2005. The renovation provided a temporary animal sheltering facility within the Town's jurisdiction and eliminated the need for animal services staff to travel outside of their jurisdiction to place impounded animals into a contract shelter for housing and an easily accessible facility where town residents could look for their lost pets. (Appendix C)
>
> It soon became evident that this facility was inadequate because the building was not purpose built and did not provide necessary, isolation, quarantine or kennel space for an increasing number of impounded animals or adequate rooms to provide necessary medical treatment. Discussion and planning began to construct a new Shelter Facility in September 2008, with specific consideration for increased kennel capacity, quarantine rooms, isolation facilities for sick/injured animals, increased holding times and a ventilation system to filter airborne diseased [sic] and minimize cross contamination of animals. (See Appendix C)[212]

In its rebuttal comments, the claimant further specifies that it satisfied the requirements that "[r]emodeling is not feasible" and "[e]xisting facilities are not properly configured," because although it remodeled a small residential building and warehouse to temporarily care for animals after its sheltering contract with the City of Hesperia ended in 2005, "only two years later, the governing body found that facility was not 'purpose built and did not provide necessary isolation, quarantine or kennel space for an increased number of impounded animals."[213] Finally, the claimant alleges that it contracted with existing private and public shelters through 2005, but found these arrangement "unsatisfactory (not feasible)."[214] Specifically, (1) "Council expressed concerns to the Victor Valley Animal Protective League because of increased costs

[212] Exhibit A, IRC, page 3. Appendix C contains three documents: (1) Minutes of February 10, 2004 Town Council Regular Meeting; (2) Proposed agenda item for August 10, 2004 Council meeting; and (3) Proposed agenda item for September 9, 2008 Town Council meeting. See Exhibit A, IRC, pages 200-209.

[213] Exhibit C, Claimant's Rebuttal Comments, page 1.

[214] Exhibit C, Claimant's Rebuttal Comments, page 2.

'without audited records to support the increased fee request,'" and (2) "[l]ater when the Town contracted with the City of Hesperia, the Town Council wished to 'eliminate the need for residents to travel outside of their jurisdiction to place impounded animals…'"[215] The claimant argues that this record "demonstrates that the governing body of the Town of Apple Valley did attempt to find alternative animal housing arrangements, but for various reasons found these arrangements not feasible."[216]

As described below, the Commission finds that the Controller's reduction is correct as a matter of law because the claimant failed to provide adequate supporting documentation required by the Parameters and Guidelines that the costs were incurred as a direct result of the increased holding period mandated by the test claim statutes; that constructing new facilities was necessary for the increased holding period because the existing facilities did not reasonably accommodate impounded stray or abandoned dogs, cats and other specified animals that are ultimately euthanized; that the existing facilities were not appropriately configured or equipped to comply with the increased holding period; and that remodeling existing facilities or contracting with existing private or public shelters was not feasible or is more expensive than acquiring additional space by purchasing land and constructing new facilities to comply with the increased holding period.

1. **The Parameters and Guidelines Require the Claimant to Show, with Contemporaneous Supporting Documentation, that the Governing Board Determined that the New Facilities Were Necessary for the Increased Holding Period Mandated by the Test Claim Statutes Because the Existing Facilities Did Not Reasonably Accommodate Impounded Stray or Abandoned Dogs, Cats and Other Specified Animals that Are Ultimately Euthanized; that Existing Facilities Are Not Appropriately Configured or Equipped to Comply with the Increased Holding Period; and that Remodeling Existing Facilities or Contracting with Existing Private or Public Shelters Is Not Feasible or Is More Expensive than Acquiring Additional Space by Purchasing Land and Constructing New Facilities to Comply with the Increased Holding Period Mandated by the Test Claim Statutes.**

The Parameters and Guidelines authorize reimbursement for the acquisition of additional space "by purchase, lease and/or construction" of new facilities to comply with the increased holding mandated by the state, beginning January 1, 1999. The Parameters and Guidelines authorize reimbursement for the proportionate share of actual costs (based on a specified formula) required to plan, design, acquire, and build facilities in a given year based on the pro rata representation of impounded stray or abandoned dogs, cats, and other animals specified in the test claim statutes that are held during the increased holding period and die during the increased holding period or are ultimately euthanized, to the total population of animals housed in the facility during the entire holding period required by law.[217] The Parameters and Guidelines also state, in

[215] Exhibit C, Claimant's Rebuttal Comments, page 2.

[216] Exhibit C, Claimant's Rebuttal Comments, page 2.

[217] Exhibit A, IRC, pages 260-262 (2006 Parameters and Guidelines Amendment).

accordance with Statutes 2004, chapter 313, that costs incurred to address preexisting shelter overcrowding or animal population growth are *not* reimbursable.[218]

To be eligible for reimbursement, the claimant must show that the costs incurred for the acquisition of additional space by the purchase of land and construction of a new facility were required as a direct result of the mandate.[219] Under the Parameters and Guidelines, the costs are reimbursable *only* to the extent that an eligible claimant submits, with its reimbursement claim, contemporaneous documentation reflecting a "determination by the governing board that acquiring additional space and/or constructing new facilities is necessary for the increased holding period mandated by Statutes of 1998, Chapter 752 because the existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats, and other specified animals that are ultimately euthanized."[220] The Parameters and Guidelines describe the supporting documentation and findings required for reimbursement of these costs:

> Acquiring additional space and/or construction of new facilities is reimbursable only to the extent that an eligible claimant submits, with the initial and/or subsequent reimbursement claim, documentation reflecting the following:
>
> > A determination by the governing board that acquiring additional space and/or constructing new facilities is necessary for the increased holding period required by Statutes 1998, Chapter 752 because the existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats, and other specified animals that are ultimately euthanized. The determination by the governing board shall include all of the following findings:
> >
> > - The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in 1998. For purposes of claiming reimbursement under section IV.B.1, average Daily Census is defined as the average number of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 housed on any given day, in a 365-day period;
> > - The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in a given year under the holding periods required by Food and Agriculture Code sections 31108, 31752, and 31753, as added or amended by Statutes of 1998, Chapter 752;
> > - Existing facilities are not appropriately configured and/or equipped to comply with the increased holding period required by Statutes of 1998, Chapter 752;

[218] Exhibit A, IRC, page 261 (2006 Parameters and Guidelines Amendment).

[219] Exhibit A, IRC, page 259 (2006 Parameters and Guidelines Amendment).

[220] Exhibit A, IRC, page 262 (2006 Parameters and Guidelines Amendment).

- Remodeling existing facilities is not feasible or is more expensive than acquiring additional space and/or constructing new facilities to comply with the increased holding period required by Statutes 1998, chapter 752; and
- Contracting with existing private or public shelters in the area to house the increase of impounded stray or abandoned dogs, cats, or other animals specified in Statutes 1998, chapter 752 is not feasible or is more expensive than acquiring additional space and/or constructing new facilities to comply with the increased holder [sic] period required by Statutes 1998, chapter 752. This finding should include the cost to contract with existing shelters.[221]

The Parameters and Guidelines further clarify that the documentation requirements may be satisfied in whole or in part by the following:

- staff agenda items,
- staff reports,
- minutes of governing board meetings,
- transcripts of governing board meetings,
- certification by the governing board describing the findings and determination, and/or
- a resolution adopted by the governing board pursuant to Food and Agriculture Code section 31755, as added by Statutes of 1999, Chapter 81 (Assembly Bill 1482).[222, 223]

[221] Exhibit A, IRC, pages 262-263 (2006 Parameters and Guidelines Amendment).

[222] Section 31755 of the Food and Agricultural Code was an urgency statute to postpone compliance with the longer holding periods required by the test claim statute for one year, until July 1, 2000, for some public agencies, if they met all the conditions prescribed in Section 31755. One of these conditions was a resolution adopted by the local agency that the agency's animal shelter provider could not reasonably comply with the longer holding periods because of the lack of sufficient facilities. The resolution adopted pursuant to Food and Agriculture Code section 31755 required public notice and specific findings of fact, including "the number of animals impounded in the prior year [1998], the number of animals expected to be impounded under the holding periods required by Sections 31108, 31752, 31752.5, and 31754, as amended or added by Chapter 752 of the Statutes of 1998," and "the percentage of cage space predicted to be needed in order to comply with the [increased] holding periods," as the basis for the determination that the agency's "animal shelter provider, independently of, or in conjunction with, other animal pounds or animal shelters, cannot reasonably comply with the longer holding periods . . . because of the lack of sufficient facilities." (Food & Ag. Code, § 31755(a).)

[223] Exhibit A, IRC, page 263 (2006 Parameters and Guidelines Amendment).

2. The Claimant's Supporting Documentation Does Not Comply with the Parameters and Guidelines.

The IRC record contains thirteen documents relevant to the issue at hand.[224] These are documents in the record consisting of the governing board meeting minutes, proposed agenda items, proposed documents for review/action by the governing board, staff correspondence describing decisions of the governing board, and a link to the recording of the governing board meeting. These documents are analyzed below in chronological order.

The Commission finds, however, that these documents do not provide evidence required by the Parameters and Guidelines that the governing board determined that acquiring additional space by purchasing land and constructing a new facility is necessary to comply with increased holding period mandated by the state; that the existing facilities are not appropriately configured or equipped to comply with the increased holding period mandated by the state; that remodeling existing facilities is not feasible or is more expensive than acquiring additional space by purchasing land and constructing a new facility to comply with the increased holding period; and that contracting with existing private or public shelters in the area to house the increase of impounded stray or abandoned dogs, cats, or other animals specified in Statutes 1998, chapter 752 is not feasible or is more expensive than acquiring additional space by purchasing land and constructing a new facility to comply with the increased holding period.

Rather, as explained below, the documents show that the claimant acquired additional space and constructed a new facility because of the availability of redevelopment agency funds; an overall increase in population in the Town of Apple Valley; the need for additional office space; its plan to accommodate growth needs over the twenty-year planning horizon; its plan to expand the shelter facility to accommodate potential contracts with outside government agencies; and the temporary nature of the existing animal shelter where the animals were housed because long-term contracting arrangements with other shelters were terminated by the claimant for reasons unrelated to the mandate.

a. Minutes of the February 10, 2004 Town Council Regular Meeting

This is the earliest-dated document submitted by the claimant in support of its IRC, and it is unclear whether it was provided to the Controller.[225] It relates to the sheltering services contract between the claimant and the Victor Valley Animal Protection League (VVAPL), which housed the claimant's animals from "the late 1990s through almost the end of FY 2003-04 (May 2004)."[226]

[224] The rest of the documents included in the record are either documents completely unrelated to the issue of construction of the new shelter facility, or are the types of documents that could not reflect a requisite determination by the governing board that would satisfy the documentation requirements set forth in the Parameters and Guidelines, such as accounting documents or documents prepared by the consultant in relation to the reimbursement claims.

[225] Exhibit A, IRC, pages 200-207.

[226] Exhibit A, IRC, page 3.

The Parameters and Guidelines require that in order for the claimant to show that it was mandated to incur construction costs, its supporting documentation must reflect, among other things, a finding by the governing board as follows:

- Contracting with existing private or public shelters in the area to house the increase of impounded stray or abandoned dogs, cats, or other animals specified in Statutes 1998, chapter 752 is not feasible or is more expensive than acquiring additional space and/or constructing new facilities to comply with the increased holder period required by Statutes 1998, chapter 752. This finding should include the cost to contract with existing shelters.[227]

The claimant alleges that this document reflects such a finding by the governing board "because of increased costs 'without audited records to support the increased fee request.'"[228]

The section of the document, titled Agenda item # 6 "Agreement for Small Animal Sheltering Services with Victor Valley Animal Protective League, Inc.," reflects a discussion of the following:

- VVAPL proposed increase of the shelter services fee.
- Several Council members expressed concerns regarding the shelter's financial accountability and transparency.
- Councilman Burgnon expressed an opinion that "the Town should search for their own animal control facility" and "recommended that the possibility of an Apple Valley owned facility be discussed at the April 2, 2004 workshop."[229]

The Council ultimately decided not to entertain the shelter's request for increased fees until the shelter provided requested financial information, and, thus, the claimant continued under the existing contract with VVAPL. The Council also authorized staff to consider other entities for sheltering services.[230]

Although, the document reflects that the governing board was dissatisfied with the proposed increase in sheltering fees, no specific findings or mention of either the current or proposed cost to contract with the shelter is reflected in the document. In addition, as discussed further below, the decision to build the new shelter was not made until February 16, 2007,[231] three years after this meeting. Accordingly, a finding that it is not feasible to contract with an existing private or public shelter in the area to house impounded animals to comply with the increased holding period, or that it is more expensive to contract than to construct new facilities, must also relate to the decision to build in 2007.

[227] Exhibit A, IRC, pages 262-263 (2006 Parameters and Guidelines Amendment, pages 6-7).

[228] Exhibit C, Claimant's Rebuttal Comments, page 2.

[229] Exhibit A, IRC, page 205. The claimant did not submit any records from the April 2, 2004 workshop.

[230] Exhibit A, IRC, page 205.

[231] Exhibit A, IRC, page 445.

Furthermore, not at any point during the meeting was it determined or even suggested that existing facilities were not appropriately configured or equipped to comply with the increased holding period, or that new facilities were needed to comply with the increased holding period.[232] On the contrary, the conspicuous absence of any notice of inadequacy of the VVAPL facilities during the discussion documented in these minutes suggests that the claimant had not experienced difficulty in complying with increased holding periods due to inadequate shelter facility space contracted through the VVAPL. In addition, there are no other documents in the record addressing the issue of the increased holding period or inadequacy of shelter facilities between 1999 and 2004. Nor did the claimant's governing board adopt a resolution pursuant to Food and Agriculture Code section 31755 to postpone compliance with the test claim statutes until July 1, 2000, in order to build new shelter facilities to meet the longer holding period requirement.[233] A section 31755 resolution would completely satisfy documentation requirements demonstrating that the construction was necessary to comply with the increased holding period as provided in the Parameters and Guidelines.

Accordingly, the Minutes of February 10, 2004 Town Council Regular Meeting, do not reflect a finding by the governing board that contracting with existing private or public shelters in the area to house impounded animals to comply with the increased holding period, was not feasible or was more expensive than acquiring additional space by the purchase of land and construction of a new facility undertaken in 2007. In addition, the 2004 minutes do not reflect a determination or any findings by the governing board required by the Parameters and Guidelines to show that the existing facilities were inadequate, and that acquiring additional space by purchasing land and constructing a new facility would be necessary to comply with the increased holding period mandated by the test claim statutes.

b. Proposed Agenda Item for August 8, 2004 Town Council Meeting

This proposed agenda item is the only document provided by the claimant with respect to its contracting arrangement with the City of Hesperia.

The text of the Proposed Agenda Item for August 8, 2004 Town Council Meeting states as follows:

> On March 31, 2004 the Victor Valley Animal Protective League ceased to provide shelter services for the Town of Apple Valley. With concurrence of Town Council, Town staff negotiated an emergency animal sheltering arrangement for use of the Animal Shelter at the City of Hesperia. The Town has continued to use the Hesperia Shelter since that date.[234]

[232] Exhibit A, IRC, pages 204-205.

[233] It appears that as a supporter of AB 1482, the claimant was aware of the opportunities afforded by Food and Agriculture Code section 31755. See Exhibit X, Senate Judiciary Committee Analyses of AB 1482 as amended May 17, 1999, page 8. http://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml (listing Town of Apple Valley as a supporter of the bill).

[234] Exhibit A, IRC, page 208.

The text further recommends approval of the attached shelter servicing agreement with the Animal Shelter at the City of Hesperia, which "establishes the terms, and establishes fees associated with the Town's use of the Hesperia Shelter."[235]

Nothing in this document supports the claimant's assertion that the animal sheltering services arrangement with the City of Hesperia was not feasible as a long-term solution because it required the "residents to travel outside of their jurisdiction to place impounded animals…"[236]

In addition, this document does not support any other assertion made by the claimant with regard to the construction of the "temporary animal sheltering facility within the Town's jurisdiction," such as the following:

> Sheltering with the City of Hesperia ended when the Town completed the renovation of an old residential dwelling and warehouse structure in March of 2005. The renovation provided a temporary animal sheltering facility within the Town's jurisdiction and eliminated the need for animal services staff to travel outside of their jurisdiction to place impounded animals into a contract shelter for housing and an easily accessible facility where town residents could look for their lost pets. (Appendix C).[237]

None of the above facts alleged to be supported by this agenda item in the IRC are mentioned in this agenda item. And, the record contains no other documents that support the above assertions.

Furthermore, the document provides no specific facts or findings regarding the adequacy of available shelter space in view of the increased holding period. And the proposed sheltering agreement was not included with this agenda item for the record on this IRC. Finally, the proposed agenda item is not accompanied by any other documents showing that the Town Council in fact considered and acted on this item.

Thus, this document only reflects that the claimant's staff arranged for sheltering services with the City of Hesperia sometime in 2004, after the VVAPL stopped providing these services; and based on the information contained in the Minutes of February 10, 2004 Town Council Regular Meeting discussed above,[238] it could be inferred that the animal sheltering arrangement with VVAPL was discontinued at that time because of disagreements about fee increases and financial disclosure policies.

Accordingly, the Proposed Agenda Item for August 8, 2004 Town Council Meeting, does not reflect any determination or specific findings required by the Parameters and Guidelines; and is neither sufficient in substance, nor in form to satisfy the documentation requirements of the Parameters and Guidelines to show that existing facilities were inadequate, and that acquiring additional space by purchasing land and constructing a new facility would be necessary to comply with the increased holding period mandated by the test claim statutes.

[235] Exhibit A, IRC, page 208.

[236] Exhibit C, Claimant's Rebuttal Comments, page 2.

[237] Exhibit A, IRC, page 3.

[238] Exhibit A, IRC, pages 200-207.

c. Minutes of February 16, 2007 Special Meeting (Workshop)

The claimant filed a one-page excerpt from the minutes of February 16, 2007 Special Meeting (Workshop) with its IRC.[239] This document is the first document that discusses specific plans to build a new shelter. The pertinent section of the document, quoted below in its entirety, indicates that "Apple Valley has experienced a population growth;" that the town is in need of new office space; that "existing animal shelter was always a temporary solution;" that the shelter can be designed and constructed using RDA funds on the lot previously occupied by the public works facility; and that "we like to build facilities with a 20 year life that will provide for expansion", as follows:

> 2. Public Facilities Priorities
>
> Patty Saady, Deputy Town Manager, gave a power point presentation and stated that Apple Valley has experienced a population growth. Construction of Town Hall was completed in 2002. It was intended to house all existing staff and the police department, but is nearing capacity. Municipal Services has been relocated to the newly completed Police and Code Enforcement building. At the end of the calendar year, we anticipate that there will be no room for growth. The Town owns 2.2 acres at the southwest corner of Civic Center Park, stated Ms. Saady. The existing animal shelter was always a temporary solution. On Tuesday, the Council approved purchase of 7 acres of industrial property on Navajo Road that staff is considering for a new public works facility, and then we can use the existing public works for an animal shelter. Both the existing public works and animal shelter are located in RDA 2. The new land (public works facility) is in close proximity to RDA 2. Both facilities could be designed and constructed using RDA funds. It is critical to begin the Town Hall expansion process now and include funding in the 2007/08 budget cycle, or we will have to rent space. Financially, it makes sense to begin the process. Mayor Pro-Tem Jasper asked, and Ms. Saady replied, that we like to build facilities with a 20 year life that will provide for expansion. Staff would like to bring plans forward to the Council, prior to July 1, for adoption. Councilman Sagona asked, and Ms. Saady replied, that expansion of the existing Town Hall is not efficient. The building was not constructed with the idea of building up. Once we have hired an architect and are in the planning stage, Mayor Pro- Tern Jasper suggested setting up a Council ad hoc committee *to* provide guidance.
>
> There is no funding currently available for a new Community Center, but there are plans on the shelf for a combined Community Center and Aquatics Center. Staff recommends combining into one multi-use building for savings in both construction and operation.
>
> **CONSENSUS:** Council directed staff to proceed with an RFP for architectural design of Town Hall expansion, Public Works, Animal Shelter,

[239] Exhibit A, IRC, page 445.

> Community/Aquatics Multi-Use Center and discuss formation of an ad hoc Council committee.[240]

At this February 16, 2007 special meeting, following a presentation by staff about the opportunity to construct new shelter using RDA funds, the "Council directed staff to proceed with an RFP for architectural design" and "discuss formation of an ad hoc Council committee."[241] However, this document reflects neither a determination by the town council, nor any discussion that "constructing new facilities is necessary for the increased holding period required by Statutes of 1998, Chapter 752 because the existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats and other specified animals that are ultimately euthanized,"[242] and reflects no findings required for such a determination. There is no discussion of the increased holding period, the inadequacy of prior facilities to comply with the increased holding period, or a cost analysis of various options for complying with the increased holding period. Rather, this document demonstrates that the decision to build was motivated by an overall human population increase in the town, the city's need for additional office space, the city's plans for expansion of public facilities, the temporary nature of the existing animal shelter, and the availability of RDA funds.

Accordingly, the minutes from the February 16, 2007 Special Meeting (Workshop), do not reflect any determination by the governing board or any specific findings required by the Parameters and Guidelines to show that existing animal shelter facilities were inadequate, and that acquiring additional space by purchasing land and constructing a new facility would be necessary to comply with the increased holding period mandated by the state.

d. RFQ/RFP to Design New Animal Shelter Facility, Issued April 2, 2007

On April 2, 2007, the claimant's staff issued a Request for Qualifications/Request for Proposals (RFQ/RFP) to design the "New Shelter and Offices."[243] The claimant argues that page two of this RFQ/RFP reflects that the construction of the new animal shelter was necessary for the mandated increased holding period, as follows:

> "The Project: The project will include design of a purpose built Animal Shelter Facility including office space. The proposed Animal Control Shelter will be designed to increase the hold time for animals and improve customer service."[244]

The claimant asserts that "[t]his RFQ/RFP was released on April 2, 2007, resulting from the authorization by the Town Council following the special meeting in February 2007 and a meeting in March 2007."[245] However, the document submitted by the claimant in relation to February 2007 meeting discussed above, does not include a determination by the Town Council

[240] Exhibit A, IRC, page 445.

[241] Exhibit A, IRC, page 445.

[242] Exhibit A, IRC, page 262 (2006 Parameters and Guidelines Amendment).

[243] Exhibit A, IRC, page 351.

[244] Exhibit A, IRC, page 299 (Final Audit Report). See also Exhibit A, IRC, page 3 (quoting this language in part).

[245] Exhibit A, IRC, page 299 (Final Audit Report).

that the construction of the shelter was needed to comply with the increased holding period, and does not address the terms to be included in the RFQ/RFP to accommodate such a need. Moreover, the claimant has provided no documents relating to the March 2007 Council meeting.

The RFQ/RFP provides some background information on current shelter facilities, detailing the size of the facilities totaling approximately 8000 square feet, and suggests that the new facility will be designed to increase the hold time for potentially adoptable animals. However, the RFQ/RFP does not provide animal census data before and after the mandate or indicate that the existing facilities were in some way inadequate to comply with the mandated holding period requirements. Nor does the document indicate that the proposal to design the facility to increase the hold time for adoptable animals, was based on a governing board determination that construction was necessary to comply with the mandated increased holding periods. The RFQ/RFP states as follows in pertinent part:

> The current Animal Control Shelter is located on approximately 3 acres of land and shares buildings and parking with the Public Works Facility. Office space along with cat adoption, dog quarantine, and small dog adoption is housed in a 2400 sq. ft. renovated residential dwelling unit. An additional 5000 square feet of warehouse area is utilized for indoor dog runs and a cat observation area. A 600 square foot outbuilding is used as a euthanasia room and animal treatment room. Animal food and supplies are stored in a freestanding shed. Other buildings located on site are the Public Works offices and warehouse.
>
> The Municipal Services Department is currently located in approximately 4000 square feet of office space at the Civic Center. This space will eventually be needed for expansion of the Police Department.
>
> **The Project**: The project will include design of a purpose built Animal Shelter Facility including office space. The proposed Animal Control Shelter will be designed to increase the hold time for potentially adoptable animals and improve customer service. Public education programs related to animal care and behavior modification will also be a priority.[246]

In addition, the RFQ/RFP reveals project requirements and considerations that appear to be more consistent with the priorities identified at the February 2007 special meeting (to build facilities with a twenty-year life that will provide for expansion for city services generally), than with the alleged need to comply with the increased holding period mandated by the test claim statutes. For example, the RFQ/RFP states the following:

> The Project will construct an Animal Control Shelter, with adequate office space for staff, reception area and animal intake/adoption rooms with adequate communication systems such as intercoms and paging capabilities; buildings to house indoor/outdoor kennels and runs for large dogs, indoor small dog/puppy kennels, intake cat cages, cat adoption room, get acquainted areas, outside runs, tortoise habitat, aviary, reptile cages, shaded corrals and a barn for keeping horses, goats, pigs, and other livestock. The facility should include wellness end exercise room, education/wildlife training room and conference room(s) including

[246] Exhibit A, IRC, pages 352-353, emphasis in original.

audio-visual capability, outdoor break and lunch area with windbreak and shade cover, separate outdoor area for work release inmate arrival, check-in and assignment, an examination room, grooming room/facility, quarantine room, isolation facilities for incoming animals (separate buildings for dogs and cats to minimize stress on the animals), veterinary office/surgery suite, sally port, secured parking for 100 vehicles including two horse trailers and paved public parking.

This project should include the following considerations:

- Identify office, kennel and storage space necessary to accommodate growth needs over the twenty (20) year planning horizon.
- Identify a cleaning system and location of chemical room to reduce noise of these systems which tend to be very noisy.
- The new building will include separate locker rooms and restrooms with showers for male and female employees and a break area for employees.
- The new Animal Shelter Facility shall be designed and constructed in conformance with all State and local codes, and shall conform to the Town of Apple Valley Development Code and Americans with Disabilities Act requirements, latest addition.
- The new facility will utilize skylights and other design elements to provide natural lighting to all possible areas, air conditioning in office spaces, evaporative cooling and air conditioning capability in kennel areas, heating, alarm and sprinkler systems. Additionally, green technology, such as alternative heating, ice-cooling, solar and/or photovoltaic power generation capabilities shall be considered and addressed.
- The ventilation system should be designed to filter airborne diseases and minimize the cross contamination of animals.
- The installation of parking lot light standards, security gate and lighting and landscaping shall be provided in conformance with the Town of Apple Valley Development Code. Future water supply, sewer service, irrigation, telephone, internet, radio communication, and electrical conduit stubs shall be provided for future phased areas, including installation of purple irrigation pipe for future conversion to reclaimed water uses.[247]

The RFQ/RFP also indicates that the plan should be designed for a 20 year timeframe and account for growth in staff as follows: "Preliminary Design - Provide supporting materials that outline proposed conceptual design of the Animal Shelter Facility and Offices. Services shall include forecasting required growth in staffing for facilities for a twenty (20) year timeframe . . ."[248]

[247] Exhibit A, IRC, pages 352-353.

[248] Exhibit A, IRC, page 354.

Thus, the RFQ/RFP to design new animal shelter facility, issued April 2, 2007, does not reflect a determination by the governing board or any specific findings required by the Parameters and Guidelines to show that existing animal shelter facilities were inadequate to hold the animals, and that acquiring additional space by purchasing land and constructing a new facility was necessary to comply with the increased holding period mandated by the test claim statutes.

e. Proposed Agenda Item for the Redevelopment Agency Meeting (May 8, 2007 Council Meeting) and Proposed Resolution No. 2007-02 to Issue Tax Allocation Bonds to Fund Projects, Including an Animal Care/Control Shelter.

The summary statement for the proposed agenda item states as follows:

> [T]he tax increment generated by the Town's portion of the Redevelopment Agency of the Town of Apple Valley Project Area No. 2 is sufficient to provide funding for the improvements as outlined by the Deputy Town Manager at the February 16th Town Council Meeting. The proposed bonding is for a total not to exceed $43,500,000 to be repaid by the aforementioned tax increment. Projects to be funded with the bond proceeds include an animal care/control shelter and a public works facility.[249]

The recommended action is to adopt Resolution No. 2007- 02, authorizing the issuance, sale, and delivery of the Agency's Tax Allocation Bonds, and approving bond documents.[250] The text of the proposed Resolution No. 2007- 02,[251] states that the Agency proposes to issue tax allocation bonds "the proceeds of which, among other things, will be used to finance certain redevelopment activities benefiting the Project Area, including the furtherance of the Agency's low and moderate income housing program…" The proposed resolution does not mention the construction of an animal shelter.

These documents simply provide that in order to fund the claimant's expansion program consisting of construction projects outlined at the February 16th Town Council Meeting discussed earlier, the town plans to issue and sell bonds which will be authorized for a total principal amount not to exceed $33,500,000. These documents do not provide evidence that the Town Council determined that the construction of an animal shelter is necessary for the increased holding period mandated by the test claim statutes.

Accordingly, the proposed agenda item for the redevelopment agency meeting (May 8, 2007 Council Meeting) and the proposed resolution No. 2007-02 to issue tax allocation bonds do not reflect a determination by the governing board or any specific findings required by the Parameters and Guidelines to show that existing facilities were inadequate, and that acquiring additional space by purchasing land and constructing a new facility was necessary to comply with the increased holding period mandated by the test claim statutes.

[249] Exhibit A, IRC, page 440.

[250] Exhibit A, IRC, page 440.

[251] Exhibit A, IRC, pages 441-444.

f. Proposed Agenda Item for July 10, 2007: Council Meeting to Award Contract to WR&D Architects in the Amount of $670,000 to Design the Animal Shelter Facility.

The summary statement for this proposed agenda item recaps that (1) at the 2007 edition of the Council/Staff strategic planning and goal-setting workshop, the Council received a presentation from staff regarding the Town's *future space needs* and, after extensive discussion, authorized staff to develop and issue an RFP/RFQ for the design of a Town Hall Expansion Facility, Public Works/Corporate Yard and new Animal Shelter Facility and to commence the process of issuing redevelopment tax allocation bonds; (2) on May 8, 2007, the Town Council/Agency Board approved issuance of redevelopment tax allocation bonds, including $13,500,000 for the public works and animal shelter facilities, which had to be used in three years; (3) staff received a number of responses to the RFP/RFQ issued on April 2, 2007, including eight responses proposing design services for the animal shelter facility; (4) and that a Review Panel consisting of the Deputy Town Manager, the Director of Public Services, the Director of Finance, the Director of Municipal Services, and the Director of Economic and Community Development reviewed and evaluated each proposal, and conducted interviews and negotiation sessions with selected firms.[252]

The action recommended for the Town Council in the proposed agenda item is to award professional services agreements for design services to selected firms, including WR&D Architects LLC[253] for design of the Animal Shelter Facility in the amount of $670,000, and authorize execution of the contracts.[254]

The proposed agenda item does not contain any facts or indication that the governing board determined that the construction of an animal shelter was necessary to comply with the mandate.

Accordingly, the proposed agenda item for July 10, 2007 Council meeting to award the contract to an architectural firm to design the animal shelter facility does not reflect a determination by the governing board or any specific findings required by the Parameters and Guidelines to show that existing facilities were inadequate, and that acquiring additional space by purchasing land and constructing a new facility was necessary for increased holding period mandated by the test claim statutes.

g. Proposed Agreement with WR&D Architects to Design the Animal Shelter Facility, Including Exhibit A –WR&D Architects Proposal Dated April 26, 2007, Exhibit B –Cost Estimate, Exhibit C –Insurance Requirements.

The preliminary recitals in the proposed agreement describe the purpose of the WR&D Architects' engagement with the claimant as twofold: (1) to design a new animal shelter facility pursuant to the RFP/RFQ; and (2) design an expansion of the shelter facility to provide outside sheltering services, based on potential contracts with other governmental agencies. The text of the agreement states as follows:

[252] Exhibit A, IRC, pages 446-447.

[253] The proposed agreement with WR&D Architects is discussed below.

[254] Exhibit A, IRC, pages 446-447.

> WHEREAS, Town, desires to retain Consultant for the purpose of the design of a new purpose built Municipal Services Animal Shelter pursuant to a Request for Proposals/Request for Qualifications (RFP/RFQ) defined in the request for Proposals/Request for Qualifications issued by Town; and
>
> WHEREAS, in addition, the Town desires to retain Consultant for the design of an expansion of the Municipal Services Animal Shelter Facility based on potential contracts with outside government agencies as part of this Agreement.[255]

Exhibit A describes the project as "[t]he planning and design of a new animal shelter of approximately 20,000 square feet located in Apple Valley, CA." [256] Exhibit B provides a detailed explanation of costs, including the "Needs Assessment" service, described as "Forecasting facility needs for 5, 10 and 20 year planning horizons." [257] A note to the cost estimate for the project clarifies that "[c]urrent cost is based on 20,000 square feet but will include up to 23,000 square feet shelter size" and "Shelter In Excess of 23,000 square feet" is "NOT INCLUDED IN THE COST ESTIMATE."[258]

Neither the text of the agreement nor the exhibits identify the increased holding period mandated by the state as a reason for construction or as a consideration for the design criteria. In fact, the task of "[d]eveloping a clear definition of the program, design criteria, program objectives"[259] is left up to WR&D Architects. The only consideration for the needs assessment spelled out in the agreement includes forecasting "[f]acility needs for 5, 10 and 20 year planning horizons."

Thus, the agreement anticipates a 20,000 to 23,000 square feet shelter facility, which is a 15,000 square feet increase from previous 8,000 square feet facility. The increase in size includes an increase in new office space [based on the RFP/RFQ requirement] and accounting for growth needs over the twenty (20) year planning horizon.

In addition, the agreement anticipates further expansion of the new facility to accommodate "potential contracts with outside government agencies."[260] It could be inferred that these expansion plans were in fact realized, based on information obtained by the Controller on the claimant's website,[261] announcing new state-of-the art 36,000 square feet animal shelter facility,[262] instead of the 20,000 to 23,000 square feet facility originally anticipated under the contract with WR&D Architects pursuant to the RFP/RFQ issued on April 2, 2007. The

[255] Exhibit A, IRC, page 495.

[256] Exhibit A, IRC, page 505.

[257] Exhibit A, IRC, page 510.

[258] Exhibit A, IRC, page 512.

[259] Exhibit A, IRC, page 510.

[260] Exhibit A, IRC, pages 495.

[261] Exhibit B, Controller's Comments on the IRC, pages 2, 13, 121-123.

[262] Exhibit B, Controller's Comments on the IRC, pages 121-122.

claimant's calculation of reimbursable state-mandated costs claimed for the construction of the new shelter is also based on the costs for the entire 36,000 square foot facility.[263]

Yet, the claimant's demonstrated determination to build a new state-of-the art shelter facility that would increase available office space, accommodate growth needs over the twenty-year planning horizon, and allow for expansion to accommodate "potential contracts with outside government agencies," does not show that the old facility was inadequate to accommodate the increased holding period mandated by the state, or that the new construction was the only feasible alternative to comply with the mandate.

Accordingly, neither the agreement or WR&D Architects' proposal reflect a determination by the governing board or any specific findings required by the Parameters and Guidelines to show that existing facilities were inadequate, and that acquiring additional space by purchasing land and constructing a new facility was necessary to comply with the increased holding period mandated by the test claim statutes.

h. Minutes of July 10, 2007 Council Meeting Awarding Contract to WR&D Architects in the Amount of $670,000 to Design the Animal Shelter Facility.

The July 10, 2007 Council meeting minutes reflect that the Council considered agenda Item #15 concerning an award of professional services agreements to design the Town Hall expansion, public works facility, and animal shelter facility, and awarded the contract to design the animal shelter facility to WR&D Architects.[264] The minutes do not reflect any determination by the governing board that the existing facilities were inadequate to comply with the increased holding period mandated by the state; or the alternatives to building the new shelter. The only brief mention of the "immediate need" for the new animal shelter along with the public works facility appeared in the context of a discussion on a motion to continue the item until the next Council meeting, which focused on the need of meeting the construction timeframe in order to avoid a negative financial impact if the proceeds of bonds were not spent within three years.[265]

Accordingly, the minutes of the July 10, 2007 meeting do not reflect a determination by the governing board or any specific findings required by the Parameters and Guidelines to show that existing facilities were inadequate, and that acquiring additional space by purchasing land and constructing a new facility was necessary to comply with the increased holding period mandated by the test claim statutes.

i. July 10, 2007 Council Meeting Audio Recording[266]

The claimant argues that the minutes of July 10, 2007 Town Council meeting, discussed above, do not reflect the entire conversation of the Town Council and that "there was clearly discussion

[263] See several documents submitted by the claimant titled "State Formula", showing calculation of eligible percentage of acquisition/construction costs for 36,000 square feet facility. Exhibit A, IRC, pages 349-350, 671.

[264] Exhibit B, Controller's Comments on the IRC, pages 116-118.

[265] Exhibit B, Controller's Comments on the IRC, page 117.

[266] Exhibit A, IRC, page 347 (Claimant's Response to Draft Audit Report) (providing the following links to the July 10, 2007 Town Council meeting audio recording:

regarding the lack of space and need to expand the facility" during "the discussion that led to the approval of the Notice to Proceed with Design of the Shelter," which is captured in the audio recording of the meeting.[267] Specifically, the claimant refers to the statement made by Councilman Jasper during that discussion as follows:

> [T]he July 10, 2007 Council meeting audio recording (at 1:32:37 of the recording) contains Councilman Jasper's statement that the need to build a new animal shelter is because it is "Mandated by the State to take care of our animals."[268]

The Controller notes that:

> A review of that recording confirms that Mr. Jasper made that statement, although there was no discussion at that meeting concerning shelter overcrowding due to the increased holding period or any other topics related to the requirements of the mandated program.[269]

The claimant did not submit a transcript of this audio recording with the IRC; instead, it simply identified a web address for the electronic audio recording of the July 10, 2007 Council meeting.[270] This does not comply with the Commission's regulations. Section 1185.1(h) of the Commission's regulations require that all accompanying documents be filed with the Commission in accordance with section 1181.3 of the regulations, which instructs that all electronic documents be in legible and searchable PDF format that allows Commission staff to append additional pages for posting on the Commission's website with proof of service. Here, the contents of the audio recording at issue were not submitted in PDF format and, therefore, were not included in the IRC record posted on the website or properly served. In addition, section 1185.1(f)(3) and 1185.2(d) and (e) of the Commission's regulations requires that any assertion of fact by the parties to an IRC must be supported by documentary evidence.

Nevertheless, the assertion about the statement made by Councilman Jasper "that the need to build a new animal shelter is because it is "Mandated by the State to take care of our animals,'" is not disputed by the Controller. However, even if this statement was supported by evidence, it would not in any way help to establish that the claimant's governing board made a requisite determination that the existing facilities did not reasonably accommodate the increased holding period for impounded stray or abandoned animals that are ultimately euthanized, and that constructing new facilities was necessary to comply with the mandate. As correctly noted by the Controller, Councilman Jasper's statement, as quoted by the claimant, is not on point because it does not address any specific requirements of the mandated program; it merely refers to the preexisting obligation to take care of animals, which in itself "is not a new requirement resulting

http://www.applevalley.org/government/view-meetings-online; http://applevalley.gr anicus.com/Medlal'layer.php7view_id=19&cl1p_id"'471).

[267] Exhibit A, IRC, pages 298 (Final Audit Report) and 347 (Claimant's Response to Draft Audit Report).

[268] Exhibit A, IRC, page 3; see also Exhibit A, IRC, pages 298-299 (Final Audit Report).

[269] Exhibit B, Controller's Comments on the IRC, page 14.

[270] Exhibit A, IRC, page 347.

from the test claim legislation."[271] In addition, a statement made by an individual board member is only an expression of his or her individual opinion, and is not a determination made by the governing board as a body.[272] The Parameters and Guidelines require that requisite determination and findings be made by the governing board.[273] However, there is no evidence that the Town Council analyzed the issue and made the required determination.

Accordingly, while it is not disputed that Councilman Jasper made a statement that it is "Mandated by the State to take care of our animals," this statement does not constitute a determination by the governing board that existing facilities were inadequate, and that acquiring additional space by purchasing land and constructing a new facility was necessary to comply with the increased holding period mandated by the test claim statutes.

j. January 06, 2009 Email Stating that the Town Council Approved the Purchase of Land for Animal Shelter for $865,000 during May 13, 2008 Closed Session and June 17, 2008 Escrow Closing Statement for the Purchase of Land for $865,000.

These two items reflect that about a year after the design of the new shelter facility began, the claimant acquired a plot of land for the new shelter for $865,000, which was approved by the Town Council during closed session a month earlier.[274] No transcripts, agenda items, or minutes from the closed session that would reflect any findings or determination by the board were submitted by the claimant.

Thus, nothing in these documents suggests that the claimant's governing board made a determination or any specific findings required by the Parameters and Guidelines that existing facilities were inadequate, and that acquiring additional space by purchasing land and constructing a new facility was necessary to comply with the increased holding period mandated by the test claim statutes.

k. Proposed Agenda Item for September 9, 2008 Town Council Meeting to Review and Approve Construction Plans for the New Animal Shelter Facility.

The claimant alleges that discussion and planning began to construct a new Shelter Facility in September 2008, and refers to the proposed agenda item for the September 9, 2008 Town Council meeting to show that planning included "specific consideration for increased kennel capacity, quarantine rooms, isolation facilities for sick/injured animals, increased holding times and a ventilation system to filter airborne diseases and minimize cross contamination of animals," which were necessary, according to the claimant's narrative, because "soon it became

[271] Exhibit B, Controller's Comments on the IRC, page 14. See also Exhibit B, Controller's Comments on the IRC, page 46 (Statement of Decision, *Animal Adoption*, 98-TC-11, adopted January 25, 2001, page 11, stating that "Since 1991, Penal Code section 597.1 has required peace officers and animal control officers employed by local agencies to take possession of any stray or abandoned animal, and provide care and treatment for the animal.").

[272] *Citizens for Responsible Open Space v. San Mateo County Local Agency Formation Com.* (2008) 159 Cal.App.4th 717, 729; 45 Cal.Jur.3d (2016) Municipalities, section 326 (stating that "legislative body must function as a body, and not by its members separately").

[273] Exhibit A, IRC, page 262 (2006 Parameters and Guidelines Amendment).

[274] Exhibit A, IRC, pages 437-439.

evident that this facility [the renovated facility where the shelter was relocated in 2005] was inadequate because the building was not purpose built and did not provide necessary, isolation, quarantine or kennel space for an increasing number of impounded animals or adequate rooms to provide necessary medical treatment."[275]

The document, referred to by the claimant, is a half-page proposed agenda item for the September 2008 Council meeting, taking place a year and a half after the initial decision to build the shelter was made, after the bonds to fund the construction were issued, and after the contract to design the shelter was awarded.

The summary statement of the proposed agenda item briefly lists a number of features of the facility, and further states that: "The design of the purpose built shelter will increase holding time for animals to increase adoption rates, create holding areas to isolate animals at intake, and provide a ventilation system designed to filter airborne diseases and minimize cross contamination of animals."[276] The document further states that the plans are available in the Town Council's office for review by the Council.[277] The recommended action for this item was to"[r]eview and approve the construction plans for Apple Valley Animal Shelter Facility and direct staff to proceed with the project."[278] This proposed agenda item was not accompanied by any other documents showing that the Town Council in fact considered and acted on this item.

While there is a general statement in the staff proposed agenda item that "the design . . . will increase holding time,"[279] the agenda item does not refer to the mandate and does not reflect any relevant findings by the governing board indicating that the existing facility is inadequate to comply with the increased holding period mandated by the state and that constructing the new facility is the only feasible or the most cost effective option for complying with the required increased holding period.

Finally, despite the claimant's mischaracterization of the timing of this item as the beginning of the discussion and planning to construct a new shelter facility, this agenda item was prepared well after the initial decisions to build the facility were already made. However, no documents were provided by the claimant in relation to those earlier decisions to reflect a determination by the governing board that existing facilities were inadequate to comply with the increased holding period and that the construction was necessary to comply with the mandate.

Accordingly, the proposed agenda item for the September 9, 2008 Town Council meeting does not reflect a determination by the governing board or any specific findings required by the Parameters and Guidelines to show that existing facilities were inadequate, and that acquiring additional space by purchasing land and constructing a new facility was necessary to comply with the increased holding period mandated by the test claim statutes.

[275] Exhibit A, IRC, page 3.

[276] Exhibit A, IRC, page 209, handwritten underline in original.

[277] Exhibit A, IRC, page 209.

[278] Exhibit A, IRC, page 209.

[279] Exhibit A, IRC, page 209, emphasis omitted.

3. The Controller's Reduction of Costs in Finding 1 Is Correct as a Matter of Law.

The documents discussed above indicate that the claimant acquired additional space by purchasing land and constructing a new facility because of the availability of redevelopment agency funds; an overall population increase in the Town of Apple Valley; the need for additional office space; its plan to accommodate growth needs over the twenty-year planning horizon; its plan to expand the shelter facility to accommodate potential contracts with outside government agencies; and the temporary nature of the existing animal shelter where the animals were housed because long-term contracting arrangements with other shelters were terminated by the claimant for reasons unrelated to the mandate. The claimant has provided none of the evidence required by the Parameters and Guidelines that the governing board determined that acquiring additional space by purchasing land and constructing a new facility was necessary to comply with increased holding period mandated by the state; that the existing facilities were not appropriately configured or equipped to comply with the increased holding period mandated by the state; that remodeling existing facilities was not feasible or was more expensive than acquiring additional space by purchasing land and constructing a new facility to comply with the increased holding period; and that contracting with existing private or public shelters in the area to house the increase of impounded stray or abandoned dogs, cats, or other animals specified in Statutes 1998, chapter 752 was not feasible or was more expensive than acquiring additional space by purchasing land and constructing a new facility to comply with the increased holding period.

Based on the foregoing, the Commission finds that the Controller's reduction of costs claimed for acquisition of additional space and construction of a new facility is correct as a matter of law.

Since the Controller's finding reduced the claims for acquiring additional space and construction of a new facility to zero, the Commission makes no findings on the other conclusions made by the Controller in Finding 1; namely, that the claimant failed to provide detailed calculations for determining the reimbursable portion of costs due to the mandate, and that some construction expenses were incurred outside of the audit period.[280]

C. The Controller's Disallowance of Care and Maintenance Costs as Claimed (Finding 2), Is Correct as a Matter of Law. However, the Controller's Recalculation of Annual Labor Costs to Determine Reimbursable Costs for Care and Maintenance Is Arbitrary, Capricious, or Entirely Lacking in Evidentiary Support.

The Parameters and Guidelines authorize reimbursement for the care and maintenance costs of impounded stray or abandoned animals that die during the increased holding period or are ultimately euthanized after the increased holding period, which can be claimed either by an actual cost method or by performing a time study.[281] The actual cost method is a specified formula in the Parameters and Guidelines designed to reimburse a proportion of total costs incurred specifically for care and maintenance activities based on the incremental increase in service (the increased holding period) and the animals for which no fees can be collected (animals that are not adopted, redeemed, or released to a nonprofit animal rescue organization;

[280] Exhibit A, IRC, pages 295-301 (Final Audit Report).

[281] Exhibit A, IRC, pages 265-269 (2006 Parameters and Guidelines Amendment).

but instead die during the increased holding period or are ultimately euthanized). Under this formula the costs for the care and maintenance of dogs and cats must be calculated as follows:

> Actual Cost Method – Under the actual cost method, actual reimbursable care and maintenance costs per animal per day are computed for an annual claim period.
>
> a) Determine the total annual cost of care and maintenance for all dogs and cats impounded at a facility. Total cost of care and maintenance includes labor, materials, supplies, indirect costs, and contract services.
>
> b) Determine the average daily census of dogs and cats.
>
> c) Multiply the average daily census of dogs and cats by 365 = yearly census of dogs and cats.
>
> d) Divide the total annual cost of care by the yearly census of dogs and cats = cost per animal per day.
>
> e) Multiply the cost per animal per day, by the number of impounded stray or abandoned dogs and cats that die during the increased holding period or are ultimately euthanized, by each reimbursable day (the difference between three days from the day of capture, and four or six business days from the day after impoundment).[282]

For "other animals," the actual cost formula is essentially the same, except that the number of reimbursable days is not counted as "the difference between three days…and four or six business days." Because there was no holding period required under prior law for "other animals," the "reimbursable days" multiplier is simply "four or six business days."[283]

In addition, the costs must be traceable and supported by contemporaneous source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities.[284]

The claimant elected to use the actual cost method to claim its care and maintenance costs.[285] The claimant, however, did not identify the costs allowable under the first step of the actual cost method formula, such as labor costs, which were incurred specifically for the care and maintenance component during each year of the audit period.[286] Instead, the claimant used a different formula to calculate total annual care and maintenance costs by taking a total unsegregated amount of all shelter expenditures (with the exclusion of the Spay/Neuter Program expenditures) and adding a 40 percent overhead factor for the Municipal Services Director, instead of adding up only those categories of expenditures that are specified in the Parameters

[282] Exhibit A, IRC, pages 266-267 (2006 Parameters and Guidelines Amendment).

[283] Exhibit A, IRC, pages 268-269 (2006 Parameters and Guidelines Amendment).

[284] Exhibit A, IRC, page 259 (2006 Parameters and Guidelines Amendment).

[285] Exhibit A, IRC, page 302 (Final Audit Report).

[286] Exhibit A, IRC, pages 405-406 (2007-2008 Amended Reimbursement Claim), 643-644 (2008-2009 Amended Reimbursement Claim).

and Guidelines formula that directly relate to the care and maintenance of animals.[287] The claimant then applied the rest of the steps of care and maintenance formula to this unsegregated amount of total shelter costs to arrive at the amount that it claimed as its actual care and maintenance costs.[288]

The Controller concluded that the claimant's methodology did not comply with the Parameters and Guidelines for a number of reasons and recalculated the costs for care and maintenance, reducing the claims for care and maintenance during the audit period from $153,233 to $33,584.[289]

The claimant challenges *only* the Controller's recalculation of annual labor costs, which is part of the first step in the formula required by the Parameters and Guidelines for calculating care and maintenance costs.

Based on the analysis herein, the Commission finds that the Controller's disallowance of care and maintenance costs as claimed is correct as a matter of law because the claimant did not comply with the Parameters and Guidelines. However, the Controller's recalculation of annual labor costs is arbitrary, capricious, and entirely lacking in evidentiary support.

1. The Controller's Disallowance of Care and Maintenance Costs as Claimed Is Correct as a Matter of Law and Supported by Evidence in the Record Because the Claimant Did Not Comply with the Parameters and Guidelines.

The Controller found that the claimant's methodology used to claim care and maintenance was incorrect and did not comply with the Parameters and Guidelines for the following reasons:

> The methodology is incorrect for a number of reasons. First, using the total of costs incurred within the animal shelter less costs for the spay and neuter program assumes that all of the remaining costs were 100% related to the care and maintenance of animals. This is an incorrect assumption, as certain non-reimbursable activities take place within the animal shelter, such as animal licensing and adoption. In addition, certain activities take place that are not related to care and maintenance, such as employee education and training, meetings and conferences, office-related expenditures, and costs for veterinary medical services. Allowable costs for these activities are claimable under a different cost component. There is no language in the parameters and guidelines permitting claimants the option to claim costs for multiple cost components using the Actual Cost Method option prescribed for care and maintenance activities. In addition, the factors unique to claiming costs for care and maintenance are not found within the other cost components.[290]

[287] Exhibit A, IRC, page 303 (Final Audit Report); Exhibit B, Controller's Comments on the IRC, pages 27-28.

[288] Exhibit A, IRC, pages 303-304 (Final Audit Report).

[289] Exhibit A, IRC, pages 294, 301 (Final Audit Report).

[290] Exhibit A, IRC, page 304 (Final Audit Report).

The Commission finds that the Controller's disallowance of care and maintenance costs as claimed, is correct as a matter of law and supported by evidence in the record since the claimant did not comply with the Parameters and Guidelines.

The Parameters and Guidelines are regulatory in nature and, once adopted and issued are final and binding on the parties.[291] The Parameters and Guidelines require the application of a specific formula in order to detail the care and maintenance costs under the actual cost method. The formula first requires a claimant to calculate the total annual costs incurred to provide care and maintenance for all animals housed in its shelter(s) by adding up pertinent labor, materials, supplies, indirect costs, and contract services costs. While the Parameters and Guidelines use inclusive language to describe costs for this component ("total cost of care and maintenance includes labor, materials, supplies…") the care and maintenance costs cannot be interpreted beyond the reasonable scope of the approved activity, to include labor, materials, supplies, indirect costs, and contract services costs incurred for all other activities conducted by the shelter beyond *care and maintenance.*

Here, the claimant, by its own admission, used total unsegregated shelter division expenditures to arrive at its total care and maintenance costs. While the claimant excluded from the total shelter costs non-reimbursable expenditures for the Spay/Neuter Program, the Controller found that remaining total shelter division costs included expenditures for activities not related to care and maintenance (licensing and adoption; activities that are not eligible for reimbursement), and activities that could be reimbursable under other program components (such as activities related to employee training, office-related expenditures, providing veterinary medical services).[292]

Accordingly, the Commission finds that the Controller's disallowance of costs for care and maintenance as claimed is correct as a matter of law and supported by evidence in the record.

2. The Controller's Recalculation of Annual Labor Costs to Determine Reimbursable Costs for Care and Maintenance Is Arbitrary, Capricious, and Entirely Lacking in Evidentiary Support.

The Controller recalculated care and maintenance costs, allowing reimbursement of $33,584 for the audit period (reduced from $153,233).[293]

The recalculation involved many steps.[294] However, the claimant challenges *only* the Controller's recalculation of annual labor costs, which is part of the first step in the formula required by the Parameters and Guidelines for calculating care and maintenance costs.[295] The claimant contends that the Controller's reduction of actual time for various employees for the care and maintenance calculation was "illogical, incorrect, and arbitrary," and that it results in a reduction of actual costs incurred, does not allow the *actual time* for employees to perform the

[291] *California School Boards Association v. State of California* (2009) 171 Cal.App.4th 1183, 1201.

[292] Exhibit A, IRC, pages 302-304 (Final Audit Report).

[293] Exhibit A, IRC, pages 294, 301 (Final Audit Report).

[294] Exhibit A, IRC, pages 301-314 (Final Audit Report).

[295] Exhibit A, IRC, pages 9-10; Exhibit C, Claimant's Rebuttal Comments, pages 8-12.

care and maintenance calculation and erroneously concluded that staff time between all positions had to total 100 percent.[296] The underlying facts as described in the documentation provided by the parties are as follows.

During the audit, the Controller "noted that a significant portion (around 75%) of annual costs incurred by the animal shelter were for employee salaries and benefits."[297] However, the claimant did not identify any salaries and benefits for the audit period for the care and maintenance component on the reimbursement claim forms.[298] Thus, the Controller worked with the claimant to determine annual labor costs for care and maintenance.

An email dated November 10, 2015, from the Controller's auditor to the claimant asks the claimant to assign a percentage to the five employee classifications involved in the care and maintenance activity and to provide a brief description explaining the percentage as follows:

> During my visit, you provided duty statements (job descriptions) for the various employee classifications that comprised the shelter staff during the audit period . . . .
>
> <u>Classifications in which care and maintenance activities are mentioned in the Class Characteristics or elsewhere in the duty statement:</u>
>
> 1. ANIMAL SHELTER SUPERVISOR
> 2. REGISTERED VETERINARY TECHNICIAN
> 3. ANIMAL CONTROL TECHNICIAN
> 4. ANIMAL SHELTER ATTENDANT
> 5. ANIMAL SHELTER ASSISTANT
>
> <u>Classifications in which care and maintenance activities are NOT mentioned in the Class Characteristics or elsewhere in the duty statement:</u>
>
> 6. ANIMAL CONTROL SUPERVISOR
> 7. ANIMAL CONTROL OFFICER I
> 8. ANIMAL CONTROL OFFICER II
>
> From this analysis, it appears that five out of eight classifications were involved in care and maintenance activities to varying degrees. For these five classifications, please assign a percentage of care and maintenance involvement and provide a brief description as to why you assigned that percentage. If you believe that the remaining three classifications were also involved in care and maintenance

[296] Exhibit A, IRC, pages 9-10.

[297] Exhibit B, Controller's Comments on the IRC, page 86 (March 15, 2016 email from Jim Venneman of the State Controller's Office to the claimant).

[298] Exhibit A, IRC, page 304 (Final Audit Report).

> activities to a certain extent, please explain their involvement that is not currently reflected in the duty statement and also provide a percentage of involvement.[299]

The Controller's auditor explained the purpose of requesting the duty statements as follows:

> The purpose of requesting duty statements is to assist us in determining the percentage of the daily workload that each classification devoted to caring for and maintaining the animals (cleaning, feeding and grooming). The goal is to assign a pro-rata percentage to those classifications involved in care and maintenance activities, where the sum of all percentages equal to 100%.[300]

An email from the Controller's auditor to the claimant with an attachment describing the status of the audit, dated March 15, 2016,[301] indicates that the claimant provided duty statements for the animal shelter supervisor, registered veterinary technician, animal control technician, animal shelter attendant, and animal shelter assistant, which "indicate that shelter staff perform certain activities that are outside the scope of animal care and maintenance activities."[302] The email again requests the claimant to provide the "percentage involvement of the various employee classifications within the animal shelter in animal care and maintenance activities," and salary information.[303]

On April 12, 2016, the claimant provided by email the "percent of care and maintenance per employee classification," with the following percentages:

> Classifications in which care and maintenance activities are mentioned in the Class Characteristics or elsewhere in the duty statement:
>
> Animal Shelter Supervisor = 10% time spent on providing care to impounded animals . . .
>
> Registered Veterinary Technician = 85% time spent caring/maintaining animals . . .
>
> Animal Control Technician = 25% time spent maintaining shelter disinfecting kennels . . .
>
> Animal Shelter Attendant = 80% time spent caring/maintaining the animals and 5% overseeing volunteer and work releases (who provide care and maintenance) . . .

[299] Exhibit A, pages 366-367 (Claimant's Response to Draft Audit Report); Exhibit C, Claimant's Rebuttal Comments, page 21.

[300] Exhibit A, page 366 (Claimant's Response to Draft Audit Report); Exhibit C, Claimant's Rebuttal Comments, page 21.

[301] Exhibit B, Controller's Comments on the IRC, pages 84-89 (March 15, 2016 email from Jim Venneman of the State Controller's Office to the claimant).

[302] Exhibit B, Controller's Comments on the IRC, page 86 (March 15, 2016 email from Jim Venneman of the State Controller's Office to the claimant).

[303] Exhibit B, Controller's Comments on the IRC, pages 86-87 (March 15, 2016 email from Jim Venneman of the State Controller's Office to the claimant).

> Animal Shelter Assistant = 80% time spent caring/maintaining the animals and 5% overseeing volunteer and work releases (who provide care and maintenance) . . .
>
> Classifications in which care and maintenance activities are NOT mentioned in the Class Characteristics or elsewhere in the duty statement:
>
> Animal Control Supervisor = 5% Shelter (morning cleaning/feeding dogs) . . .
>
> Animal Control Officer 1 = 10% Shelter (morning cleaning/feeding dogs) . . .
>
> Animal Control Officer II = 10% Shelter (morning cleaning/feeding dogs) . . .[304]

After the April 12, 2016 email was sent, the claimant alleges that the Controller "made several phone calls to Town staff and emails requesting that now ALL employee percentage allocations above be reduced so all their time allocations between them all added together totaled to not exceed 100[%]."[305] The claimant provides an email from the Controller dated April 13, 2016, which states the following:

> For the Animal Shelter Supervisor, I see you have 5% administering medications, first aid, etc. highlighted rather than the 10% providing care to impounded animals. If we correctly use the 10% providing care to impounded animals, that will make the grand total 105%. Could you revise the numbers one last time so that the grand total is 100%?[306]

The audit report reduces the percentages of the employee classifications performing care and maintenance activities to 100 percent, and includes the following "table [which] details the percent of animal care and maintenance per employee classification for the town's animal shelter *as determined by shelter management*:"[307]

> FY 2007-2008 and FY 2008-2009
>
> | Employee Classification: | |
> |---|---|
> | Animal Shelter Attendant/Assistant | 60% |
> | Animal Control/Customer Service Technician | 5% |
> | Animal Control Officer | 5% |
> | Animal Control Supervisor | 5% |
> | Registered Veterinary Technician | 20% |
> | Animal Shelter Supervisor | 5% |

[304] Exhibit C, Claimant's Rebuttal Comments, pages 8-9, 20 (April 12, 2016 email from the claimant to the Controller).

[305] Exhibit C, Claimant's Rebuttal Comments, page 9.

[306] Exhibit C, Claimant's Rebuttal Comments, page 19 (April 13, 2016 email from Amy Arghestani of the State Controller's Office to the claimant).

[307] Exhibit A, IRC, page 305 (Final Audit Report, emphasis added).

100%[308]

The audit report further states as follows:

> *Calculation*
>
> Based on our inquiries, we concurred with the above percentages of employee classification involvement as determined by the town. Once we determined the employee classifications involved in the care and maintenance of animals and *the extent of their involvement*, we calculated allowable costs for labor, including the applicable percentages of actual salaries and benefits costs incurred by the town for this cost component.[309]

The Controller's recalculation of annual labor costs for care and maintenance of animals totaled $210,000 for fiscal year 2007-2008 and $155,101 for fiscal year 2008-2009.[310]

Since receiving the Draft Audit Report, the claimant has contended that the Controller's "demands" to reduce percentages of care and maintenance time for several employee classifications were incorrect and resulted in a reduction that does not reflect "actual reimbursable time and cost spent on Care and Maintenance activities."[311] First, the claimant contends that the animal shelter attendant's time devoted to care and maintenance should be 85 percent, rather than 60 percent; and that the animal shelter supervisor's time devoted to care and maintenance should be 10 percent, rather than 5 percent, as originally provided by the claimant.[312] The claimant states as follows:

> ***SCO did not allow <u>actual</u> time allotment for various employees for Care and Maintenance calculation and erroneously concluded that staff time between all positions had to total 100%. This is incorrect and actual staff time should be allowed as originally requested by the Town and not reduced arbitrarily as required by the auditor:***
>
> **Animal Shelter Attendant's time** should be classified as 85% directly related to care and maintenance activities as originally identified by the Shelter representative before the SCO auditor required that the Town reduce their time spend on care and maintenance activities to 60%.
>
> **Animal Shelter Supervisor's time** should be classified as 10% directly related to care and maintenance instead of the 5% allowed. The original allocation of 10% had to be arbitrarily cut back to satisfy the SCO auditors demand to reduce allocations.[313]

[308] Exhibit A, IRC, page 305 (Final Audit Report).

[309] Exhibit A, IRC, page 306 (Final Audit Report), emphasis added.

[310] Exhibit A, IRC, page 306 (Final Audit Report); Exhibit B, Controller's Comments on the IRC, page 29.

[311] Exhibit A, IRC, pages 9-10, 313 (Final Audit Report).

[312] Exhibit A, IRC, pages 10, 312-313 (Final Audit Report).

[313] Exhibit A, IRC, page 9, emphasis in original.

While the claimant agrees with the Controller that only a portion of salaries and benefits for certain shelter employee classifications should be counted towards care and maintenance costs,[314] the claimant argues that

> We question how the SCO auditor can determine, just by looking at the Job Descriptions, how much time is spent on each job duty. There is no indication of how much employee time is required to be spent on each activity on the Job Description documents. Clearly some job duties take much more employee time than others. For example, activity bullet point #10 in the Job Description statement for the Animal Shelter Attendant . . . states, "Assists in evacuation of animals during local emergencies or disasters." This may never occur, however, bullet #1, "Maintains animal facilities, including cleaning and disinfecting kennels", and Bullet point 2, "Provides care to impounded animals," may take most of their time. Reviewing job descriptions alone cannot provide allocation of time per activity as the SCO suggests.[315]

Second, the claimant alleges that the Controller erroneously concluded that staff time between all positions had to total 100 percent.[316] The claimant states that "[w]hile it is logical that the total time allotted for each individual on various activities must total to 100% - there is no reason why the total time spent by a GROUP of different individuals on a mandated activity must add to 100% between all of them. We asked the SCO to examine this finding and to explain their reasoning, but the SCO did not respond either formally or informally and provided no explanation."[317]

The claimant further alleges that "[t]he Audit Report falsely implies that the percentage allocations shown in the Final Audit report were determined by the town shelter management staff."[318] The claimant asserts that

> This statement and the percentages are false and misleading because those were NOT the percentages of daily workload devoted to caring for and maintaining animals as determined by town staff, but rates that were artificially created to satisfy the demands of the SCO auditor. Twice the auditor came back to Town staff and asked them to reduce their allocation of time between all the employee classifications to balance to 100%.[319]

Finally, the claimant points to the audits of other animal shelters stating that:

> Upon examining other State Audits of the same Animal Adoption program we discovered inconsistent computational methodologies used by the auditor. In most audits, the SCO did NOT require that all staff time spent on care and maintenance be limited to 100%. The SCO did not require arbitrary reduction of

[314] Exhibit C, Claimant's Rebuttal Comments, page 8.

[315] Exhibit C, Claimant's Rebuttal Comments, page 10.

[316] Exhibit A, IRC, page 9, 313 (Final Audit Report).

[317] Exhibit A, IRC, page 10; see also, Exhibit C, Claimant's Rebuttal Comments, page 8.

[318] Exhibit C, Claimant's Rebuttal Comments, page 9, emphasis omitted.

[319] Exhibit C, Claimant's Rebuttal Comments, page 9.

staff time for almost all of the other Audits conducted. Therefore, the statement that "we view the activity as a whole where the responsibilities are divided among various employee classifications, and the sum of the responsibilities performed by the employees equals 100%" is not the common methodology used.[320]

In response to the IRC, the Controller contends that its methodology is not arbitrary and that the "60% allocation for the Animal Shelter Attendant classification and the 5% allocation for the Animal Shelter Supervisor classification are reasonable determinations of the actual time spent by these employees performing care and maintenance activities" as follows:

> For the Animal Shelter Attendant classification, the town states that employees in this position spend 85% of their total time on animal care and maintenance. However, it did not provide any analysis to support this conclusion. We analyzed the duty statement for Animal Shelter Attendants (Tab 10) and found that the 85% allocation preferred by the town is not supported. The duty statement lists a total of 11 bulleted "essential job functions." Only the second bullet qualifies as being mostly directly related to care the maintenance activities. That bullet states: "[p]rovides care to impounded animals by providing food, water, and comfort; observes animal behavior and health; isolates sick, quarantined, or injured animals; notifies supervisor or other staff members if an animal needs immediate veterinary care." The remaining bullets describe activities such as "cleans office areas, reviews adoption applications, assists in screening calls and visitors, takes photographs of the animals, maintains shelter and office supplies, updates and modifies impound records, oversees volunteers and work release orders, assists Registered Veterinary Technician and other staff with medical exams," etc. Based on these descriptions, this classification is also performing many other activities, some of which are reimbursable under other components of this mandated program (e.g., necessary and prompt veterinary care, maintaining non-medical records, lost and found lists), as well as various administrative activities and non-mandated activities. We believe the 60% allocation to care and maintenance [sic] activities is more representative of this classification's daily duties. In fact, it is possible that the allocation is actually lower than 60%.
>
> For the Animal Shelter Supervisor classification, the town states that the employee in this position spends 10% of their total time on animal care and maintenance. However, it did not provide an analysis to support this conclusion. We also analyzed this position's duty statement (Tab 11) and found that a 5% allocation is reasonable. The "Class Characteristics" section of the duty statement says, "[w]hile the incumbents may respond to calls for service or become involved with animal care activities, the primary responsibilities are supervisory and administrative, including the coordination of activities with those of other Town departments." The duty statement lists a total of 21 bulleted "essential job functions," one of which includes care and maintenance activities. Most of the remaining activities are supervisorial in nature while others are reimbursable under other components of this mandated program. Therefore, we believe that the

[320] Exhibit C, Claimant's Rebuttal Comments, page 10.

> 5% allocation of care and maintenance activities is more representative of this classification's duties.
>
> We believe the 60% allocation for the Animal Shelter Attendant classification and the 5% allocation for the Animal Shelter Supervisor classification are reasonable determinations of the actual time spent by these employees performing care and maintenance activities. Further, the allocations were not assigned or determined arbitrarily, but rather are based on information detailed in the town's own duty statements.[321]

With respect to the 100 percent allocation of time allocated across the employee classifications performing care and maintenance, the Controller simply states that "[w]hen considering care and maintenance, we view the activity as a whole, where the responsibilities are divided among various employee classifications, and the sum of the responsibilities performed by the employees equals 100%."[322]

Based on this record, the Commission finds that the Controller's recalculation of annual labor costs is arbitrary, capricious, and entirely lacking in evidentiary support.

With respect to the Controller's audit decisions, the Commission's review is limited to determining whether they were arbitrary, capricious, or entirely lacking in evidentiary support. This standard is similar to the standard used by the courts when reviewing an alleged abuse of discretion of a state agency.[323] Under this standard, the Commission may not reweigh the evidence or substitute its judgment for that of the Controller. The Commission's review is limited to "ensur[ing] that [the Controller] has adequately considered all relevant factors, and has demonstrated a rational connection between those factors, the choice made, and the purposes of the enabling statute."[324]

Here, neither the Final Audit Report nor the Controller's comments on the IRC fully explain the methodology used to adjust and reduce the percentages allocated to the classifications performing care and maintenance services. On the one hand, the Controller asserts that the percentages were reduced based on its review of the duty statements.[325] On the other hand, it appears from the record that the Controller's allocation of percentages, including those for the animal shelter attendant and the animal shelter supervisor, were reduced in order for the allocation of percentages to simply add up to 100 percent.[326]

[321] Exhibit B, Controller's Comments on the IRC, page 29.

[322] Exhibit B, Controller's Comments on the IRC, page 28.

[323] *Johnston v. Sonoma County Agricultural Preservation and Open Space District* (2002) 100 Cal.App.4th 973, 983-984. See also *American Bd. of Cosmetic Surgery, Inc. v. Medical Bd. of California* (2008) 162 Cal.App.4th 534, 547.

[324] *American Bd. of Cosmetic Surgery, Inc. v. Medical Bd. of California* (2008) 162 Cal.App.4th 534, 547-548.

[325] Exhibit A, IRC, page 314 (Final Audit Report).

[326] Exhibit A, IRC, pages 305 (Final Audit Report), 363-366 (Claimant's Response to Draft Audit Report).

However, if the methodology used by the Controller estimates percentages of *time* spent by the claimant's employees on care and maintenance, then adding these percentages across all employee classifications to a limit of 100 percent does not make sense and is arbitrary, capricious, and entirely lacking in evidentiary support. For example, employees in five different classifications could each spend 60 percent of their time on care and maintenance, which clearly exceeds 100 percent if added together. And, in this case, the claimant's April 12, 2016 email suggests that the time spent by the classifications identified to provide care and maintenance services clearly exceeds 100 percent when added together.

Moreover, if the Controller used a factor or methodology *other than time* to calculate annual labor costs, then the record provides no explanation of that methodology. The Final Audit Report refers to "*the extent of*" and "*percentages of employee classification involvement*" and "*applicable percentages of actual salaries and benefits costs*," but does not explain how the extent of involvement and the applicable percentages were determined and applied with respect to individual employee classifications and balanced across classifications to 100 percent.[327] The Controller simply states that "[w]hen considering care and maintenance, we view the activity as a whole, where the responsibilities are divided among various employee classifications, and the sum of the responsibilities performed by the employees equals 100%."[328] This statement does not explain what is being calculated, or how the Controller came up with annual labor costs of $210,000 for fiscal year 2007-2008 and $155,101 for fiscal year 2008-2009 for all care and maintenance activities of the shelter (prior to segregating out the reimbursable portion of all annual care and maintenance costs for the increased holding period which was only found to be $33,584 for the entire audit period).[329] As the claimant states, "[w]e asked the SCO to examine this finding and to explain their reasoning, but the SCO did not respond either formally or informally and provided no explanation."[330]

Accordingly, the Commission finds that to the extent that the Controller's adjustments to the percentages allocated to the classifications performing annual care and maintenance services during the audit period result in a reduction of care and maintenance costs, that reduction is arbitrary, capricious, and entirely lacking in evidentiary support.

D. The Controller's Disallowance of the Indirect Costs Included in the Claimant's Calculation of Care and Maintenance Costs, the Controller's Refusal to Consider the Indirect Cost Rate Proposal (ICRP) Submitted by the Claimant in 2016 to Support Indirect Costs for Fiscal Years 2007-2008 and 2008-2009, and the Recalculation of Indirect Costs at the Ten Percent Default Rate Provided in the Parameters and Guidelines (Finding 7), Are Correct as a Matter of Law.

The Parameters and Guidelines authorize reimbursement for indirect costs, and provide claimants the option of using ten percent of direct labor costs, excluding fringe benefits, or

[327] Exhibit A, IRC, page 306 (Final Audit Report), emphasis added.

[328] Exhibit B, Controller's Comments on the IRC, page 28.

[329] Exhibit A, IRC, page 306 (Final Audit Report); Exhibit B, Controller's Comments on the IRC, page 29.

[330] Exhibit A, IRC, page 10; see also, Exhibit C, Claimant's Rebuttal Comments, page 8.

preparing an Indirect Cost Rate Proposal (ICRP) pursuant to the Office of Management and Budget (OMB) Circular A-87 to support higher rate. When preparing an ICRP, the distribution base may be total direct costs for the mandated program (excluding capital expenditures), direct salaries and wages, or another base that results in equitable distribution.[331]

The claimant did not claim indirect costs as a separate item, but incorporated overhead costs into the care and maintenance cost component by adding in a 40 percent overhead factor for the Municipal Services Director when computing total annual shelter costs incurred for care and maintenance activities.[332] The Controller found this approach to be incorrect and not in accordance with the Parameters and Guidelines.[333] The Controller recalculated indirect costs for all program components using the ten percent default rate applied to all allowable direct labor costs, excluding fringe benefits, and found that $12,708 is reimbursable.[334] While the claimant first agreed with the Controller's use of the ten percent rate to recalculate indirect costs during the audit,[335] in response to the Draft Audit Report on June 17, 2016, the claimant for the first time submitted an ICRP for a higher rate (between 67% and 78.9%, based on salaries and wages)[336] for both fiscal years of the audit period.[337]

The Controller did not consider this proposal.[338] The Final Audit Report states the following:

> With its response to the draft audit report, the town submitted calculations for an ICRP for both fiscal years of the audit period. Submitting an ICRP at this time would require us to re-open the audit and conduct further fieldwork to analyze and verify the indirect cost rates that the town is now proposing. However, the indirect costs that are allowable for the audit period were calculated using an acceptable methodology as prescribed in the parameters and guidelines. Further, the town agreed with this method as being the best option, in discussions that took

[331] Exhibit A, IRC, pages 274-275 (2006 Parameters and Guidelines Amendment).

[332] Exhibit A, IRC, page 328 (Final Audit Report).

[333] Exhibit A, IRC, page 328 (Final Audit Report).

[334] Exhibit A, IRC, page 328-329 (Final Audit Report).

[335] Exhibit A, IRC, pages 328-329 (Final Audit Report); Exhibit B, Controller's Comments on the IRC, pages 30 and 111 (Tab 6 - Phone Log, stating that during the April 12, 2016 telephone call discussion of regarding indirect costs, the claimant's Assistant Director of Finance "Kofi decided that due to the town's record retention issues and unavailability of supporting documentation, that using the flat 10% would be the best option.").

[336] Exhibit A, IRC, page 370 ("ICRP Input Screen", provided with the Claimant's Response to the Draft Audit Report).

[337] Exhibit A, IRC, pages 331 (Final Audit Report); Exhibit A, IRC, pages 369-399 (Claimant's Response to the Draft Audit Report).

[338] Exhibit A, IRC, pages 331 (Final Audit Report).

> place on April 12, 2016. Therefore, we are not considering the additional information provided for indirect cost rate calculations.[339]

In the IRC, the claimant asserts that the Controller's refusal to consider the claimant's ICRP "was an unfair decision since 'actual costs' are allowable for reimbursement and the request to provide that additional support material was made during the required audit response period."[340] The claimant asserts that it did not separately claim indirect costs because it used a different methodology to claim care and maintenance costs, which incorporated all indirect costs:

> Town calculated cost of care and maintenance by taking all of the actual Shelter Division expenditures, and dividing it by total animal days of service to derive a cost per animal per day. Because this method took into account all departmental costs, it was inappropriate to include additional departmental overhead (other than other Town wide administrative overhead).[341]

The claimant also states that it was not required to file an ICRP with its reimbursement claims because its original calculation of care and maintenance costs "was based on aggregate costs which did not require preparation of an ICRP."[342]

The claimant argues that because the claimant's methodology was not accepted by the Controller, the claimant should be given an opportunity to recalculate its indirect costs using an ICRP rate,[343] and requests that the Commission "have the SCO consider the actual ICRPs that were prepared and submitted."[344]

The Commission finds that the Controller's disallowance of indirect costs included in the claimant's calculation of care and maintenance costs, the Controller's refusal to consider the ICRP submitted in 2016 in support of indirect costs for fiscal year 2007-2008 and 2008-2009, and the recalculation of indirect costs at the ten percent default rate are correct as a matter of law.

Government Code section 17564(b) provides that "[c]laims for direct and indirect costs pursuant to Section 17561 shall be filed in the manner prescribed in the parameters and guidelines . . . and claiming instructions." As indicated above, the claimant incorporated indirect costs into the care and maintenance cost component by adding a 40 percent overhead factor for the Municipal Services Director.[345] This does not comply with the Parameters and Guidelines. The Parameters and Guidelines provide only two options for calculating indirect costs: (1) using ten percent of direct labor costs, excluding fringe benefits, or (2) if indirect costs exceed ten percent, then preparing an ICRP for approval by the Controller.[346] The claiming instructions applicable to the

[339] Exhibit A, IRC, page 331 (Final Audit Report).

[340] Exhibit A, IRC, page 11.

[341] Exhibit A, IRC, page 11.

[342] Exhibit A, IRC, pages 330 (Final Audit Report).

[343] Exhibit A, IRC, pages 330 (Final Audit Report).

[344] Exhibit A, IRC, page 12.

[345] Exhibit A, IRC, page 328 (Final Audit Report).

[346] Exhibit A, IRC, page 274 (2006 Parameters and Guidelines Amendment).

claimant's 2007-2008 and 2008-2009 reimbursement claims specify that if the claimant's indirect cost rate is greater than ten percent of direct salaries, the claimant is required to prepare an ICRP and include it with the reimbursement claim.[347] Without preparing an ICRP proposal, indirect costs may only be computed as ten percent of direct labor costs, excluding fringe benefits.[348]

The claimant's argument that it used a different methodology to claim indirect costs, which did not require submission of an ICRP,[349] is unpersuasive. The Parameters and Guidelines do not provide for any alternative methodology that does not require an ICRP for indirect costs exceeding ten percent of direct labor costs. While Section IV. of the Parameters and Guidelines contains a formula for calculating care and maintenance costs, and requires an initial determination of total annual costs including indirect costs for that component, that section neither provides for a separate method for calculating indirect costs, nor is it controlling when claiming indirect costs for the entire mandated program. Section V of the Parameters and Guidelines is controlling and clearly states that indirect costs must be calculated at either ten percent of direct labor costs, or if indirect costs exceed the ten percent rate, then at an ICRP rate approved by the Controller. Thus, the Controller's disallowance of any indirect costs in excess of ten percent of direct labor costs that were not supported by an ICRP, including the 40 percent overhead factor for the Municipal Services Director incorporated in care and maintenance cost component, is correct as a matter of law.

The Commission further finds that the Controller's refusal to consider the claimant's ICRP submitted in 2016 in response to the Draft Audit Report, is correct as a matter of law. The claimant never submitted an ICRP with its annual reimbursement claims to support those costs. The claimant's submittal of an ICRP in 2016 for fiscal years 2007-2008 and 2008-2009 is too late. Although the claimant alleges that it was not appropriate to claim indirect costs separately because its method for claiming care and maintenance costs took into account all departmental costs, including indirect costs, the claimant had the responsibility to identify all actual costs with specificity, including indirect costs when filing the reimbursement claims and to follow the directions in the Parameters and Guidelines and the claiming instructions. Government Code

[347] Exhibit X, Excerpt of 2007-2008 State Mandated Cost Claiming Instructions No. 2006-11, revised February 6, 2009, page 1 ("In order for a claim to be considered properly filed, it must include the Indirect Cost Rate Proposal (ICRP) if the indirect cost rate exceeds 10%."), page 27 ("Indirect costs may be computed as 10% of direct labor costs, excluding fringe benefits, without preparing an ICRP. If an indirect cost rate of greater than 10% is used, include the Indirect Cost Rate Proposal (ICRP) with the claim."); Exhibit A, IRC, page 280 (2008-2009 State Mandated Cost Claiming Instructions No. 2006-11, revised October 26, 2009, "Indirect costs may be computed as 10% of direct labor costs, excluding fringe benefits, without preparing an ICRP. If an indirect cost rate of greater than 10% is used, include the Indirect Cost Rate Proposal (ICRP) with the claim.").

[348] Exhibit A, IRC, page 274 (2006 Parameters and Guidelines Amendment); Exhibit X, Excerpt of 2007-2008 State Mandated Cost Claiming Instructions No. 2006-11, revised February 6, 2009, pages 1, 27; Exhibit A, IRC, page 280 (Claiming Instructions No. 2006-11, revised October 26, 2009).

[349] Exhibit A, IRC, page 330 (Final Audit Report).

section 17560 permits a claimant by February 15 following a fiscal year, to "file an annual reimbursement claim *that details the costs actually incurred* for that fiscal year." Thus, the claimant has the burden to timely establish its actual costs, both direct and indirect, and, as discussed above, is required by the Government Code section 17564(b) to claim these costs in accordance with the Parameters and Guidelines and claiming instructions. Accordingly, if claimant's indirect costs allegedly incorporated into the care and maintenance component amounted to more than ten percent of direct labor costs, the claimant was required, but failed to submit ICRPs with its reimbursement claims for fiscal years 2007-2008 and 2008-2009. The deadlines for filing amended claims for these years have expired in February 2010 and 2011, respectively.[350] Accordingly, the claimant's request for recalculating indirect costs for fiscal year 2007-2008 and 2008-2009 costs based on an ICRP submitted in 2016 is untimely, and the Controller's refusal to consider the 2016 ICRP is correct as a matter of law.

Finally, the Controller's allowance of indirect costs at the ten percent default rate is correct as a matter of law. Since the claimant did not prepare and submit ICRPs with its reimbursement claims, it was only entitled to the ten percent default rate under the Parameters and Guidelines and claiming instructions.

Accordingly, the Commission finds that the Controller's reduction and recalculation of indirect costs is correct as a matter of law.

E. The Commission Does Not Have Jurisdiction to Determine Whether the Claimant Is Entitled to Reimbursement for Necessary and Prompt Veterinary Costs Because There Has Been No Reduction of Necessary and Prompt Veterinary Costs.

The Parameters and Guidelines permit reimbursement for necessary and prompt veterinary care for stray or abandoned animals, other than injured cats and dogs given emergency treatment, that die during the increased holding period or are ultimately euthanized.[351] Necessary and prompt veterinary care means all reasonably necessary medical procedures performed by a veterinarian or someone under the supervision of a veterinarian to make stray or abandoned animals adoptable," including an initial physical examination; a wellness vaccine administered to adoptable or treatable animals; care to stabilize or relieve the suffering of a treatable animal; and veterinary care intended to remedy an injury or disease of a treatable animal.[352] However, the

[350] Government Code section 17568. See also Exhibit X, Excerpt of 2007-2008 State Mandated Cost Claiming Instructions No. 2006-11, revised February 6, 2009, page 1 ("An actual claim may be filed by February 15 following the fiscal year in which costs were incurred. . . Since the 15th falls on a weekend in 2009 claims for fiscal year 2007-08 will be accepted without penalty if postmarked or delivered on or before February 17, 2009. . . A claim filed more than one year after the deadline cannot be accepted for reimbursement."); Exhibit A, IRC, page 254 (2008-2009 State Mandated Cost Claiming Instructions No. 2006-11, revised October 26, 2009, "An actual claim may be filed by February 15 following the fiscal year in which costs were incurred. Claims for fiscal year 2008-09 will be accepted without penalty if postmarked or delivered on or before February 16, 2010. A claim filed more than one year after the deadline cannot be accepted for reimbursement.").

[351] Exhibit A, IRC, page 271 (2006 Parameters and Guidelines Amendment).

[352] Exhibit A, IRC, page 271 (2006 Parameters and Guidelines Amendment).

Parameters and Guidelines provide for a number of exclusions. Eligible claimants are *not* entitled to reimbursement for providing "necessary and prompt veterinary care" to the following population of animals:

- Animals that are irremediably suffering from a serious illness or severe injury (Food & Agr. Code, § 17006);
- Newborn animals that need maternal care and have been impounded without their mothers (Food & Agr. Code, § 17006);
- Animals too severely injured to move or where a veterinarian is not available and it would be more humane to dispose of the animal. (Pen. Code, §§ 597.1(e), 597f(d));
- Owner relinquished animals; and
- Stray or abandoned animals that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.[353]

In addition, eligible claimants are *not* entitled to reimbursement for providing the following veterinary procedures:

- Emergency treatment given to injured cats and dogs (Pen. Code, § 597f(b));
- Administration of rabies vaccination to dogs (Health & Saf. Code, § 121690);
- Implantation of microchip identification;
- Spay or neuter surgery and treatment;
- Euthanasia.[354]

The reimbursement claims filed by the claimant do not identify any costs for necessary and prompt veterinary care. The amended reimbursement claims filed for fiscal years 2007-2008 and 2008-2009 request reimbursement for "acquiring space/facilities", "care of dogs and cats", "care of other animals", and "holding period."[355] The line item for "veterinary care" was left blank in both reimbursement claims.[356]

In its June 17, 2016 response to the Draft Audit Report, however, the claimant "questioned why the SCO did not allow any reimbursement for the Necessary and Prompt Veterinary Care component as these costs are eligible for reimbursement."[357] The claimant's response to the Draft Audit Report requests reimbursement for necessary and prompt veterinary costs of $10,608 for fiscal year 2007-2008 and $10,298 for fiscal year 2008-2009, consisting of wellness vaccine costs and employee salary and benefit costs for the time to conduct the initial physical exam to

[353] Exhibit A, IRC, pages 271-272 (2006 Parameters and Guidelines Amendment).

[354] Exhibit A, IRC, page 272 (2006 Parameters and Guidelines Amendment).

[355] Exhibit A, IRC, pages 401-407 (2007-2008 Amended Reimbursement Claim), 640-645 (2008-2009 Amended Reimbursement Claim).

[356] Exhibit A, IRC, pages 403 and 641 (Claim Summaries for Amended Reimbursement Claims for Fiscal Years 2007-2008 and 2008-2009).

[357] Exhibit A, IRC, pages 337-338 (Claimant's Response to Draft Audit Report).

determine the animal's baseline health and to administer the wellness vaccine.[358] The claimant's IRC states that veterinary care costs were included as part of the care and maintenance component, and argues that the Controller incorrectly refused to accept supporting documents for veterinary costs, including time study results, after the exit conference.[359]

The Final Audit Report reiterates that the claimant did not claim any costs for this component.[360] The Final Audit Report further states that the Controller could not fully examine the time study submitted by the claimant after the exit conference because it would have to reopen the audit and conduct additional fieldwork, and that the claimant never provided supporting documentation for the cost of the wellness vaccines, as follows:

> . . . The salary and benefit costs that the town is requesting reimbursement for are based on a two-day time study that the town conducted from May 18, 2016, to May 20, 2016.
>
> The town did not claim any costs for this component for the audit period. We informed the town on numerous occasions (via email on July 13, 2015, October 14, 2015, February 29, 2016, and March 15, 2016, and by telephone on October 26, 2015, and October 29, 2015) that in order to determine allowable salary and benefit costs for the audit period, it would need to conduct a time study for this cost component. In addition, the results of a two-day time study that the town conducted post-exit conference do not appear adequate to determine allowable costs for the audit period. Similar to our comments above for the indirect cost rate information provided, examining the town's time study at this time would require us to re-open the audit and conduct additional fieldwork to analyze and verify the accuracy of the information provided.
>
> Lastly, during fieldwork, we informed the town that in order to determine allowable materials and supplies costs for the purchase of wellness vaccines, the town would need to provide supporting documentation in the form of invoices in order to determine a unit cost per vaccine. Such information was not provided during the course of the audit or in the response to the draft audit report.[361]

The claimant's IRC alleges that the Controller incorrectly refused to consider the claimant's supporting documentation, including time studies, for the necessary and prompt veterinary care costs which "[a]fter seeing the Preliminary Audit Finding, the Town decided that they wished to pursue,"[362] and argues that the Controller should have re-opened the audit to consider the time studies submitted by the claimant in response to the Draft Audit Report.[363] The claimant asserts

[358] Exhibit A, IRC, pages 334 (Final Audit Report); 337-338 (Claimant's Response to Draft Audit Report).

[359] Exhibit A, IRC, pages 5-7.

[360] Exhibit A, IRC, pages 334-335 (Final Audit Report).

[361] Exhibit A, IRC, page 335 (Final Audit Report).

[362] Exhibit A, IRC, page 6.

[363] Exhibit A, IRC, pages 5-7; Exhibit C, Claimant's Rebuttal Comments, pages 4-6.

that "this denial of opportunity to have their additional documentation supporting allowable costs considered was arbitrary and capricious."[364] In addition, the claimant argues that in the absence of actual invoices documenting the purchase of wellness vaccines, the Controller should have allowed the claimant some other alternatives to support these costs, because in some cases the Controller offered and allowed such alternatives to other agencies.[365] The claimant requests that the costs for the necessary and prompt veterinary care be restored, that its time studies and any additional material necessary to support the costs be reviewed, that its documentation of costs for vaccine purchases should be reexamined, and that allowable costs be computed in a similar method allowed for other agencies be reimbursed.[366]

The parties go to great lengths disputing the factual allegations, including whether the Controller was willing to work with the claimant on a time study and the timeline of events.[367] The Commission, however, does not need to resolve those factual issues. Pursuant to Government Code section 17551(d), the Commission only has jurisdiction over *reductions* taken in the context of an audit, and there has been no reduction of necessary and prompt veterinary care costs in this case. Despite the claimant's argument that it claimed necessary and prompt veterinary care costs by including all unsegregated costs for veterinary care in its formula for calculating care and maintenance, necessary and prompt veterinary care costs were not identified or claimed on the reimbursement claims for the audit period. Thus, there were no costs to reduce.

To receive reimbursement for state-mandated costs, local agencies are required to file reimbursement claims "*in the manner prescribed in the parameters and guidelines*,"[368] and must *detail the costs* actually incurred for each fiscal year.[369] The plain language of the Parameters and Guidelines for this program authorizes reimbursement of the costs incurred for necessary and prompt veterinary care and care and maintenance under *separate* program components, and require separate claiming for each activity, different cost computation methods, and different supporting documents. For example, the costs eligible for reimbursement for necessary and prompt veterinary care must be computed as specified to properly account for the activities and costs that are *not* reimbursable. Activities and costs that are expressly excluded from reimbursement include veterinary care procedures involving emergency treatment, rabies vaccination for dogs, implantation of microchips, and euthanasia.[370] In addition, reimbursement for care and maintenance is based on a specific formula to determine the care and maintenance costs for the increased holding period mandated by the test claim statutes and that formula does

[364] Exhibit A, IRC, page 7.

[365] Exhibit A, IRC, pages 8-9.

[366] Exhibit A, IRC, pages 5-7.

[367] Exhibit B, Controller's Comments on the IRC, pages 20-27.

[368] Government Code section 17564(b), emphasis added.

[369] Government Code section 17560(a), emphasis added.

[370] In this respect, the Controller found that it would be "impossible" to segregate potentially reimbursable necessary and prompt veterinary care costs from the claimed care and maintenance costs. (Exhibit B, Controller's Comments on the IRC, page 21).

not apply to necessary and prompt veterinary care. Thus, the alleged inclusion of all unsegregated and unidentified veterinary costs in the computation of the care and maintenance component, would not have resulted in a correct claim amount for the care and maintenance component and does not in indicate that a claim is being made for necessary and prompt veterinary care.

The reimbursement claims filed by the claimant do not identify *any* costs for necessary and prompt veterinary care. The line item for "veterinary care" was left blank on both reimbursement claims.[371] Therefore, there was no claim for reimbursement of necessary and prompt veterinary care for the Controller to reduce and thus there is no reduction for this activity.

Accordingly, since there were no costs claimed or reduced, the Commission does not have jurisdiction over the alleged reduction of prompt and necessary veterinary care.

V. Conclusion

Based on the foregoing analysis, the Commission partially approves this IRC, and requests, pursuant to Government Code section 17551(d) and section 1185.9 of the Commission regulations, that the Controller reinstate the following costs which were incorrectly reduced:

- To extent the Controller's recalculation of care and maintenance costs in Finding 2, which adjusted the percentages allocated to the classifications performing annual care and maintenance services during the audit period, results in a reduction of care and maintenance costs.

All other reductions made by the Controller are correct as a matter of law.

[371] Exhibit A, IRC, pages 403 and 641 (Claim Summaries for Amended Reimbursement Claims for Fiscal Years 2007-2008 and 2008-2009).

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On March 17, 2020, I served the:

- **Draft Proposed Decision, Schedule for Comments, and Notice of Hearing issued March 17, 2020**

  Animal Adoption, 17-9811-I-04
  Civil Code Sections 1834 and 1846; Food and Agriculture Code Sections 31108, 31752, 31752.5, 31753, 32001, and 32003;
  As Added or Amended by Statutes 1998, Chapter 752 (SB 1785)
  Fiscal Years: 2007-2008 and 2008-2009
  Town of Apple Valley, Claimant

by making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on March 17, 2020 at Sacramento, California.

Jill L. Magee
Commission on State Mandates
980 Ninth Street, Suite 300
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(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 3/17/20
Claim Number: 17-9811-I-04
Matter: Animal Adoption
Claimant: Town of Apple Valley

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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Brittany Thompson, Budget Analyst, *Department of Finance*
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RECEIVED
April 7, 2020
Commission on
State Mandates

Exhibit E

BETTY T. YEE
California State Controller

April 7, 2020

Heather Halsey, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Re: **Draft Proposed Decision**
Incorrect Reduction Claim
Animal Adoption, 17-9811-I-04
Civil Code Sections 1834 and 1846;
Food and Agriculture Code sections 31108, 31752, 31752.5, 31753, 32001, and 32003;
As Added or Amended by Statutes 1998, Chapter 752 (SB 1785)
Fiscal Years: 2007-08, and 2008-09
Town of Apple Valley, Claimant

Dear Ms. Halsey:

The State Controller's Office has reviewed the Commission on State Mandates' (Commission) Draft Proposed Decision (DPD) dated March 17, 2020, for the above incorrect reduction claim filed by the Town of Apple Valley. This letter constitutes the Controller's response to the DPD.

We support the Commission's DPD as follows:

- Reductions of animal shelter construction costs, totaling $1,978,499, are correct as a matter of law.

- The allowance of indirect costs, based on the ten percent default rate per the program's parameters and guidelines, are correct as a matter of law.

- The disallowance of care and maintenance costs as claimed is correct as a matter of law; however, our recalculation of allowable care and maintenance costs, in which we adjusted the percentages allocated to the classifications performing annual care and maintenance services is incorrect.

  We re-calculated allowable care and maintenance costs using the staff participation percentages determined by the town and identified additional allowable costs of $13,559 ($12,562 for salaries and benefits and $997 for related indirect costs). We will re-issue the

final audit report and recognize the additional allowable costs, pending the Commission's decision on this incorrect reduction claim.

- Our decision refusing to consider documentation provided by the town for costs not claimed.

If you have any questions, please contact me by telephone at (916) 327-3138.

Sincerely,

LISA KUROKAWA, Chief
Compliance Audits Bureau
Division of Audits

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On April 8, 2020, I served the:

- **Controller's Comments on the Draft Proposed Decision filed April 7, 2020**

  Animal Adoption, 17-9811-I-04
  Civil Code Sections 1834 and 1846; Food and Agriculture Code
  Sections 31108, 31752, 31752.5, 31753, 32001, and 32003;
  As Added or Amended by Statutes 1998, Chapter 752 (SB 1785)
  Fiscal Years: 2007-2008 and 2008-2009
  Town of Apple Valley, Claimant

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on April 8, 2020 at Sacramento, California.

Lorenzo Duran

Lorenzo Duran
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 3/17/20
Claim Number: 17-9811-I-04
Matter: Animal Adoption
Claimant: Town of Apple Valley

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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Phone: (760) 240-7000
kantobam@applevalley.org

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RECEIVED
May 07, 2020
Commission on State Mandates

Exhibit F

Cost Recovery Systems, Inc.

May 7, 2020

Ms. Heather Halsey
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Response to Draft Proposed Decision: Animal Adoption Incorrect Reduction Claim (17-9811-I-04)

Dear Ms. Halsey,

We concur with the Commission's Draft Proposed Decision (DPD) finding that: "to the extent that the Controller's adjustments of the percentages allocated to the classifications performing annual care and maintenance services during the audit period resulted in a reduction of care and maintenance costs, that reduction is arbitrary, capricious, and entirely lacking in evidentiary support."

While it appeared on the surface that the State Controller's Office (SCO) also agreed based on their April 7, 2020 letter stating, "…our recalculation of allowable care and maintenance costs, in which we adjusted the percentages allocated to the classifications performing annual care and maintenance services is incorrect"… and…"We re-calculated the allowable care and maintenance costs using the **staff participation percentages determined by the town** and identified allowable costs of $13,559."

However, when we computed the allowable costs based on the "staff participation percentages determined by the town", the allowable amount totaled $30,262. When we contacted Ms. Kurokawa via email on April 10 to determine the reason for the discrepancy, Ms. Kurokawa stated that were only adjusting the percentages for two of the seven employee classifications the City had originally identified (see attached Exhibit).

We believe that the Commission intended that ALL actual "staff participation percentages determined by the town," (page 33 of the DPD) be used to determine allowable care and maintenance costs. Page 74 of the Proposed Decision states, "Accordingly, the Commission finds that **to the extent that the Controller's adjustments of the percentages allocated to the classifications performing annual care and maintenance services** during the audit period result in a reduction of care and maintenance costs, that reduction is arbitrary, capricious, and entirely lacking in evidentiary support."

It is clear from the record that more than two positions were involved in performing eligible care and maintenance services and therefore re-computations should include ALL actual positions and percentages. The State Controller auditors themselves determined in their Audit Report that all seven classifications provided eligible care and maintenance services (IRC, pages 81-83)

705-2 East Bidwell Street, # 294
Folsom, California 95630
Telephone: 916.939.7901
Fax: 916.939.7801

Ms. Kurokawa states in her April 15 email response, "We are only adjusting the Animal Shelter Attendants time from 60% to 80%, and the Animal Shelter Supervisor's time from 5% to 10%. We took these percentages directly from the Commission's DPD and the Town of Apple Valley's Response to the Audit Report..."

Extracting only those two employees, which were highlighted as an example in the Town's narrative, is misleading as it is taken out of context and ignores the intent of the entire request and of the decision. For example, in the paragraph immediately preceding the section cited by Ms. Kurokawa (IRC page 9) states: "ISSUE 3 Care and Maintenance Costs: SCO did not allow actual time allotment for various employees for Care and Maintenance calculation and erroneously concluded that staff time between all positions had to total 100%. This is incorrect and **actual staff time should be allowed as originally requested by the Town** and not reduced arbitrarily by the auditor."

Similarly, the last sentence of that section concludes (ICR page 10), "We request that the allocations of time spent be **based on actual amounts originally specified by the Shelter Manager**, and the subsequent calculation of eligible care and maintenance be restored." It is clear that the intent was to apply actual percentage allocations to all impacted positions.

Apple Valley's letter sent to the SCO after the audit reiterates this request, "We request that the allocations of time spent be based on actual amounts originally specified by the Shelter Manager. (see the following email copies)". The Town email details all seven positions. (Exhibit A, IRC, page 362-367)

We respectfully request that the Commission provide the clarification necessary to ensure that the State Controller restores ALL positions impacted by their incorrect actions.

The Town has no new evidence nor further comments to provide to regard the reductions made to Facility Construction costs, Indirect Costs, and Necessary and Prompt Veterinary Care components.

We thank the Commission and Commission staff for their time spent on this Incorrect Reduction Claim.

Sincerely,

Annette S. Chinn
Cost Recovery Systems, Inc.
Consultant Representative for the
Town of Apple Valley

EXHIBIT

April 10-15 Correspondence with the State Controller

April 10, 2020

CRS Email to State Controller

From: achinncrs@aol.com,
To: lkurokawa@sco.ca.gov,
Subject: Apple Valley Animal Adoption Claim
Date: Fri, Apr 10, 2020 11:03 am
Attachments: SCO Original - CareandMaintenanceCosts-AppleValley.xlsx (54K), POST IRC - CareandMaintenanceCosts-AppleValley.xlsx (50K), CSM Allowable Care and Maint Costs.xlsx (11K)

Hi Lisa,

I hope you are doing well.

I was reviewing the Apple Valley IRC findings and am coming up with a different number that what your April 7th letter identified as added costs to be restored for the Care and Maintenance component.

The Commission said that I could contact you to resolve our issues, and/or to bring it up formally to the Commission.

I've attached how I came up my computations.

Let me know what you think.

Thank you,

Annette S. Chinn
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DIFFERENCE BETWEEN AUDIT AND COSM IRC AUDIT FINDINGS
CARE AND MAINTENANCE COMPONENT
(Restoration of City Determined Allocation Allowable Percentages)

	SCO AUDIT (ORIGINAL ALLOWABLE)			CSM -IRC APPROVED				TOTAL CSM APPROVED:
	SALARIES	BENEFITS	TOTAL	SALARIES	BENEFITS	10% icrp	TOTAL	**TOTAL**
2007-08	$ 12,034	$ 4,969	$ 17,003	$ 22,460	$ 9,208	$ 2,246	$ 33,914	**$ 16,911**
2008-09	$ 7,832	$ 3,338	$ 11,170	$ 16,034	$ 6,884	$ 1,603	$ 24,521	**$ 13,351**
total	$ 19,866	$ 8,307	$ 28,173	$ 38,494	$ 16,092	$ 3,849	$ 58,435	**$ 30,262**

ORIGINAL SCO FILE (See pag 6 of SCO Audit Report)

Schedule 2--
Summary of Care and Maintenance Costs
July 1, 2001, through June 30, 2002, and July 1, 2007, through June 30, 2009

Category	Services & Supplies	Total Costs Claimed	Allowable per Audit: Salaries	Benefits	Materials & Supplies	Contract Services	Total Costs Allowable	Audit Adjustment
July 1, 2007, through June 30, 2008								
Total care and maintenance costs	$ 610,549		$ 142,572	$ 58,628	$ 17,884	$ 11,510		
Total animal census	÷ 47,666		÷ 57,701	÷ 57,701	÷ 57,701	÷ 57,701		
Cost per day	$ 12.81		$ 2.47	$ 1.02	$ 0.31	$ 0.20		
Care and Maintenance of Dogs and Cats:								
Cost per day	$ 12.81		$ 2.47	$ 1.02	$ 0.31	$ 0.20		
Number of eligible dogs and cats	x 2,844		x 1,622	x 1,622	x 1,622	x 1,622		
Reimbursable days	x 2		x 3	x 3	x 3	x 3		
Total care and maintenance costs for dogs and cats	$ 72,857	$ 72,857	$ 12,019	$ 4,963	$ 1,508	$ 973	$ 19,463	$ (53,394)
Care and Maintenance of Other 'Eligible' Animals:								
Cost per day	$ 12.81		$ 2.47	$ 1.02	$ 0.31	$ 0.20		
Number of eligible other animals	x 62		x 1	x 1	x 1	x 1		
Reimbursable days	x 4		x 6	x 6	x 6	x 6		
Total care and maintenance costs for other animals	$ 3,177	$ 3,177	$ 15	$ 6	$ 2	$ 1	$ 24	$ (3,153)
Total care and maintenance costs	$ 76,034	$ 76,034	$ 12,034	$ 4,969	$ 1,510	$ 974	$ 19,487	$ (56,547)
July 1, 2008, through June 30, 2009								
Total care and maintenance costs	$ 694,234		$ 108,583	$ 46,518	$ 28,925	$ 11,617		
Total animal census	÷ 58,669		÷ 57,233	÷ 57,233	÷ 57,233	÷ 57,233		
Cost per day	$ 11.83		$ 1.90	$ 0.81	$ 0.51	$ 0.2000		
Care and Maintenance of Dogs and Cats:								
Cost per day	$ 11.83		$ 1.90	$ 0.81	$ 0.51	$ 0.2000		
Number of eligible dogs and cats	x 3,098		x 1,366	x 1,366	x 1,366	x 1,366		
Reimbursable days	x 2		x 3	x 3	x 3	x 3		
Total care and maintenance costs for dogs and cats	$ 73,318	$ 73,318	$ 7,786	$ 3,319	$ 2,090	$ 820	$ 14,015	$ (59,303)
Care and Maintenance of Other 'Eligible' Animals:								
Cost per day	$ 11.83		$ 1.90	$ 0.81	$ 0.51	$ 0.2000		
Number of eligible other animals	x 82		x 4	x 4	x 4	x 4		
Reimbursable days	x 4		x 6	x 6	x 6	x 6		
Total care and maintenance costs for other animals	$ 3,881	$ 3,881	$ 46	$ 19	$ 12	$ 5	$ 82	$ (3,799)
Total care and maintenance costs	$ 77,199	$ 77,199	$ 7,832	$ 3,338	$ 2,102	$ 825	$ 14,097	$ (63,102)

Summary: July 1, 2007, through June 30, 2008, and July 1, 2008, through June 30, 2009

	Services & Supplies	Costs Claimed	Allowable Costs: Salaries	Benefits	Materials & Supplies	Contract Services	Allowable Costs	Audit Adjustment
Care and maintenance:								
Dogs and cats	$ 146,175	$ 146,175	$ 19,805	$ 8,282	$ 3,598	$ 1,793	$ 33,478	$ (112,697)
Other 'eligible' animals	7,058	7,058	61	25	14	6	106	(6,952)
Total care and maintenance costs	$ 153,233	$ 153,233	$ 19,866	$ 8,307	$ 3,612	$ 1,799	$ 33,584	$ (119,649)

SCO
ORIGINAL

Care and Maintenance - Salaries and Benefits FY 2007-08

Auditor Analysis

Step 1 - Labor - Actual Salaries & Benefits

Labor- Title, Name	Qty.	Actual Salaries Paid (a)	Benefit Rate (b)	Benefits Paid (c) = (a) * (b)	Total Salaries & Benefits Paid (d)= (a) + (c)	% Of Care & Maintenance Per Classification (e)	Salaries Allowable (f)= (a) * (e)	Benefits Allowable (g)= (c) * (e)	Total Salaries & Benefits Allowable (h)= (f) + (g)
[From Earnings History by GL]									
*Dept.									
Animal Shelter Attendant									
# Hartzler, Don	1	$ 44,207.40	41.12%	$ 18,178.00	$ 62,385.40	60%	$ 26,524	$ 10,907	$ 37,431
30 Hall, Joshua	2	52,163.58	41.12%	21,450.00	73,613.58	60%	31,298	12,870	44,168
# Jensen, Cassandra	3	40,238.97	41.12%	16,546.00	56,784.97	60%	24,143	9,928	34,071
# James, Ronald	4	30,519.44	41.12%	12,550.00	43,069.44	60%	18,312	7,530	25,842
# Ledford, Ashley	5	10,233.48	41.12%	4,208.00	14,441.48	60%	6,140	2,525	8,665
# Kuhns, Philip	6	1,323.20	41.12%	544.00	1,867.20	60%	794	326	1,120
		$ 178,686.07		$ 73,476.00	$ 252,162.07		$ 107,211	$ 44,086	$ 151,297
Animal Control (Customer Service) Technician									
30 Atteberry, Adriana	1	$ 41,002.81	41.12%	$ 16,860.00	$ 57,862.81	5%	$ 2,050	$ 843	$ 2,893
# Hernandez, Laurie	2	45,708.53	41.12%	18,795.00	64,503.53	5%	2,285	940	3,225
# Weast, Rebecca	3	50,196.92	41.12%	20,641.00	70,837.92	5%	2,510	1,032	3,542
# Gonzales, Christie	4	41,429.29	41.12%	17,036.00	58,465.29	5%	2,071	852	2,923
# Smith, Dona	5	45,842.10	41.12%	18,850.00	64,692.10	5%	2,292	943	3,235
		$ 224,179.65		$ 92,182.00	$ 316,361.65		$ 11,208	$ 4,610	$ 15,818
Animal Control Officer									
# Sulzberger, Dianne	1	$ 57,180.47	41.12%	$ 23,513.00	$ 80,693.47	5%	$ 2,859	$ 1,176	$ 4,035
# Thibodeaux, Brent	2	59,225.42	41.12%	24,353.00	83,578.42	5%	2,961	1,218	4,179
# Moyer, Wayland	3	37,116.46	41.12%	15,262.00	52,378.46	5%	1,856	763	2,619
		$ 153,522.35		$ 63,128.00	$ 216,650.35		$ 7,676	$ 3,157	$ 10,833
Animal Control Supervisor									
# Cornett, Barbara	1	$ 74,775.33	41.12%	$ 30,748.00	$ 105,523.33	5%	$ 3,739	$ 1,537	$ 5,276
		$ 74,775.33		$ 30,748.00	$ 105,523.33		$ 3,739	$ 1,537	$ 5,276
Registered Vet Tech									
# Hebertson, Kristin A.	1	$ 49,533.45	41.12%	$ 20,368.00	$ 69,901.45	20%	$ 9,907	$ 4,074	$ 13,981
		$ 49,533.45		$ 20,368.00	$ 69,901.45		$ 9,907	$ 4,074	$ 13,981
Animal Shelter Supervisor									
# Rogers, Sheri	1	$ 56,624.28	41.12%	$ 23,284.00	$ 79,908.28	5%	$ 2,831	$ 1,164	$ 3,995
		$ 56,624.28		$ 23,284.00	$ 79,908.28		$ 2,831	$ 1,164	$ 3,995
Totals		**$ 737,321.13**		**$ 303,186.00**	**$ 1,040,507.13**		**$ 142,572**	**$ 58,628**	**$ 201,200**

SCO
ORIGINAL

Care and Maintenance - Salaries and Benefits FY 2008-09

Auditor Analysis

Step 1 - Labor - Actual Salaries & Benefits

*Dept.	Labor- Title, Name	Qty	Actual Salaries Paid FY 2007-08 (a)	DOF CPI Index FY 2008-09 (b)	Adjusted Salaries for FY 2008-09 (c)= (a) * (b)	Benefit Rate (d)	Benefits Paid (e) = (c) * (d)	Total Salaries & Benefits Paid (f)= (c) + (e)	% Of Care & Maintenance Per Classification (g)	Salaries Allowable (h)= (c) * (g)	Benefits Allowable (i)= (e) * (g)	Total Salaries & Benefits Allowable (j)= (h) + (i)
			[Copy of FY 2007-08 Analysis									
	Animal Shelter Attendant											
304	Hartzler, Don	1	$ 44,207.40	1.01	$ 44,649	42.84%	$ 19,128.00	$ 63,777.00	60%	$ 26,789	$ 11,477	$ 38,266
301	Hall, Joshua	2										
304	Jensen, Cassandra	3	40,238.97	1.01	40,641	42.84%	17,411.00	58,052.00	60%	24,385	10,447	34,832
304	James, Ronald	4	30,519.44	1.01	30,825	42.84%	13,205.00	44,030.00	60%	18,495	7,923	26,418
301	Ledford, Ashley	5										
304	Kulus, Philip	6										
			$ 114,96581		$ 116,115		$ 49,744.00	$ 165,859.00		$ 69,669	$ 29,847	$ 99,516
	Animal Control (Customer Service) Technician											
301	Atteberry, Adriana	1	$ 41,002.81	1.01	$ 41,413	42.84%	$ 17,741.00	$ 59,154.00	5%	$ 2,071	$ 887	$ 2,958
301	Hernandez, Laurie	2	45,708.53	1.01	46,166	42.84%	19,778.00	65,944.00	5%	2,308	989	3,297
304	Weast, Rebecca	3	50,196.92	1.01	50,699	42.84%	21,719.00	72,418.00	5%	2,535	1,086	3,621
301	Gonzales, Christie	4	41,429.29	1.01	41,844	42.84%	17,926.00	59,770.00	5%	2,092	896	2,988
304	Smith, Dona	5	45,842.10	1.01	46,301	42.84%	19,835.00	66,136.00	5%	2,315	992	3,307
			$ 224,179.65		$ 226,423.00		$ 96,999.00	$ 323,422.00		$ 11,321	$ 4,850	$ 16,171
	Animal Control Officer											
301	Hall, Joshua	2	$ 52,163.58	1.01	$ 52,685	42.84%	$ 22,570.00	$ 75,255.00	5%	$ 2,634	$ 1,129	3,763
301	Sulzberger, Dianne	1	57,180.47	1.01	57,752	42.84%	24,741.00	82,493.00	5%	2,888	1,237	$ 4,125
301	Thibodeaux, Brent	2	59,225.42	1.01	59,818	42.84%	25,626.00	85,444.00	5%	2,991	1,281	4,272
301	Moyer, Wayland	3	37,116.46	1.01	37,488	42.84%	16,060.00	53,548.00	5%	1,874	803	2,677
			$ 205,685.93		$ 207,743.00		$ 88,997.00	$ 296,740.00		$ 10,387	$ 4,450	$ 14,837
	Animal Control Supervisor											
301	Cornett, Barbara	1	$ 74,775.33	1.01	$ 75,523	42.84%	$ 32,354.00	$ 107,877.00	5%	$ 3,776	$ 1,618	$ 5,394
	Whiteside, Gina	2	n/a	n/a	11,274	42.84%	$ 4,830.00	16,104.00	5%	564	242	806
			$ 74,775.33		$ 86,797.00		$ 37,184.00	$ 123,981.00		$ 4,340	$ 1,860	$ 6,200
	Registered Vet Tech											
304	Hebertson, Kristin A.	1	$ 49,533.45	1.01	$ 50,029	42.84%	$ 21,432.00	$ 71,461.00	20%	$ 10,006	$ 4,286	$ 14,292
			$ 49,533.45		$ 50,029		$ 21,432.00	$ 71,461.00		$ 10,006	$ 4,286	$ 14,292
	Animal Shelter Supervisor											
304	Rogers, Sheri	1	$ 56,624.28	1.01	$ 57,191	42.84%	$ 24,501.00	$ 81,692.00	5%	$ 2,860	$ 1,225	$ 4,085
			$ 56,624.28		$ 57,191		$ 24,501.00	$ 81,692.00		$ 2,860	$ 1,225	$ 4,085
	Totals				$ 744,298		$ 318,857.00	$ 1,063,155.00		$ 108,583	$ 46,518	$ 155,101

Schedule 2-- POST IRC CORRECTED
Summary of Care and Maintenance Costs
July 1, 2001, through June 30, 2002, and July 1, 2007, through June 30, 2009

Category	Services & Supplies	Total Costs Claimed	Allowable per Audit: Salaries	Benefits	Materials & Supplies	Contract Services	Total Costs Allowable	Audit Adjustment
July 1, 2007, through June 30, 2008								
Total care and maintenance costs	$ 610,549		$ 265,852	$ 109,316	$ 17,884	$ 11,510		
Total animal census	÷ 47,666		÷ 57,701	÷ 57,701	÷ 57,701	÷ 57,701		
Cost per day	$ 12.81		$ 4.61	$ 1.89	$ 0.31	$ 0.20		
Care and Maintenance of Dogs and Cats:								
Cost per day	$ 12.81		$ 4.61	$ 1.89	$ 0.31	$ 0.20		
Number of eligible dogs and cats	x 2,844		x 1,622	x 1,622	x 1,622	x 1,622		
Reimbursable days	x 2		x 3	x 3	x 3	x 3		
Total care and maintenance costs for dogs and cats	$ 72,857	$ 72,857	$ 22,432	$ 9,197	$ 1,508	$ 973	$ 34,110	$ (38,747)
Care and Maintenance of Other 'Eligible' Animals:								
Cost per day	$ 12.81		$ 4.61	$ 1.89	$ 0.31	$ 0.20		
Number of eligible other animals	x 62		x 1	x 1	x 1	x 1		
Reimbursable days	x 4		x 6	x 6	x 6	x 6		
Total care and maintenance costs for other animals	$ 3,177	$ 3,177	$ 28	$ 11	$ 2	$ 1	$ 42	$ (3,135)
Total care and maintenance costs	$ 76,034	$ 76,034	$ 22,460	$ 9,208	$ 1,510	$ 974	$ 34,152	$ (41,882)
July 1, 2008, through June 30, 2009								
Total care and maintenance costs	$ 694,234		$ 222,857	$ 95,473	$ 28,925	$ 11,617		
Total animal census	÷ 58,669		÷ 57,233	÷ 57,233	÷ 57,233	÷ 57,233		
Cost per day	$ 11.83		$ 3.89	$ 1.67	$ 0.51	$ 0.2000		
Care and Maintenance of Dogs and Cats:								
Cost per day	$ 11.83		$ 3.89	$ 1.67	$ 0.51	$ 0.2000		
Number of eligible dogs and cats	x 3,098		x 1,366	x 1,366	x 1,366	x 1,366		
Reimbursable days	x 2		x 3	x 3	x 3	x 3		
Total care and maintenance costs for dogs and cats	$ 73,318	$ 73,318	$ 15,941	$ 6,844	$ 2,090	$ 820	$ 25,695	$ (47,623)
Care and Maintenance of Other 'Eligible' Animals:								
Cost per day	$ 11.83		$ 3.89	$ 1.67	$ 0.51	$ 0.2000		
Number of eligible other animals	x 82		x 4	x 4	x 4	x 4		
Reimbursable days	x 4		x 6	x 6	x 6	x 6		
Total care and maintenance costs for other animals	$ 3,881	$ 3,881	$ 93	$ 40	$ 12	$ 5	$ 150	$ (3,731)
Total care and maintenance costs	$ 77,199	$ 77,199	$ 16,034	$ 6,884	$ 2,102	$ 825	$ 25,845	$ (51,354)

Summary: July 1, 2007, through June 30, 2008, and July 1, 2008, through June 30, 2009

	Services & Supplies	Costs Claimed	Allowable Costs: Salaries	Benefits	Materials & Supplies	Contract Services	Allowable Costs	Audit Adjustment
Care and maintenance:								
Dogs and cats	$ 146,175	$ 146,175	$ 38,373	$ 16,041	$ 3,598	$ 1,793	$ 59,805	$ (86,370)
Other 'eligible' animals	7,058	7,058	121	51	14	6	192	(6,866)
Total care and maintenance costs	$ 153,233	$ 153,233	$ 38,494	$ 16,092	$ 3,612	$ 1,799	$ 59,997	$ (93,236)

Care and Maintenance - Salaries and Benefits FY 2007-08 (POST IRC CORRECTED)

Auditor Analysis

Step 1 - Labor - Actual Salaries & Benefits

*Dept. / Labor- Title, Name	Qty.	Actual Salaries Paid (a)	Benefit Rate (b)	Benefits Paid (c) = (a) * (b)	Total Salaries & Benefits Paid (d)= (a) + (c)	% Of Care & Maintenance Per Classification (e)	Salaries Allowable (f)= (a) * (e)	Benefits Allowable (g)= (c) * (e)	Total Salaries & Benefits Allowable (h)= (f) + (g)
[From Earnings History by GL]									
Animal Shelter Attendant									
## Hartzler, Don	1	$ 44,207.40	41.12%	$ 18,178.00	$ 62,385.40	80%	$ 35,366	$ 14,542	$ 49,908
301 Hall, Joshua	2	52,163.58	41.12%	21,450.00	73,613.58	80%	41,731	17,160	58,891
## Jensen, Cassandra	3	40,238.97	41.12%	16,546.00	56,784.97	80%	32,191	13,237	45,428
## James, Ronald	4	30,519.44	41.12%	12,550.00	43,069.44	80%	24,416	10,040	34,456
## Ledford, Ashley	5	10,233.48	41.12%	4,208.00	14,441.48	80%	8,187	3,366	11,553
## Kuhns, Philip	6	1,323.20	41.12%	544.00	1,867.20	80%	1,059	435	1,494
		$ 178,686.07		$ 73,476.00	$ 252,162.07		$ 142,950	$ 58,780	$ 201,730
Animal Control (Customer Service) Technician									
301 Atteberry, Adriana	1	$ 41,002.81	41.12%	$ 16,860.00	$ 57,862.81	25%	$ 10,251	$ 4,215	$ 14,466
## Hernandez, Laurie	2	45,708.53	41.12%	18,795.00	64,503.53	25%	11,427	4,699	16,126
## Weast, Rebecca	3	50,196.92	41.12%	20,641.00	70,837.92	25%	12,549	5,160	17,709
## Gonzales, Christie	4	41,429.29	41.12%	17,036.00	58,465.29	25%	10,357	4,259	14,616
## Smith, Dona	5	45,842.10	41.12%	18,850.00	64,692.10	25%	11,461	4,713	16,174
		$ 224,179.65		$ 92,182.00	$ 316,361.65		$ 56,045	$ 23,046	$ 79,091
Animal Control Officer									
## Sulzberger, Dianne	1	$ 57,180.47	41.12%	$ 23,513.00	$ 80,693.47	10%	$ 5,718	$ 2,351	$ 8,069
## Thibodeaux, Brent	2	59,225.42	41.12%	24,353.00	83,578.42	10%	5,923	2,435	8,358
## Moyer, Wayland	3	37,116.46	41.12%	15,262.00	52,378.46	10%	3,712	1,526	5,238
		$ 153,522.35		$ 63,128.00	$ 216,650.35		$ 15,353	$ 6,312	$ 21,665
Animal Control Supervisor									
## Cornett, Barbara	1	$ 74,775.33	41.12%	$ 30,748.00	$ 105,523.33	5%	$ 3,739	$ 1,537	$ 5,276
		$ 74,775.33		$ 30,748.00	$ 105,523.33		$ 3,739	$ 1,537	$ 5,276
Registered Vet Tech									
## Hebertson, Kristin A.	1	$ 49,533.45	41.12%	$ 20,368.00	$ 69,901.45	85%	$ 42,103	$ 17,313	$ 59,416
		$ 49,533.45		$ 20,368.00	$ 69,901.45		$ 42,103	$ 17,313	$ 59,416
Animal Shelter Supervisor									
## Rogers, Sheri	1	$ 56,624.28	41.12%	$ 23,284.00	$ 79,908.28	10%	$ 5,662	$ 2,328	$ 7,990
		$ 56,624.28		$ 23,284.00	$ 79,908.28		$ 5,662	$ 2,328	$ 7,990
Totals		**$ 737,321.13**		**$ 303,186.00**	**$ 1,040,507.13**		**$ 265,852**	**$ 109,316**	**$ 375,168**

Care and Maintenance - Salaries and Benefits FY 2008-09 - POST IRC CORRECTED

Auditor Analysis

Step 1 - Labor - Actual Salaries & Benefits

*Dept.	Labor - Title, Name	Qty.	Actual Salaries Paid FY 2007-08 (a)	DOF CPI Index FY 2008-09 (b)	Adjusted Salaries for FY 2008-09 (c)=	Benefit Rate (d)	Benefits Paid (e)=	Total Salaries & Benefits Paid (f)=	% of C&M Per Classification (g)	Salaries Allowable (h)=	Benefits Allowable (i)=	Total Salaries & Benefits Allowable (h) + (i)
			[Copy of FY 2007-08 Analysis									
	Animal Shelter Attendant											
##	Hartzler, Don	1	$ 44,207.40	1.01	$ 44,649	42.84%	$ 19,128.00	$ 63,777.00	80%	$ 35,719	$ 15,302	$ 51,021
30	Hall, Joshua	2										
##	Jensen, Cassandra	3	40,238.97	1.01	40,641	42.84%	17,411.00	58,052.00	80%	32,513	13,929	46,442
##	James, Ronald	4	30,519.44	1.01	30,825	42.84%	13,205.00	44,030.00	80%	24,660	10,564	35,224
##	Ledford, Ashley	5										
##	Kuhns, Philip	6										
			$ 114,965.81		$ 116,115		$ 49,744.00	$ 165,859.00		$ 92,892	$ 39,795	$ 132,687
	Animal Control (Customer Service) Technician											
30	Atteberry, Adriana	1	$ 41,002.81	1.01	$ 41,413	42.84%	$ 17,741.00	$ 59,154.00	25%	$ 10,353	$ 4,435	$ 14,788
##	Hernandez, Laurie	2	45,708.53	1.01	46,166	42.84%	19,778.00	65,944.00	25%	11,542	4,945	16,487
##	Weast, Rebecca	3	50,196.92	1.01	50,699	42.84%	21,719.00	72,418.00	25%	12,675	5,430	18,105
##	Gonzales, Christie	4	41,429.29	1.01	41,844	42.84%	17,926.00	59,770.00	25%	10,461	4,482	14,943
##	Smith, Dona	5	45,842.10	1.01	46,301	42.84%	19,835.00	66,136.00	25%	11,575	4,959	16,534
			$ 224,179.65		$ 226,423.00		$ 96,999.00	$ 323,422.00		$ 56,606	$ 24,251	$ 80,857
	Animal Control Officer											
30	Hall, Joshua	2	$ 52,163.58	1.01	$ 52,685	42.84%	$ 22,570.00	$ 75,255.00	10%	$ 5,269	$ 2,257	7,526
##	Sulzberger, Dianne	1	57,180.47	1.01	57,752	42.84%	24,741.00	82,493.00	10%	5,775	2,474	$ 8,249
##	Thibodeaux, Brent	2	59,225.42	1.01	59,818	42.84%	25,626.00	85,444.00	10%	5,982	2,563	8,545
##	Moyer, Wayland	3	37,116.46	1.01	37,488	42.84%	16,060.00	53,548.00	10%	3,749	1,606	5,355
			$ 205,685.93		$ 207,743.00		$ 88,997.00	$ 296,740.00		$ 20,775	$ 8,900	$ 29,675
	Animal Control Supervisor											
##	Cornett, Barbara	1	$ 74,775.33	1.01	$ 75,523	42.84%	$ 32,354.00	$ 107,877.00	5%	$ 3,776	$ 1,618	$ 5,394
	Whiteside, Gina	2	n/a	n/a	11,274	42.84%	$ 4,830.00	16,104.00	5%	564	242	806
			$ 74,775.33		$ 86,797.00		$ 37,184.00	$ 123,981.00		$ 4,340	$ 1,860	$ 6,200
	Registered Vet Tech											
##	Hebertson, Kristin A.	1	$ 49,533.45	1.01	$ 50,029	42.84%	$ 21,432.00	$ 71,461.00	85%	$ 42,525	$ 18,217	$ 60,742
			$ 49,533.45		$ 50,029		$ 21,432.00	$ 71,461.00		$ 42,525	$ 18,217	$ 60,742
	Animal Shelter Supervisor											
##	Rogers, Sheri	1	$ 56,624.28	1.01	$ 57,191	42.84%	$ 24,501.00	$ 81,692.00	10%	$ 5,719	$ 2,450	$ 8,169
			$ 56,624.28		$ 57,191		$ 24,501.00	$ 81,692.00		$ 5,719	$ 2,450	$ 8,169
	Totals				$ 744,298		$ 318,857.00	$ 1,063,155.00		$ 222,857	$ 95,473	$ 318,330

April 15, 2020

SCO Email to CRS

From: LKurokawa <LKurokawa@sco.ca.gov>
To: achinncrs <achinncrs@aol.com>
Cc: jvenneman <jvenneman@sco.ca.gov>; AArghestani <AArghestani@sco.ca.gov>
Subject: RE: Apple Valley Animal Adoption Claim
Date: Wed, Apr 15, 2020 11:55 am
Attachments: POST IRC - CareandMaintenanceCosts-AppleValley (with SCO comments).xlsx (69K), Percentages from Commission's DPD and Audit Report.pdf (1352K)

Hi Annette,

I spent some time reviewing your spreadsheet and comparing it with our calculations and figured out our differences are due to the percentages of time. We are only adjusting the Animal Shelter Attendants time from 60% to 85%, and the Animal Shelter Supervisor's time from 5% to 10%. We took these percentages directly from the Commission's Draft Proposed Decision and the Town of Apple Valley's Response to the Audit Report (see attached PDF).

I updated your Post IRC spreadsheet to clearly show the SCO's calculation for the audit (pre IRC), and SCO's calculation post IRC. I color-coordinated the different categories, which I think makes things clearer to view.

With that being said, during this review, we found a formula error with our initial calculations, and confirmed that **the amount to be reinstated is $9,486 ($8,860 in salaries and benefits and $626 in indirect costs)** and not $13,559 – which is what I had included in the April 7, 2020 letter to the Commission.

Please review and let me know if you have any questions about our calculations?

Thank you,

Lisa Kurokawa | Bureau Chief, Compliance Audits Bureau

Office of the State Controller Betty T. Yee

Division of Audits, Compliance Audits Bureau

3301 C Street, Suite 725A

Sacramento, CA 95816 | (916) 327-3138

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CSM's Draft Proposed Decision - Dated March 17, 2020

all percentages equal to 100%."[37] The claimant provided a list of classifications and designated the percentages of time spent by each classification on care and maintenance services, the total of which exceeded 100 percent.[38] The Controller included five of the classifications in the formula, and reduced the percentages per employee so that when the percentage for each employee is added together it equals a total of 100 percent.

The claimant contends that the Controller's recalculation of annual labor costs results in an incorrect reduction of actual costs incurred, and is "illogical, incorrect, and arbitrary," because the Controller did not allow *actual time* for various employees for the care and maintenance calculation.[39] Specifically, the claimant contends that the animal shelter attendant's time devoted to care and maintenance should be 85 percent, rather than 60 percent; and that the animal shelter supervisor's time devoted to care and maintenance should be 10 percent, rather than 5 percent, as originally provided by the claimant.[40] Second, the claimant alleges that the Controller erroneously concluded that staff time between all positions had to total 100 percent.[41] The claimant states that "[w]hile it is logical that the total time allotted for each individual on various activities must total to 100% - there is no reason why the total time spent by a GROUP of different individuals on a mandated activity must add to 100% between all of them. We asked the SCO to examine this finding and to explain their reasoning, but the SCO did not respond either formally or informally and provided no explanation."[42]

The choice of methodology for auditing annual labor costs for care and maintenance of animals, in the absence of supporting documentation showing the actual employee time spent on care and maintenance as required by the Parameters and Guidelines, is a matter within the discretion of the Controller. However, neither the audit report nor the Controller's comments on the IRC fully explain the methodology used to adjust and reduce the percentages allocated to the classifications performing care and maintenance services. On the one hand, the Controller asserts that the percentages were reduced based on a review of the duty statements.[43] On the other hand, it appears from the record that the Controller's allocation of percentages, including those for the animal shelter attendant and the animal shelter supervisor, were reduced to make the percentages simply add up to 100 percent.[44] If the methodology used by the Controller estimates percentages of *time* spent by the claimant's employees on care and maintenance, then adding these percentages across all employee classifications to a limit of 100 percent (i.e. a total of 40 hours per work week) does not make sense and is arbitrary, capricious, and entirely lacking

---

[37] Exhibit C, Claimant's Rebuttal Comments, page 21.

[38] Exhibit A, IRC, page 305 (Final Audit Report); Exhibit C, Claimant's Rebuttal Comments, pages 8-9, 20 (April 12, 2016 email from the claimant to the Controller).

[39] Exhibit A, IRC, pages 9-10.

[40] Exhibit A, IRC, pages 10, 312-313 (Final Audit Report).

[41] Exhibit A, IRC, page 9, 313 (Final Audit Report).

[42] Exhibit A, IRC, page 10; see also, Exhibit C, Claimant's Rebuttal Comments, page 8.

[43] Exhibit A, IRC, page 314 (Final Audit Report).

[44] Exhibit A, IRC, pages 305 (Final Audit Report), 363-366 (Claimant's Response to Draft Audit Report).

Reimbursable Days

For both fiscal years of the audit period, the town claimed two reimbursable days for dogs and cats and four reimbursable days for other animals. The town's claims state that the mandate added two extra holding days for dogs and cats and four extra holding days for other animals. In fact, the mandate required shelters to keep dogs and cats and other animals for four business days after the day of impoundment, excluding Saturdays, Sundays, and legal holidays. Prior to this mandated program, the law stated that dogs and cats must be kept for 72 hours from the time of impoundment, and there was no requirement for other animals. As a result of the "four business days" holding requirement, the average number of increased holding days per week for dogs and cats is three days and for other animals is six days. The town did not correctly apply the increased holding period requirement of this mandate when calculating the number of reimbursable days.

An Appellate Court decision in *Purifoy v. Howell* dated March 26, 2010, determined that Saturday is not considered a business day for the purposes of this mandated program. Therefore, for the audit period, we determined that the increased holding period for dogs and cats is three days and the increased holding period for other animals is six days.

Assembly Bill 222

Assembly Bill 222 (Chapter 97, Statutes of 2011) was enacted on July 25, 2011, and took effect January 1, 2012. This bill states that a "business day" includes any day that a public or private animal shelter is open to the public for at least four hours, excluding state holidays. This bill was applicable beginning January 1, 2012 and does not affect the audit period covered in this audit.

Recommendation

The Animal Adoption Program was suspended in the FY 2010-11 through FY 2015-16 Budget Acts. If the program becomes active, we recommend that the town ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

Town's Response

> The Town consultant calculated our Care and Maintenance Costs in a different, more aggregate manner than what the SCO auditor is proposing. We do not believe this to be incorrect and feel that once corrections are made to the Auditor's assumptions and calculations, the two methods will yield similar eligible costs.
>
> ***Issue 1: SCO did not allow actual time for various employees for Care and Maintenance calculation and erroneously concluded that staff time across positions had total 100%. This is not accurate and we believe the:***
>
> **Animal Shelter Attendant's time** should be classified as 85% directly related to care and maintenance activities as originally identified by the Shelter representative before the SCO auditor required that she reduce the time.

Animal Shelter Supervisor's time should be classified as 10% directly related to care and maintenance instead of the 5% allowed. The original allocation was 10% before the auditor instructed Apple Valley staff to reduce the percentages to total to 100% between all positions. This was an erroneous direction as there is no requirement that the positions have to equal 100%.

Also most of the remaining time of the Supervisor is spent on supervisory and administrative general functions, and that time should be included in the Indirect Cost Rate calculation discussed later in this document.

We have attached emails that took place on April 13, 2016 between the Auditor and the Shelter representative, Adriana Atteberry asking that she detail the time spent by each position caring and maintaining the animals. When the Ms. Atteberry, responds, the auditor calls her and instructs her to downwardly revise her allocations of time so that everyone's time spent caring for animals added together totals to 100%. When the percentage is still too high - the auditor then emails and says another 5% needs to be cut (which is later reduced from the Shelter Supervisors time allocation.)

These demands made by the auditor was incorrect and do not result in an amount that reflects actual reimbursable time and cost spent on Care and Maintenance activities. There is no reason why the total must add to 100% between a group of employees. Each position can spend varying amounts of time on an activity -to the maximum of 100% per person.

The SCO decision to restrict the allocation of time spent on the entire group of people to 100% is illogical and arbitrary.

We request that the allocations of time spent be based on actual amounts originally specified by the Shelter Manager. (See the following email copies)

Issue 2: Overhead costs allowed by the SCO were understated.

We have attached overhead calculations (ICRP rates for the SHELTER department for FY 2007-08 and FY 2008-09 which indicate the actual overhead rates are much higher than the default 10% rate allowed).

We request that these actual rates be used. (See attached)

SCO's Comment

The finding and recommendation remain unchanged.

In its response, the town makes several comments regarding this finding.

First, the town states that:

> . . . the town consultant calculated our Care and Maintenance costs in a different, more aggregate manner that what the SCO auditor is proposing. We do not believe this to be incorrect and feel that once corrections are made to the auditor's assumptions and calculations, the two methods will yield similar eligible costs.

April 15, 2020

CRS Email to SCO

From: Annette Chinn <achinncrs@aol.com>
To: LKurokawa <LKurokawa@sco.ca.gov>
Cc: jvenneman <jvenneman@sco.ca.gov>; AArghestani <AArghestani@sco.ca.gov>
Subject: Re: Apple Valley Animal Adoption Claim
Date: Wed, Apr 15, 2020 4:11 pm
Attachments: support for actual position percentage allocation restoration .pdf (4693K)

Hi Lisa,

Thank you very much for your responsiveness and your willingness to review these computations. However, I believe limiting the restoration to only the two positions is incorrect and does not honor the intent of our request nor the determination of the Commission.

The Town of Apple Valley's final sentence in their IRC on this issue (pages 9-10 of the IRC) states, "We request that the allocations of time spent be based on actual amounts originally specified by the Shelter Manager, and the subsequent calculation of eligible care and maintenance costs to be restored."

The Town's "Response to the SCO Draft Audit Report" (pages 7-8) states, "We request that the allocations of time spent be based on actual amounts originally specified by the Shelter Manager. (See the following email copies)." (I have attached the Shelter Manager's emails specifying their original, actual percentage allocations.(IRC pages 365-367)).

If you look at pages 33-34 of the Commissions Draft Proposed Decision (attached) and their final sentence on page 74. "the Commission finds that **to the extent that the Controller's adjustments of the percentages allocated to the classifications performing annual care and maintenance services** during the audit period result in a reduction of care and maintenance costs, that reduction is arbitrary, capricious, and entirely lacking in evidentiary support." It is clear from the record that more than two positions were involved in performing eligible care and maintenance services and re-computations should include all actual percentages and positions.

I believe this interpretation is correct and that my original computation is accurate and should reflect all positions identified by the Town involved in care and maintenance.

Please let me know your thoughts.

Thank you,

Annette S. Chinn
Cost Recovery Systems, Inc.
705-2 East Bidwell Street #294
Folsom, CA 95630

phone: (916) 939-7901
fax: (916) 939-7801

-----Original Message-----
From: LKurokawa <LKurokawa@sco.ca.gov>
To: achinncrs <achinncrs@aol.com>
Cc: jvenneman <jvenneman@sco.ca.gov>; AArghestani <AArghestani@sco.ca.gov>
Sent: Wed, Apr 15, 2020 11:55 am
Subject: RE: Apple Valley Animal Adoption Claim

Hi Annette,

I spent some time reviewing your spreadsheet and comparing it with our calculations and figured out our differences are due to the percentages of time. We are only adjusting the Animal Shelter Attendants time from 60% to 85%, and the Animal Shelter Supervisor's time from 5% to 10%. We took these percentages directly from the Commission's Draft Proposed Decision and the Town of Apple Valley's Response to the Audit Report (see attached PDF).

I updated your Post IRC spreadsheet to clearly show the SCO's calculation for the audit (pre IRC), and SCO's calculation post IRC. I color-coordinated the different categories, which I think makes things clearer to view.

With that being said, during this review, we found a formula error with our initial calculations, and confirmed that **the amount to be reinstated is $9,486 ($8,860 in salaries and benefits and $626 in indirect costs)** and not $13,559 – which is what I had included in the April 7, 2020 letter to the Commission.

Please review and let me know if you have any questions about our calculations?

Thank you,

Lisa Kurokawa | Bureau Chief, Compliance Audits Bureau
Office of the State Controller Betty T. Yee
Division of Audits, Compliance Audits Bureau
3301 C Street, Suite 725A
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From: Annette Chinn <achinncrs@aol.com>
Sent: Friday, April 10, 2020 11:04 AM
To: Kurokawa, Lisa <LKurokawa@sco.ca.gov>
Subject: Apple Valley Animal Adoption Claim

CAUTION:
This email originated from outside of the organization.
Do not click links or open attachments unless you recognize the sender's email address and know the content is safe.

Hi Lisa,

I hope you are doing well.

I was reviewing the Apple Valley IRC findings and am coming up with a different number that what your April 7th letter identified as added costs to be restored for the Care and Maintenance component.

The Commission said that I could contact you to resolve our issues, and/or to bring it up formally to the Commission.

I've attached how I came up my computations.

Let me know what you think.

Thank you,

Annette S. Chinn
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specifically disputes only the reduction of time allocated to the Animal Shelter Attendant for performance of his care and maintenance duties from 85 percent to 60 percent; and reduction of care and maintenance time allocated to the Animal Shelter Supervisor from 10 percent to 5 percent.[137] The claimant then requests that the allocation of time spent on care and maintenance be based on "actual amounts originally specified by the Shelter Manager, and the subsequent calculation of eligible care and maintenance costs be restored."[138]

In its rebuttal comments, the claimant states that "[t]he Audit Report **falsely implies that the percentage allocations shown in the Final Audit report were determined by the town shelter management staff.**"[139] The claimant explains that upon the Controller's request, the shelter staff performed an analysis of employee's duty statements and provided an allocation of actual time spent by each shelter employee classification on animal care and maintenance and on other activities,[140] as follows:

> Animal Shelter Supervisor = 10% time spent providing care to impounded animals, 90% other duties
>
> Registered Veterinary Technician = 85% time spent caring/maintaining animals, 15% other duties
>
> Animal Control Technician = 25% time spent maintaining shelter disinfecting kennels, 75% other duties
>
> Animal Shelter Attendant = 80% time spent caring/maintaining the animals and 5% overseeing volunteer and work releases (who provide care and maintenance), 15% other duties
>
> Animal Control Supervisor = 5% Shelter (morning cleaning/feeding dogs), 95% animal control duties
>
> Animal Control Officer I = 10% Shelter (morning cleaning/feeding dogs), 90% animal control duties
>
> Animal Control Officer II = 10% Shelter (morning cleaning/feeding dogs), 90% animal control duties[141]

However, because the total time spent on care and maintenance of animals among all of these employees added up to more than 100 percent, the Controller's staff communicated to the claimant via phone and by email that it must reduce reported time so that all of the care and maintenance time would add up to 100 percent among all of the employee classifications.[142] As directed by the Controller, the claimant made artificial reductions in time allocations, which were

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[137] Exhibit A, IRC, page 9.

[138] Exhibit A, IRC, page 10.

[139] Exhibit C, Claimant's Rebuttal Comments, page 9, emphasis in original.

[140] Exhibit C, Claimant's Rebuttal Comments, pages 8-10.

[141] Exhibit C, Claimant's Rebuttal Comments, pages 8-9.

[142] Exhibit C, Claimant's Rebuttal Comments, pages 8-9.

not based on the actual time spent by each category of employees on care and maintenance, but were necessary so that all of the care and maintenance time would add up to 100 percent, as required by the Controller.[143] As a result, the Final Audit Report reflects the following reduced allocation of time per employee classification during the audit period "[t]o make all employees time add to 100% per SCO request":[144]

Animal Shelter Supervisor	5%
Registered Veterinary Technician	20%
Animal Control Technician	5%
Animal Shelter Attendant	60%
Animal Control Supervisor	5%
Animal Control Officer I	5%
Animal Control Officer II	0%[145]

The claimant argues that the Controller's requests that the claimant make these reductions did not have a legitimate basis and "were incorrect and arbitrary and resulted in improper reductions of eligible Town costs."[146] The claimant refutes the Controller's argument that these reductions resulted from the Controller's determination of what would be a reasonable allocation of care and maintenance time for each job classification based on the Controller's analysis of job descriptions provided by the claimant. According to the claimant, such determination based on the reviewing job descriptions alone would be questionable because while some job duties take much more employee time than others, "[t]here is no indication of how much employee time is required to be spent on each activity on the Job Description documents."[147] On the other hand, the claimant states that its initial allocation of time for each job classification is correct and based on the shelter staff analysis, as was requested by the Controller, describing specific care and maintenance activities performed by the employees in each classification and the percentage of their time spent on these activities.[148]

Finally, the claimant notes that the Controller did not require most other audited local agencies to limit their allocations of care and maintenance time among various employee classifications to 100 percent, and therefore it "is not the common methodology used" by the Controller.[149] According to the claimant's analysis of the audit reports for other *Animal Adoption* programs, "Besides the Town of Apple Valley, only three other agencies (Antioch, Placer and Santa Barbara audits) of the over 43 audits were similarly forced to reduce their employee time

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[143] Exhibit C, Claimant's Rebuttal Comments, page 9.

[144] Exhibit C, Claimant's Rebuttal Comments, page 9.

[145] Exhibit C, Claimant's Rebuttal Comments, page 9.

[146] Exhibit C, Claimant's Rebuttal Comments, pages 9-10.

[147] Exhibit C, Claimant's Rebuttal Comments, page 10.

[148] Exhibit C, Claimant's Rebuttal Comments, page 10.

[149] Exhibit C, Claimant's Rebuttal Comments, page 10.

However, if the methodology used by the Controller estimates percentages of *time* spent by the claimant's employees on care and maintenance, then adding these percentages across all employee classifications to a limit of 100 percent does not make sense and is arbitrary, capricious, and entirely lacking in evidentiary support. For example, employees in five different classifications could each spend 60 percent of their time on care and maintenance, which clearly exceeds 100 percent if added together. And, in this case, the claimant's April 12, 2016 email suggests that the time spent by the classifications identified to provide care and maintenance services clearly exceeds 100 percent when added together.

Moreover, if the Controller used a factor or methodology *other than time* to calculate annual labor costs, then the record provides no explanation of that methodology. The Final Audit Report refers to "*the extent of*" and "*percentages of employee classification involvement*" and "*applicable percentages of actual salaries and benefits costs*," but does not explain how the extent of involvement and the applicable percentages were determined and applied with respect to individual employee classifications and balanced across classifications to 100 percent.[327] The Controller simply states that "[w]hen considering care and maintenance, we view the activity as a whole, where the responsibilities are divided among various employee classifications, and the sum of the responsibilities performed by the employees equals 100%."[328] This statement does not explain what is being calculated, or how the Controller came up with annual labor costs of $210,000 for fiscal year 2007-2008 and $155,101 for fiscal year 2008-2009 for all care and maintenance activities of the shelter (prior to segregating out the reimbursable portion of all annual care and maintenance costs for the increased holding period which was only found to be $33,584 for the entire audit period).[329] As the claimant states, "[w]e asked the SCO to examine this finding and to explain their reasoning, but the SCO did not respond either formally or informally and provided no explanation."[330]

Accordingly, the Commission finds that to the extent that the Controller's adjustments to the percentages allocated to the classifications performing annual care and maintenance services during the audit period result in a reduction of care and maintenance costs, that reduction is arbitrary, capricious, and entirely ~~lacking in~~ evidentiary support.

D. The Controller's Disallowance of the Indirect Costs Included in the Claimant's Calculation of Care and Maintenance Costs, the Controller's Refusal to Consider the Indirect Cost Rate Proposal (ICRP) Submitted by the Claimant in 2016 to Support Indirect Costs for Fiscal Years 2007-2008 and 2008-2009, and the Recalculation of Indirect Costs at the Ten Percent Default Rate Provided in the Parameters and Guidelines (Finding 7), Are Correct as a Matter of Law.

The Parameters and Guidelines authorize reimbursement for indirect costs, and provide claimants the option of using ten percent of direct labor costs, excluding fringe benefits, or

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[327] Exhibit A, IRC, page 306 (Final Audit Report), emphasis added.

[328] Exhibit B, Controller's Comments on the IRC, page 28.

[329] Exhibit A, IRC, page 306 (Final Audit Report); Exhibit B, Controller's Comments on the IRC, page 29.

[330] Exhibit A, IRC, page 10; see also, Exhibit C, Claimant's Rebuttal Comments, page 8.

any years during the audit period. So, we (SCO) used the FY 2011-12 data that the city provided and adjusted the costs incurred for vaccines by using the Consumer Price Index (CPI)." The SCO in that audit allowed $3.66 for FY 06-07 costs for a cat wellness vaccine and $4.20 for a dog wellness vaccine.

In the case of County of Contra Costa Audit of the same program, we discovered that in that audit (see page 46, paragraph 2, "Subsequent to the issuance of the draft report, the county provided invoices for our review representing allowable costs incurred for the purchase of wellness vaccines administered to dogs and cats. As a result, we determined that these invoices supported allowable services and supplies totaling $26,186 for the audit period."

In the case of County of El Dorado, page 42 of audit report, was also allowed to use a later year as a base for calculate eligible vaccine costs with CPI adjustments. "The county was unable to obtain invoices detailing wellness vaccine costs for FY 02-03, 02-03 and 06-07. The County proposed and we accepted that vaccine costs for these three fiscal years be based on actual costs for FY 2007-08 as reduced by the CPI."

The Town of Apple Valley could also have provided invoices from other, more recent years had that option been mentioned by the auditor. This inconsistent treatment of agencies constitutes unfair and arbitrary treatment. What is deemed acceptable documentation for one agency, should be consistent and acceptable for all agencies. The Town should have been given the same opportunities to provide alternate support of vaccine purchases. Town documentation of costs for vaccine purchases should be reexamined and allowable costs computed in a similar method allowed for other agencies.

ISSUE 3 Care and Maintenance Costs

SCO did not allow actual time allotment for various employees for Care and Maintenance calculation and erroneously concluded that staff time between all positions had to total 100%. This is incorrect and actual staff time should be allowed as originally requested by the Town and not reduced arbitrarily as required by the auditor:

Animal Shelter Attendant's time should be classified as 85% directly related to care and maintenance activities as originally identified by the Shelter representative before the SCO auditor required that the Town reduce their time spend on care and maintenance activities to 60%.

Animal Shelter Supervisor's time should be classified as 10% directly related to care and maintenance instead of the 5% allowed. The original allocation of 10% had to be arbitrarily cut back to satisfy the SCO auditors demand to reduce allocations

The June 17, 2016 Town Response to the SCO Audit Report (located at the back of that document) provides copies of the email correspondences that took place on April 13, 2016 between the Auditor and the Shelter representative, Adriana Atteberry documenting this process.

First the SCO auditor asks that the Town detail the time spent by each position caring for and maintaining the animals. When Ms. Atteberry responds and states that the Animal Shelter Attendant position spent 85% of their total time on animal care/maintenance, the auditor called her and instructed her to reduce her allocations of time so that everyone's time (Shelter Supervisors, Animal Control Officers, and the Vet Techs) added together total to 100%. When Ms. Atteberry arbitrarily reduces the percentages to satisfy the SCO request, the auditor again emails and instructed Ms. Atteberry to make

further reductions. Another 5% of time was deducted from the Shelter Supervisors allocation to satisfy the SCO auditor.

These demands made by the auditor were incorrect and resulted in improper reductions of eligible Town costs. While it is logical that the total time allotted for each individual on various activities must total to 100% - there is no reason why the total time spent by a GROUP of different individuals on a mandated activity must add to 100% between all of them. We asked the SCO to examine this finding and to explain their reasoning, but the SCO did not respond either formally or informally and provided no explanation.

The SCO instructions to the Town to lower their allocation of time spent on mandated activities was illogical, incorrect, and arbitrary. State statute requires the reimbursement of actual costs. The Town provided the allocation of actual time spent on the mandated activity by position as requested. However, when the allocated times were higher than expected, the SCO required the Town to reduce their allocations arbitrarily.

We request that the allocations of time spent be based on actual amounts originally specified by the Shelter Manager, and the subsequent calculation of eligible care and maintenance costs be restored.

Subj: **FW: Percent of Care and Maintenance per Employee Classification**
Date: 5/5/2016 3:46:41 P.M. Pacific Daylight Time
From: AAtteberry@applevalley.org
To: AChinnCRS@aol.com

Thank you,
Adriana Atteberry
Administrative Secretary
22131 Powhatan Rd. | Apple Valley, CA 92307
760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: Adriana Atteberry
Sent: Tuesday, April 12, 2016 4:44 PM
To: 'AArghestani@sco.ca.gov'
Subject: RE: Percent of Care and Maintenance per Employee Classification

The percentage for the following are:

Classifications in which care and maintenance activities are mentioned in the Class Characteristics or elsewhere in the duty statement:

1. **ANIMAL SHELTER SUPERVISIOR – 50 % Assisting management, meet vendors, conduct facility inspections, create reports, train and motivate personnel, other duties as assigned and 10 % providing care to impounded animals, 10 % administering medications, first aid and vaccinations on animals, 15 % monitor euthanasia process and help with euthanasia, 15% monitor controlled substance.**
2. **REGISTERED VETERINARY TECHNICIAN – 2.5% Reviewing applications for adoptions and counseling citizens, 2.5% Assisting on screening calls, 2% Overseeing volunteer and work release, 85% caring/maintaining the animals, 3% Maintaining inventory on all controlled substances as required by law and 5% other duties as assigned**
3. **ANIMAL CONTROL TECHNICIAN – 25 % Maintaining shelter disinfecting kennels and 75% front counter, clerical, issue dog license, screens calls, dispatching.**
4. **ANIMAL SHELTER ATTENDANT – 5% Reviewing applications for adoptions and counseling citizens, 5% Assisting on screening calls, 5% Overseeing volunteer and work release, 80% caring/maintaining the animals and 5% other duties a assigned.**
5. **ANIMAL SHELTER ASSISTANT – 5% Reviewing applications for adoptions and counseling citizens, 5% Assisting on screening calls, 5% Overseeing volunteer and work release, 80% caring/maintaining the animals and 5% other duties a assigned**

Classifications in which care and maintenance activities are NOT mentioned in the Class Characteristics or elsewhere in the duty statement:

6. **ANIMAL CONTROL SUPERVISOR – Barbara Cornett – 5 % Shelter (morning cleaning/feeding of dogs) and 95% Animal Control (running calls, paperwork follow up, door to door canvassing, Administrative Hearings and employee evaluations)**

(IRC pgs 365) Audit claimant rebuttal doc

7. **ANIMAL CONTROL OFFICER I – Joshua Hall, Wayland Moyer – 10% (morning cleaning/feeding of dogs) and 90% Animal Control (running calls, paperwork follow up, door to door canvassing, Administrative Hearings)**

8. **ANIMAL CONTROL OFFICER II – Brent Thibodeaux, Dianne Sulzberger - 10% (morning cleaning/feeding of dogs) and 90% Animal Control (running calls, paperwork follow up, door to door canvassing, Administrative Hearings)**

Thank you,
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Administrative Secretary
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760-240-7000 ext. 7558 | *Fax 760-247-6487*

aatteberry@applevalley.org
AVanimalservices@applevalley.org

From: AArghestani@sco.ca.gov [mailto:AArghestani@sco.ca.gov]
Sent: Monday, November 30, 2015 2:30 PM
To: Gina Schwin-Whiteside; Adriana Atteberry
Cc: Kofi Antobam
Subject: FW: Percent of Care and Maintenance per Employee Classification

Below is the additional email I would like to follow up on. Due to file size, the email and accompanying PDF attachment that is mentioned will not go through as one email. Therefore, I will be breaking the PDF file into two separate documents and sending them separately.

Thank you.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
Office: (916) 327-0490 / Fax: (916) 324-7223
AArghestani@sco.ca.gov

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From: Arghestani, Amy
Sent: Tuesday, November 10, 2015 1:07 PM
To: 'Gina Schwin-Whiteside' <gwhiteside@applevalley.org>
Cc: 'Adriana Atteberry' <AAtteberry@applevalley.org>
Subject: Percent of Care and Maintenance per Employee Classification

Good afternoon Gina,

During my visit, you provided duty statements (job descriptions) for the various employee classifications that comprised the shelter staff during the audit period (FY 2007-08 and FY 2008-09). For your reference, I have attached these as a PDF document. The purpose of

(IRC Pg 366)
Rebuttle to Audit

requesting duty statements is to assist us in determining the percentage of the daily workload that each classification devoted to caring fo and maintaining the animals (cleaning, feeding and grooming). The goal is to assign a pro-rata percentage to those classifications involved in care and maintenance activities, where the sum of all percentages equal to 100%. After reviewing the job duty statements that were provided, we found the following:

Classifications in which care and maintenance activities are mentioned in the Class Characteristics or elsewhere in the duty statement:

1. ANIMAL SHELTER SUPERVISIOR
2. REGISTERED VETERINARY TECHNICIAN
3. ANIMAL CONTROL TECHNICIAN
4. ANIMAL SHELTER ATTENDANT
5. ANIMAL SHELTER ASSISTANT

Classifications in which care and maintenance activities are NOT mentioned in the Class Characteristics or elsewhere in the duty statement:

6. ANIMAL CONTROL SUPERVISOR
7. ANIMAL CONTROL OFFICER I
8. ANIMAL CONTROL OFFICER II

From this analysis, it appears that five out of eight classifications were involved in care and maintenance activities to varying degrees. For these five classifications, please assign a percentage of care and maintenance involvement and provide a brief description as to why you assigned that percentage. If you believe that the remaining three classifications were also involved in care and maintenance activities to a certain extent, please explain their involvement that is not currently reflected in the duty statement and also provide a percentage of involvement.

Please contact me should you have any questions.

Amy Arghestani

Auditor
State Controller's Office
Division of Audits / Mandated Cost Audits Bureau
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=

(IRC pg 347)
Rebuttle to Audit

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On May 8, 2020, I served the:

- **Claimant's Comments on the Draft Proposed Decision filed May 7, 2020**

  Animal Adoption, 17-9811-I-04
  Civil Code Sections 1834 and 1846; Food and Agriculture Code
  Sections 31108, 31752, 31752.5, 31753, 32001, and 32003;
  As Added or Amended by Statutes 1998, Chapter 752 (SB 1785)
  Fiscal Years: 2007-2008 and 2008-2009
  Town of Apple Valley, Claimant

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on May 8, 2020 at Sacramento, California.

Lorenzo Duran

Lorenzo Duran
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 3/17/20

Claim Number: 17-9811-I-04

Matter: Animal Adoption

Claimant: Town of Apple Valley

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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ITEM 4

STAFF'S PROPOSED PARAMETERS AND GUIDELINES

Civil Code Sections 1834 and 1846;
Food and Agriculture Code Sections 31108, 31752, 31752.5, 31753, 32001, and 32003
As Added or Amended by Statutes of 1998, Chapter 752

Animal Adoption

Executive Summary

Introduction

This item was originally heard at the Commission's August 23, 2001 hearing. The Commission continued the matter to further discuss the issues raised at the hearing and in the written comments. Since the last hearing on this item, a pre-hearing conference was held and additional written comments have been filed.

The main issues in dispute are as follows:

- The classification of one-time activities (Section IV. Reimbursable Activities);
- Reimbursement for animals that die during the holding period;
- Acquisition of additional space and/or construction of new facilities (Section IV. Reimbursable Activities);
- Necessary and prompt veterinary care (Section IV. Reimbursable Activities); and
- Offsetting savings and other reimbursements (Section VII).

Staff has made some changes to the Proposed Parameters and Guidelines that were presented to the Commission in August 2001. These changes are reflected in the Staff's Proposed Parameters and Guidelines, beginning on page 21, with strikeout and underline.

Summary of the Mandate

The test claim legislation was enacted in an attempt to end the euthanasia of adoptable and treatable animals. Generally, the test claim legislation increased the holding period for stray and abandoned dogs, cats, and other specified animals; required the verification of the temperament of feral cats; required the posting of lost and found lists; required the maintenance of records for impounded animals; and required that impounded animals receive "necessary and prompt veterinary care."

On January 25, 2001, the Commission partially approved this test claim, pursuant to article XIII B, section 6 of the California Constitution and Government Code section 17514, for the *increased costs* in performing the following activities only:

1. Providing care and maintenance during the increased holding period for impounded dogs and cats that are ultimately euthanized. The increased holding period shall be measured by calculating the difference between three days from the day of capture and four business days from the day after impoundment, as specified below in 3 (a) and 3 (b), or six business days from the day after impoundment (Food & Agr. Code, §§ 31108, 31752);

2. Providing care and maintenance for four business days from the day after impoundment, as specified below in 3 (a) and 3 (b), or six business days from the day after impoundment, for impounded rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, or tortoises legally allowed as personal property that are ultimately euthanized (Food & Agr. Code, § 31753);

3. For dogs, cats, and other specified animals held for four business days after the day of impoundment, either:

   (a) Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or

   (b) For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed (Food & Agr., Code §§ 31108, 31752, and 31753);

4. Verifying whether a cat is feral or tame by using a standardized protocol (Food & Agr. Code, § 31752.5);

5. Posting lost and found lists (Food & Agr. Code, § 32001);

6. Maintaining records on animals that are not medically treated by a veterinarian, but are either taken up, euthanized after the holding period, or impounded (Food & Agr. Code, § 32003); and

7. Providing "necessary and prompt veterinary care" for abandoned animals, other than injured cats and dogs given emergency treatment, that are ultimately euthanized (Civ.Code, §§ 1834 and 1846).

Staff Recommendation

Staff recommends that the Commission adopt staff's Proposed Parameters and Guidelines, which begin on page 21.

Staff also recommends that the Commission authorize staff to make any non-substantive, technical corrections to the Parameters and Guidelines following the hearing.

Claimants

County of Los Angeles, City of Lindsay, County of Tulare, County of Fresno, and Southeast Area Animal Control Authority (SEAACA)

Chronology

1-19-01	Claimant, County of Los Angeles, submits Proposed Parameters and Guidelines
1-25-01	Commission adopts Statement of Decision
2-28-01	Department of Finance submits comments
2-28-01	County of San Diego submits comments
3-03-01	Interested person, Maggie Wehinger, submits comments
3-07-01	Interested person, Lois Newman of The Cat and Dog Rescue Association, submits comments
3-07-01	City of Lindsay submits comments
3-12-01	County of Fresno submits comments
3-14-01	County of Tulare submits comments
3-27-01	County of Tuolumne submits comments
3-30-01	State Controller's Office submits comments
4-27-01	Staff holds pre-hearing conference
5-01-01	Staff issues letter requesting additional briefing
5-21-01	Merced County submits additional briefing
5-24-01	County of Santa Clara submits additional briefing
5-30-01	County of Tehama submits additional briefing
5-30-01	County of Fresno submits additional briefing
5-31-01	County of Los Angeles submits additional briefing and revisions to Proposed Parameters and Guidelines
5-31-01	County of San Diego submits additional briefing
5-31-01	County of Tulare submits additional briefing
6-01-01	State Controller's Office submits additional briefing
6-01-01	Interested person, Lois Newman of The Cat and Dog Rescue Association, submits additional briefing
6-11-01	Contra Costa County submits additional briefing
8-23-01	First Commission hearing on the Parameters and Guidelines
9-12-01	Mr. John Humphrey, County of San Diego, submits comments
9-12-01	County of Contra Costa submits comments

9-15-01	Interested person, Lois Newman of The Cat and Dog Rescue Association, submits comments
9-20-01	State Controller's Office submits comments
9-20-01	County of San Diego submits comments
9-21-01	County of Fresno submits comments
9-21-01	County of Mendocino submits comments
9-25-01	County of Riverside submits comments
9-26-01	Pre-hearing Conference held
10-10-01	County of Los Angeles submits comments
10-11-01	Department of Finance submits comments
10-11-01	County of San Diego submits comments
10-22-01	County of Tulare submits comments
10-22-01	Interested Persons, Mr. and Mrs. Adolfo Lopez, submit comments
12-19-01	Interested Person, Jackie B. Pomies, submits comments
12-20-01	Interested Person, Dorothy Finger, submits comments
12-21-01	Interested Person, Jami Tolpin, submits comments
12-22-01	Interested Person, Bobbie Theodore, submits comments
12-22-01	Interested Persons, Charles and Marian Stanley, submit comments
12-24-01	Interested Person, Kathleen Joyce, submits comments
12-27-01	County of Fresno submits supplemental comments
12-30-01	Interested Person, Lois Van der Ploeg, submits comments
12-31-01	Interested Person, Jana Harker, submits comments
1-04-02	Interested Person, Carl A. Grame, submits comments
1-04-02	Interested Person, Patricia Cachopo, submits comments
1-08-02	Interested Person, Kimberly M. Jannarone, submits comments
1-08-02	Interested Person, Lucy Arom, submits comments
1-08-02	Interested Persons, Mr. and Mrs. James Denison, submit comments
1-16-02	Interested Person, Lisa Edmondson, submits comments
1-18-02	Interested Person, Lisa Steele, submits comments
1-28-02	Interested Person, Dawne Schulte, submits comments
1-30-02	Interested Person, Lee Ellen Heller, Ph.D., submits comments

STAFF ANALYSIS

This item was originally heard at the Commission's August 23, 2001 hearing. The Commission continued the matter to further discuss the issues raised at the hearing and in the written comments. Since the last hearing on this item, a pre-hearing conference was held and additional written comments have been filed.[1]

The main issues in dispute are as follows:

- The classification of one-time activities (Section IV. Reimbursable Activities);
- Reimbursement for animals that die during the holding period;
- Acquisition of additional space and/or construction of new facilities (Section IV. Reimbursable Activities);
- Necessary and prompt veterinary care (Section IV. Reimbursable Activities); and
- Offsetting savings and other reimbursements (Section VII).

As described below, staff has made some changes to the Proposed Parameters and Guidelines that were presented to the Commission in August 2001. These changes are reflected in the Staff's Proposed Parameters and Guidelines, beginning on page 21, with strikeout and underline.

Classification of One-Time Activities

At the August 2001 hearing, the Counties of Fresno and Tulare requested that the one-time activity of procuring medical, kennel, and computer equipment necessary to comply with the reimbursable activities be classified, instead, as an ongoing activity. These parties contend that equipment wears out and needs to be replaced when necessary.[2] Staff agrees that using this equipment constitutes a reasonable method of complying with the mandated activities.[3] Thus, the equipment may need to be replaced on an on-going basis in order to comply with the mandated program. Accordingly, staff has deleted the activity from Section IV (A), One Time Activities, and added the following language to Section IV (B) (10), Ongoing Activities:

> Beginning January 1, 1999 - Procuring medical, kennel, and computer equipment necessary to comply with the reimbursable activities listed in Section IV (B) of these parameters and guidelines, to the extent these costs are not claimed as an indirect cost under Section V (B) of these parameters and guidelines. If the

[1] As reflected in the chronology, the Commission has received numerous comments from interested persons. (Exhibit Q.) Most of these comments request that funding be provided for the test claim legislation. They do not address the substantive issues raised in the proposed Parameters and Guidelines. In addition, the comments submitted by the County of Riverside (Exhibit K) concern issues addressed in the Commission's Statement of Decision. The comments do not address the issues raised in the proposed Parameters and Guidelines. Accordingly, a summary of these comments is not provided in this staff analysis.

[2] August 23, 2001, Hearing Transcript, pages 21-22. (Exhibit A.) See also, Exhibit I, Comments Filed by County of Fresno on September 21, 2001.

[3] California Code of Regulations, title 2, section 1183.1.

> medical, kennel, and computer equipment is utilized in some way not directly related to the mandated program or the population of animals listed in Section IV (B), only the pro rata portion of the activity that is used for the purposes of the mandated program is reimbursable.

Staff notes that the cost of the equipment can be claimed as a direct cost under Section V (A) of these Parameters and Guidelines.

Additionally, the County of Los Angeles has requested that the proposed Parameters and Guidelines clarify that training on the mandated program be provided on a one-time basis for each employee. Staff agrees and has added clarifying language (i.e., one-time per employee) to this activity.

Finally, the County of San Diego requests reimbursement for the ongoing cost of software license renewal contracts for maintenance of non-medical records.[4] Staff agrees that a one-time activity of purchasing software to maintain non-medical records is a reasonable method of complying with the mandated activity.[5] Thus, Section IV (A) includes the initial activity of procuring computer software. The cost of the software can be claimed as a direct cost under Section V (A) of these Parameters and Guidelines. Staff further agrees that the ongoing cost of software license renewal contracts is eligible for reimbursement. Accordingly, staff has added the following language to Section IV (B) (8), Maintaining Non-Medical Records:

> The cost of software license renewal contracts, to the extent these costs are not claimed as an indirect cost under these parameters and guidelines, is eligible for reimbursement under Section V (A) (2) of these parameters and guidelines. If the computer software is utilized in some way that is not directly related to the maintenance of records specified in this section, only the pro rata portion of the software license renewal contract that is used for compliance with this section is reimbursable.

Reimbursement for Animals that Die During the Increased Holding Period

The County of Fresno requests reimbursement for the care and maintenance of animals that die during the increased holding period. The County states the following:

> Fresno County recommends that reimbursements that apply to animals that are ultimately euthanized also apply to those animals that die while being held pending adoption or euthanization. If the animal dies pending adoption, obviously no adoption fees can be paid, and thus there is no revenue pertaining to that animal. If the animal dies pending euthanasia, the animal still had to be held until its untimely demise.[6]

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[4] August 23, 2001, Hearing Transcript, pages 46-47. (Exhibit A.)

[5] California Code of Regulations, title 2, section 1183.1.

[6] Exhibit I.

The Commission's Statement of Decision does not specifically address animals that die during the increased holding period. Nevertheless, with the limitations described below, staff agrees that the County's request is consistent with the Statement of Decision.

As reflected in the Statement of Decision, the Commission concluded that the requirement to increase the holding period for impounded stray or abandoned dogs, cats and other specified animals constitutes a new program or higher level of service. For stray and abandoned dogs and cats, the increased holding period is the difference between three days from the day of capture, and either four or six business days from the day after impoundment. Eligible claimants are not entitled to reimbursement for the first three days of that period. For stray and abandoned animals specified in Food and Agriculture Code section 31753 (i.e., rabbits, guinea pigs, pot-bellied pigs, etc.) the increased holding period is the entire period of four or six business days from the day after impoundment.

The Commission also found that providing "necessary and prompt veterinary care" during the entire holding period specified in the test claim legislation (i.e., four or six business days from the day after impoundment) for stray and abandoned animals, other than injured cats and dogs given emergency treatment, constitutes a new program or higher level of service.

The Commission, however, concluded that the test claim legislation provides sufficient fee authority to local agencies allowing them to charge the original and/or adoptive owners for the cost to care, maintain, and provide "necessary and prompt veterinary care" for animals that are relinquished, redeemed, adopted, or released to a nonprofit adoption organization. Thus, there are no costs mandated by the state for these animals, and reimbursement is not required for the care, maintenance, and "necessary and prompt veterinary care" of these animals. Accordingly, the Commission concluded that reimbursement for the care, maintenance, and "necessary and prompt veterinary care" is limited to animals that are ultimately euthanized.

If a stray or abandoned animal dies during the time an agency is required to hold that animal, the agency would still be required by the state to incur costs to care and maintain the animal, and to provide "necessary and prompt veterinary care" for the animal before the animal died. The agency cannot recover those costs from the adoptive owner since the animal was never adopted or released to a nonprofit adoption organization. Thus, staff agrees with the County that these costs are eligible for reimbursement.

However, the same reimbursement limitations apply to the stray and abandoned animals that die during the holding period. For example, reimbursement for the care and maintenance of these animals is limited to the costs incurred during the *increased* holding period, as calculated in the proposed Parameters and Guidelines.

Additionally, eligible claimants are not entitled to reimbursement for providing the following veterinary procedures to animals that die during the holding period:

- Emergency treatment given to injured cats and dogs (Pen. Code, § 597f, subd. (b));
- Administration of rabies vaccination to dogs (Health & Saf. Code, § 121690);

- Implantation of microchip identification; and
- Spay or neuter surgery and treatment;[7]

Finally, eligible claimants are not entitled to reimbursement for the care, maintenance, and "necessary and prompt veterinary care" of the following population of animals that die during the holding period:

- Stray or abandoned animals that are irremediably suffering from a serious illness or severe injury (Food & Agr.Code, § 17006);
- Newborn stray or abandoned animals that need maternal care and have been impounded without their mothers (Food & Agr. Code, § 17006);
- Stray or abandoned animals too severely injured to move or where a veterinarian is not available and it would be more humane to dispose of the animal (Pen. Code, §§ 597.1, subd. (e), 597f, subd. (d));
- Owner relinquished animals.

Accordingly, staff has inserted language in Sections IV (B) (1), (2), (3), (4), and (9) of the proposed Parameters and Guidelines clarifying that increased costs for the care and maintenance of animals that die during the increased holding period, and for providing "necessary and prompt veterinary care" to animals that die during the holding period are eligible for reimbursement.

Acquisition of Additional Space and/or Construction of New Facilities

Leasing Additional Space

At the August 2001 hearing, the County of Tuolumne questioned whether the proposed Parameters and Guidelines allow reimbursement for leasing additional space to comply with the increased holding period mandated by the test claim legislation.[8] The answer is yes. The reimbursable activity of acquiring additional space (Section IV (B) (1)) includes purchasing and leasing space. If an eligible claimant seeks reimbursement for the cost of the lease, the proposed Parameters and Guidelines do require the claimant to submit the documentation specified in the Parameters and Guidelines with the reimbursement claim to the State Controller's Office. In addition, eligible claimants are only entitled to reimbursement for the cost of leasing space based on a pro rata representation of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 (the test claim legislation) that are held during the increased holding period and are ultimately euthanized or die during the increased holding period, to the total population of animals housed in the leased facility. Staff has added clarifying language to Section IV (B) (1) that acquiring additional space includes purchasing and leasing.

[7] The last two bulleted exclusions were proposed by the County of San Diego.

[8] August 23, 2001, Hearing Transcript, page 43. (Exhibit A.)

Pro Rata Reimbursement

In addition, the County of Fresno contends that the proposed Parameters and Guidelines, which provide pro rata reimbursement for the acquisition of additional space, do not provide the County with a full reimbursement of its costs to construct a new facility for stray animals only. The County states the following:

> The concern that Fresno County has with regard to the proposed Parameters and Guidelines, while they are geared to being a road map for all entities, would not take into account a situation such as Fresno's wherein the expansion was just of the stray facility. To prorate the cost of the addition using the formula proposed by the Commission which takes into account the owner relinquished animals does not provide the County with full reimbursement of its costs, which is the purpose of Article XIII B, section 6 of the California Constitution. Rather, it only provides a portion of the reimbursement for which Fresno County would otherwise be due, as the formula for reimbursement implies that some of the additional capital costs are directly attributable to owner relinquished and other non-reimbursable animals.[9]

In this regard, the County of Fresno initially proposed that the Parameters and Guidelines provide full reimbursement for the cost of constructing facilities for stray animals only. (Exhibit I.) In the County's supplemental filing, however, the County proposes reimbursement based on the proportionate share of actual costs of stray animals that are held during the increased holding period and are ultimately euthanized, to the total population of stray animals held in the facility. (Exhibit P.) The language proposed in the supplemental filing is similar to the language proposed in the Parameters and Guidelines presented in August 2001, except that it excludes owner-relinquished animals from the total population of animals held in the facility.

Staff disagrees with the language initially proposed by the County, which provides full reimbursement for the cost of construction. Full reimbursement for stray animals is not consistent with the Commission's Statement of Decision. The Commission's Statement of Decision limits reimbursement for the care and maintenance of stray dogs and cats to just the increased holding period. The increased holding period is calculated by determining the difference between three days from the day of capture (the law before the enactment of the test claim legislation), and four or six business days from the day after impoundment (the holding period required by the test claim legislation). Thus, while stray dogs and cats in a "stray facility" are held for four to six business days from the day after impoundment, eligible claimants are not entitled to reimbursement for the first three days of that period.

The Statement of Decision also provides that reimbursement is not required under article XIII B, section 6 of the California Constitution and Government Code section 17514 for holding owner relinquished animals, and for holding stray or abandoned animals that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption

[9] Exhibit P. See also Exhibit I.

organization. The Commission found that local agencies have sufficient statutory fee authority to cover their costs for these animals. Although the County of Fresno does not house owner-relinquished animals in the "stray facility," the total population of stray animals housed in the "stray facility" includes the population of non-reimbursable strays that are ultimately adopted, redeemed, or released. Eligible claimants are only entitled to reimbursement for those stray animals that are ultimately euthanized or die during the increased holding period.

Finally, the test claim legislation states that local agencies are not required to hold the following population of stray animals:

- Stray or abandoned dogs and cats that are irremediably suffering from a serious illness or severe injury (Food & Agr.Code, § 17006);
- Newborn stray or abandoned dogs and cats that need maternal care and have been impounded without their mothers (Food & Agr. Code, § 17006);
- Stray or abandoned dogs and cats too severely injured to move or where a veterinarian is not available and it would be more humane to dispose of the animal (Pen. Code, §§ 597.1, subd. (e), 597f, subd. (d));

Thus, reimbursement is not required under article XIII B, section 6 of the California Constitution for the maintenance and care of the stray animals bulleted above that may be voluntarily housed in a "stray facility" with the rest of the reimbursable stray animals.

Staff has modified the proposed language for the activity of acquiring additional space to clarify the limitations described above. The proposed language now states the following:

> Eligible claimants are only entitled to reimbursement for the proportionate share of actual costs required to plan, design, acquire, and/or build facilities in a given fiscal year based on the pro rata representation of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that are held during the *increased* holding period specified in Sections IV (B) (3) and (4) of these Parameters and Guidelines and die during the increased holding period or are ultimately euthanized, to the total population of animals housed in the facility (including those animals that are excluded from reimbursement, as specified in Sections IV (B) (3) and (4) of these Parameters and Guidelines) during the entire holding period required by Food and Agriculture Code sections 31108, 31752 and 31753.

The proposed language keeps owner-relinquished animals in the description of the total population of animals since some agencies may be requesting reimbursement for acquiring space and/or constructing new facilities to house owner-relinquished and strays together. Since the County of Fresno's newly constructed facility is for strays only, their calculation of the total population of animals would presumably not include owner-relinquished animals.

Humane Society Standards

The County of San Diego requests that the Commission adopt minimum building standards outlined by the Humane Society of the United States in the Parameters and Guidelines for purposes of facility related reimbursement. The County of San Diego states the following:

> With respect to animal shelter facility and enclosure standards, we would recommend the Commission adopt the minimum standards contained in the attached Humane Society of the United States (HSUS) *Guidelines for the Operation of an Animal Shelter* (specifically, sections 1[A] on page 1 through section I[H] on page 3, pertaining to animal shelter facility planning) for the sole purpose of setting a benchmark for the upper limits of approved animal shelter facility related reimbursement. It is our view that these minimum standards, developed by professionals in the animal sheltering field and endorsed by HSUS, a nationally recognized animal welfare organization, meet both the letter and spirit of SB 1785 requirements. (Emphasis in original.)[10]

Staff disagrees with this request. Although the HSUS recommends facility guidelines, local agencies are not required by state or federal law to use these standards when housing stray and abandoned animals. Thus, this request goes beyond the scope of the mandate.

Staff also notes that the proposed Parameters and Guidelines require the governing body of the local agency to determine that acquiring additional space, constructing new facilities, or remodeling existing facilities is necessary to comply with the increased holding periods established by the test claim legislation and that it is the most cost-effective approach.

Necessary and Prompt Veterinary Care

The proposed Parameters and Guidelines provide reimbursement for "necessary and prompt veterinary care" during the entire holding period specified in the test claim legislation for stray and abandoned animals, other than injured cats and dogs given emergency treatment, that die during the holding period or are ultimately euthanized. "Necessary and prompt veterinary care" is defined as follows:

> "Necessary and prompt veterinary care" means all reasonable medical procedures performed by a veterinarian or someone under the supervision of a veterinarian to make stray or abandoned animals "adoptable." The following veterinary procedures, if conducted, are eligible for reimbursement:
>
> - An initial physical examination of the animal to determine the animal's baseline health status and classification as "adoptable," "treatable," or "non-rehabilitatable."

[10] Exhibit H.

- A wellness vaccine administered to "treatable" or "adoptable" animals.
- Veterinary care to stabilize and/or relieve the suffering of a "treatable" animal.
- Veterinary care intended to remedy any applicable disease, injury, or congenital or hereditary condition that adversely affects the health of a "treatable" animal or that is likely to adversely affect the animal's health in the future, until the animal becomes "adoptable."

At the August 2001 hearing, the Department of Finance questioned the proposed reimbursement for the initial physical examination and the wellness vaccine. The Department of Finance asserts that these activities are already being performed by shelters and, therefore, should not be reimbursable.[11]

Staff disagrees. The test claim legislation, for the first time, required local agencies to provide "prompt and necessary veterinary care" to stray and abandoned animals, other than injured cats and dogs given emergency treatment. According to legislative intent provided in Civil Code section 1834.4 of the test claim legislation, the purpose of this new requirement was to prevent the euthanization of treatable animals. The legislature defined a treatable animal as "any animal that is not adoptable but that could become adoptable with reasonable efforts." In this regard, two veterinarians from the County of San Diego and a veterinarian from the Contra Costa County have submitted comments stating that performing an initial examination to determine if the stray or abandoned animal is treatable, and administering a wellness vaccine to adoptable and treatable stray or abandoned animals is necessary to comply with the intent of the mandated requirement of providing "prompt and necessary veterinary care."[12] The Department of Finance has not submitted any comments to contradict these expert opinions. Thus, staff has left these activities in the proposed Parameters and Guidelines.

In addition, at the pre-hearing conference, the parties agreed to change the definition of "necessary and prompt veterinary care" from "all reasonable medical procedures performed by a veterinarian or someone under the supervision of a veterinarian to make stray or abandoned animals 'adoptable'", to "all ~~reasonable~~ reasonably necessary medical procedures performed by a veterinarian or someone under the supervision of a veterinarian to make stray or abandoned animals 'adoptable'." The Commission has not received any subsequent comments opposing this change. Thus, the proposed Parameters and Guidelines include this modification.

Offsetting Savings and Other Reimbursements

Rewards

The test claim legislation, in Civil Code section 1845, authorizes local agencies, for the first time, to accept advertised rewards or rewards freely offered by the owner of the

[11] August 23, 2001, Hearing Transcript, page 33-34

[12] See, Exhibit A, Bates page 325; Exhibit F, Bates page 496; and Exhibit H, Bates page 513.

animal. Such rewards may be received by the local agency in addition to the fees authorized by the test claim legislation for the care and maintenance of the redeemed animal. The State Controller's Office requests that these rewards be included in the proposed Parameters and Guidelines as a potential source of offsetting revenue.

Staff agrees with this request. Section 1183.1, subdivision (a), of the Commission's regulations requires that all proposed parameters and guidelines "allow for an offset of any other reimbursement received from the federal or state governments or other non-local sources."

This regulation is consistent with the California Supreme Court's decision in *County of Fresno v. State of California*. In the *County of Fresno* case, the court clarified that article XIII B, section 6 of the California Constitution requires reimbursement by the state only for those expenses that are recoverable from tax revenues. Reimbursable costs under article XIII B, section 6 do not include reimbursement received from other non-tax sources, such as income from gifts.[13]

Staff finds that rewards received under Civil Code section 1845 fall within the definition of non-tax sources, as provided in the *County of Fresno* case. Staff further finds the reward money is a required offset, as defined in the Commission's regulations. Accordingly, the proposed Parameters and Guidelines specify that rewards authorized by Civil Code section 1845 must be identified and deducted from the reimbursement claim.

Fees Collected for Dog License Tags and Fines (Food and Agr. Code, § 30652)

At the August 2001 hearing, there was a lot of discussion about including Food and Agriculture Code section 30652 as a source of offsetting revenue. Food and Agriculture Code section 30652 was enacted in 1967[14] and requires that fees received from dog license tags and fines be used by local agencies on expenditures according to the priority outlined in the statute. Section 30652 states the following:

> All fees for the issuance of dog license tags and all fines collected pursuant to this division shall be paid into the county, city, or city and county treasury, as the case may be, and shall be used:
>
> (a) First, to pay fees for the issuance of dog license tags.
>
> (b) *Second, to pay fees, salaries, costs, expenses, or any or all of them for the enforcement of this division and all ordinances which are made pursuant to this division*.
>
> (c) Third, to pay damages to owners of livestock which are killed by dogs.
>
> (d) Fourth, to pay costs of any hospitalization or emergency care of animals pursuant to Section 597f of the Penal Code. (Emphasis added.)

[13] *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 486-488.

[14] Statutes of 1967, chapter 15.

Food and Agriculture Code section 30652, subdivision (b), authorizes local agencies to attribute *part* of the fees collected from owners for dog license tags and fines to pay the salaries, costs, and expenses for the enforcement of Division 14 of the Food and Agriculture Code. This division of the Food and Agriculture Code governs the regulation and licensing of dogs, and includes section 31108 of the test claim legislation, which imposes the increased holding period for impounded dogs. The Commission found that Food and Agriculture Code section 31108 imposes a reimbursable state mandated program for providing care and maintenance during the increased holding period for impounded stray or abandoned dogs that are ultimately euthanized.

Division 14 of the Food and Agriculture Code, and section 30652, subdivision (b), include both field and shelter services for dogs. For example, Food and Agriculture Code sections 31101 et seq. address a local agency's field requirements to seize and impound dogs running at large. These sections were enacted in 1967 by the same statute that enacted section 30652. Once a dog is seized by the local agency, section 31108 of the test claim legislation imposes the holding period for sheltering the dog. The initial holding period of 72 hours established in section 31108 was enacted in 1967 by the same statute that enacted section 30652. The test claim legislation was enacted in 1998 and amended section 31108 by increasing the holding period.

Thus, according to the priority set out in the statute, the local agency is first required to use the revenue generated from fines and the fee authority on the issuance of dog license tags. (Food and Agr. Code, § 30652, subd. (a).) If there is excess revenue following the expenditure for dog license tags, the local agency is required by subdivision (b) of section 30652 to attribute the excess funds on both the field and sheltering services. The Legislature did not, however, prioritize the field and shelter expenditures within subdivision (b).

Thus, the parties have proposed the following approaches with respect to Food and Agriculture Code section 30652:

1. The Department of Finance contends that any excess revenues be identified and deducted from the reimbursement claim first before the agency funds the "non-mandated" field activities. The Department proposes that the following language be included in Section VII, Offsetting Savings: "Specifically, all fees for the issuance of dog license tags and all fines collected pursuant to Division 14 of the Food and Agriculture Code, in excess of the amount to pay fees associated with the issuance of license tags, shall be identified and deducted from the claim before funding non-mandated activities."

2. The Counties of Contra Costa and Fresno contend that section 30652 should not be included as a source of offsetting revenue because there is no excess revenue after paying the expenses of dog license tags in section 30652, subdivision (a). In addition, they contend that section 30652 was enacted before the test claim legislation and, thus, should not be used to pay for the expenses of the test claim legislation.[15]

[15] Exhibits F and I.

3. The County of Mendocino contends that the offset against the total cost of the mandated program be just the proportionate share of the excess revenue attributable to shelter costs that preexisted the test claim legislation. This approach does not take into account the cost of field services. Mendocino County also proposes that the excess revenue used to pay for the costs incurred under section 30652, subdivision (d) (i.e., hospitalization or emergency care of animals under Penal Code section 596f), should be deducted before any offset is taken.[16]

4. The County of Tulare contends that revenues received under section 30652 should not be deducted from costs relating to the acquisition of additional space and/or construction of new facilities, or the remodeling/renovating existing facilities. Tulare County states that "if licensing fees received pursuant to Food and Agriculture Code [section] 30652, are to be deducted from the claim for reimbursement for the mandate it should not again be deducted from the claim for capital costs."[17]

Based on the analysis and legal authorities described below, staff disagrees with the parties' proposals.

First, staff disagrees with the approach proposed by the Counties of Contra Costa and Fresno, which omits section 30652 from the list of offsets. The claimants are correct that Section 30652 was enacted before the test claim legislation. It must be presumed, however, that the Legislature has existing laws in mind at the time that it enacts a new statute.[18] Thus, the Legislature was aware of section 30652 as a revenue source when it amended Food and Agriculture Code section 31108 extending the holding period for stray and abandoned dogs. Since the plain language of section 30652 requires any excess revenue received by the local agency from dog license fees and fines to be applied, as a second priority, to the administration of Division 14, of which section 31108 is a part, section 30652 cannot be ignored as potential source of offsetting revenue.

Moreover, the California Supreme Court in *County of Fresno v. State of California* has made it clear that article XIII B, section 6 requires reimbursement only when the state mandates local agencies to expend tax revenues. Reimbursement is not required under section 6 when local agencies make expenditures on state mandated programs from sources other than local taxes. Sources other than local taxes include revenue generated from fines, fees, federal funds, bond funds, and income from gifts.[19] Accordingly, staff finds that the Commission is legally required to identify Food and Agriculture Code section 30652 as a potential source of offsetting revenue.[20]

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[16] The Counties of Los Angeles and San Diego agree with this approach. (See Exhibits L and N.)

[17] Exhibit O.

[18] *Schmidt v. Southern California Rapid Transit Dist.* (1993) 14 Cal.App.4th 23. (Exhibit R.)

[19] *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 486-488.

[20] See also, section 1183.1, subdivision (a)(8), of the Commission's regulations, which require that all parameters and guidelines "allow for an offset of any other reimbursement received from the federal or state governments or other non-local sources."

Staff also disagrees with the approaches proposed by the Department of Finance and the County of Mendocino. The Department of Finance contends that any excess revenue received pursuant to section 30652 be applied first to this reimbursement claim before the local agency applies any excess funds to "non-mandated" activities in Division 14. The County of Mendocino contends that just the proportionate share of the excess revenue attributable to shelter costs that preexisted the test claim legislation be used to offset the cost of the mandated program.

Both approaches require that the Commission establish a priority of expenditures within subdivision (b) of Food and Agriculture Code section 30652. As noted above, the plain language of subdivision (b) does not establish such a priority. Thus, both the Department of Finance and the County of Mendocino read a requirement into Food and Agriculture Code section 30652, subdivision (b), which, by the plain language of the statute, is not there. This violates the rules of statutory interpretation. Courts and administrative agencies may not disregard or enlarge the plain provisions of a statute, nor may they go beyond the meaning of the words used when the words are clear and unambiguous.[21]

In addition, article XI, section 7 of the California Constitution authorizes counties and cities to "make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws." This constitutional grant of power allows cities and counties a certain amount of independence and discretion in matters of local concern. If, however, the general laws of the state conflict with a local law, the local law is preempted.[22] These principles apply to the licensing, fielding and sheltering of dogs. The California Supreme Court, in *Simpson v. City of Los Angeles*, recognized that the licensing of dogs and the regulation of the manner in which they shall be kept and controlled, while not exclusively a municipal affair, are within the legitimate sphere of a local agency's police power.[23] Thus, pursuant to article XI, section 7 of the California Constitution, a local agency has the discretion to enact laws relating to the fielding and sheltering of dogs, unless the Legislature has preempted the field. Here, the Legislature has not enacted a law requiring local agencies to pay for the expenses of Food and Agriculture Code section 31108 of the test claim legislation first, before excess revenue is applied to other required field and sheltering services. As indicated above, the Legislature did not prioritize the field and shelter expenditures within Food and Agriculture Code section 30652, subdivision (b). Rather, the state has left the expenditure of excess revenues within Food and Agriculture Code section 30652, subdivision (b), to the discretion of the local agency. As the courts have made clear, the Commission is required to construe article XIII B, section 6 strictly and not extend its provisions to include matters not covered by the language used or as an equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities.[24]

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[21] *In re Rudy L.* (1994) 29 Cal.App.4th 1007; *Whitcomb v. California Employment Commission* (1944) 24 Cal.2d 753, 757. (Exhibit R.)

[22] *Korean American Legal Advocacy Foundation v. City of Los Angeles* (1994) 23 Cal.App.4th 376. (Exhibit R.)

[23] *Simpson v. City of Los Angeles* (1953) 40 Cal.2d 271, 278-279. (Exhibit R.)

[24] *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1816-1817, where the court stated the following: " 'A strict construction of section 6 is in keeping with rules of constitutional interpretation, which require that constitutional limitations and restrictions on legislative power are to be construed

Accordingly, staff finds that there is no legal support for the proposals of the Department of Finance and the County of Mendocino.

Therefore, staff recommends that the Parameters and Guidelines identify Food and Agriculture Code section 30652 as a potential source of offsetting revenue based on the plain language of that section. Specifically, revenue received from dogs license tags and fines pursuant to Food and Agriculture Code section 30652 shall be used first to pay for dog license tags under subdivision (a). Second, in accordance with section 30652, subdivision (b), any excess revenue shall be applied to the fees, salaries, costs, expenses, or any or all of them for the enforcement of Division 14 of the Food and Agriculture Code, including Food and Agriculture Code section 31108, and all ordinances that are made pursuant to Division 14. Under subdivision (b), a local agency has the discretion to prioritize the expenditures on field and shelter services. But, pursuant to the plain language of section 30652, a local agency is required to pay for the costs incurred in complying with Food and Agriculture Code section 31108 *before* any revenue can be applied to subdivisions (c) and (d) of section 30652 for damages to owners of livestock which are killed by dogs and hospitalization or emergency care of animals pursuant to Section 597f of the Penal Code. Costs incurred in complying with Food and Agriculture Code section 31108 include expenses identified in the Commission's Statement of Decision, and those expenses the Commission finds to be reasonable methods of complying with section 31108. Specifically, these expenses are as follows:

- The care and maintenance of stray and abandoned dogs that are euthanized or die during the increased holding period (Section IV (B) (3) of the proposed Parameters and Guidelines);
- For those agencies using the holding period of four business days after the day of impoundment, making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or establishing a procedure to enable owners to reclaim their animals by appointment (Section IV (B) (5) of the proposed Parameters and Guidelines);
- Acquisition of additional space, construction of new facilities, remodeling/renovating existing facilities (Section IV (B) (1) and (2) of the proposed Parameters and Guidelines); and
- All the one-time activities listed in Section IV (A) of the proposed Parameters and Guidelines.

Unclaimed Spay and Neuter Deposits (Food and Agr. Code, §§ 30520, 31751)

Contra Costa County contends that the unclaimed spay and neuter deposits received for dogs and cats under Food and Agriculture Code sections 30520 et seq. and 31751 et seq.

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strictly, and are not to be extended to include matters not covered by the language used.' [Citations Omitted.] ['Under our form of government, policymaking authority is vested in the Legislature and neither arguments as to the wisdom of an enactment nor questions as to the motivation of the Legislature can serve to invalidate particular legislation.'] Under these principles, there is no basis for applying section 6 as an equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities." See also, *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1281.

should not be identified as a source of offsetting revenue because the expenditure of this revenue is limited to the spay and neuter programs.

Staff agrees with the County's position. At the time the test claim legislation was enacted, Food and Agriculture Code section 30503 required local agencies to charge a deposit for spaying or neutering a dog before the dog is sold or given away. The deposit could not exceed $40 and was used to cover the costs of spaying and neutering dogs. The local agency was required to return the deposit to the new owner if the new owner presented a written statement or receipt indicating that the dog had been spayed or neutered. Section 30503 further stated that any unclaimed deposit shall be used only to pay for a public education program to prevent overpopulation of dogs and cats, a program to spay or neuter dogs and cats, a follow-up program to assure that animals sold or given away are spayed or neutered, and any additional costs under section 30503. Food and Agriculture Code section 31751 contained similar requirements for cats. Thus, based on the plain language of sections 30503 and 31751, local agencies were not authorized to use the unclaimed spay or neuter deposits on the test claim legislation.

In 1998, Food and Agriculture Code sections 30503 and 31751 were amended, and section 30520 et seq. were added to the Food and Agriculture Code.[25] These provisions became operative on January 1, 2000, and also require that the unclaimed spay or neuter deposits be used only for spay and neuter programs for dogs and cats, public education to reduce and prevent the overpopulation of dogs and cats, a follow-up program to ensure that transferred dogs and cats are spayed or neutered, and any additional costs under these sections. Thus, based on the plain language of these provisions, local agencies are not authorized to use the unclaimed spay or neuter deposits on the test claim legislation.

Accordingly, staff has deleted Food and Agriculture Code sections 30520 et seq. and 31751 et seq. from the list of offsets.

Other Offsetting Savings Proposed by the Department of Finance

The Department of Finance contends that the intent of the test claim legislation is to ensure that an animal is adopted or reclaimed, rather than euthanized. Thus, the Department argues that if, under the test claim legislation, more animals are adopted or reclaimed, a local agency is saving money by avoiding the costs of euthanization. Specifically, the Department states the following:

> Additionally, the test claim legislation enhances the prospect that an animal will be adopted or reclaimed instead of euthanized. Presuming animals are adopted or reclaimed during the extended holding period, counties will realize offsetting savings. Prior to the test claim legislation, a county would have incurred costs for holding and euthanizing an animal not adopted or reclaimed by the owner. If, under the existing law, the animal is now adopted or reclaimed during the extended holding period, these holding costs would shift to the animal adoption fees or penalties authorized pursuant to Food and Agriculture Code sections 31108 (b), 31752, and 31753 and Penal Code section 597f, resulting in savings to county funds (license fees and other funds). Furthermore, the counties

[25] Statutes of 1998, chapter 747.

> will avoid euthanasia costs that would have been incurred under prior law. This offsetting savings could be determined by tracking the number of animals adopted or reclaimed during the extended holding period. Any such savings must be identified and deducted from the reimbursement claim.[26]

Thus, the Department recommends that the Commission adopt the following language in Section VII of the Parameters and Guidelines:

> Claims for reimbursement must identify sources of offsetting savings. Offsetting savings include, but are not limited to, holding and euthanasia costs for animals that would have been euthanized but for the extended holding period and which are instead adopted or reclaimed. These costs, that would have been funded from county license fees or other funds if the animal had been euthanized, are avoided (euthanasia costs) or passed via an adoption fee or penalty levied to the person adopting or reclaiming the animal (holding costs).

In the present case, the test claim legislation did not expressly repeal or reduce any of the existing state requirements relating to the care and maintenance of animals. Rather, as the Commission determined, the test claim legislation imposes new, state mandated, activities on local agencies. The Commission noted in its Statement of Decision, however, that one of the purposes of the test claim legislation was to reduce the rate of euthanasia. The Statement of Decision (on Bates page 173) states the following:

> The Commission agrees that one of the purposes of the test claim legislation was to reduce the cost of euthanasia. The Legislature expressly declared in Section 1 of the test claim legislation that the "redemption of owned pets and adoption of lost or stray adoptable animals is preferable to incurring social and economic costs of euthanasia." To reduce the rate of killing, the Legislature made it easier for owners to redeem their pets by establishing longer holding periods, mandatory record keeping, and lost and found lists.

The Commission also noted the contention of the San Francisco SPCA that the test claim legislation is cost-effective and can be accomplished on a revenue-neutral or revenue-positive basis without expenditures for new facilities or increased space.

However, there is no direct evidence in the record that local agencies are saving money as a result of the test claim legislation. Rather, as reflected in the Statement of Decision (Bates page 173), the record contains several declarations stating that local agencies have incurred increased costs as a result of the test claim legislation.

The Commission's regulations require an agency to identify and deduct offsetting savings experienced as a result of the mandate. Section 1183.1, subdivision (a)(9), of the Commission's regulations states that "all proposed parameters and guidelines must allow

[26] Exhibit M.

for any offsetting savings in the same program experienced as a result of the same statute(s) or executive order(s) found to contain a mandate."[27]

In accordance with this regulation, the first sentence in the boilerplate language in Section VII of the Parameters and Guidelines states the following: "Any offsetting savings that the claimant experiences as a direct result of this mandate must be deducted from the costs claimed."

Staff finds the boilerplate language addresses the concerns of the Department of Finance.

Staff Recommendation

Staff recommends that the Commission adopt staff's Proposed Parameters and Guidelines, which begin on page 21.

Staff also recommends that the Commission authorize staff to make any non-substantive, technical corrections to the parameters and guidelines following the hearing.

[27] The California Supreme Court has held that "a regulation adopted by a state administrative agency pursuant to a delegation of rulemaking authority by the Legislature has the force and effect of a statute." *Agricultural Labor Relations Bd. v. Superior Court* (1976) 16 Cal.3d 392, 401. (Exhibit R.)

STAFF'S PROPOSED PARAMETERS AND GUIDELINES

Civil Code Sections 1834 and 1846;
Food and Agriculture Code Sections 31108, 31752, 31752.5, 31753, 32001, and 32003
As Added or Amended by Statutes of 1998, Chapter 752

Animal Adoption

I. Summary of the Mandate

The test claim legislation was enacted in an attempt to end the euthanasia of adoptable and treatable animals. Generally, the test claim legislation increased the holding period for stray and abandoned dogs, cats, and other specified animals; required the verification of the temperament of feral cats; required the posting of lost and found lists; required the maintenance of records for impounded animals; and required that impounded animals receive "necessary and prompt veterinary care."

The Commission partially approved this test claim, pursuant to article XIII B, section 6 of the California Constitution and Government Code section 17514, for the *increased costs* in performing the following activities only:

1. Providing care and maintenance during the increased holding period for impounded dogs and cats that are ultimately euthanized. The increased holding period shall be measured by calculating the difference between three days from the day of capture and four business days from the day after impoundment, as specified below in 3 (a) and 3 (b), or six business days from the day after impoundment (Food & Agr. Code, §§ 31108, 31752);

2. Providing care and maintenance for four business days from the day after impoundment, as specified below in 3 (a) and 3 (b), or six business days from the day after impoundment, for impounded rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, or tortoises legally allowed as personal property that are ultimately euthanized (Food & Agr. Code, § 31753);

3. For dogs, cats, and other specified animals held for four business days after the day of impoundment, either:

   (a) Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or

   (b) For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed (Food & Agr., Code §§ 31108, 31752, and 31753);

4. Verifying whether a cat is feral or tame by using a standardized protocol (Food & Agr. Code, § 31752.5);

5. Posting lost and found lists (Food & Agr. Code, § 32001);
6. Maintaining records on animals that are not medically treated by a veterinarian, but are either taken up, euthanized after the holding period, or impounded (Food & Agr. Code, § 32003); and
7. Providing "necessary and prompt veterinary care" for abandoned animals, other than injured cats and dogs given emergency treatment, that are ultimately euthanized (Civ.Code, §§ 1834 and 1846).

II. Eligible Claimants

Any city, county, city and county, dependent special district, and joint powers authority comprised of a city, county, and/or city and county that incurs increased costs as a result of this reimbursable state mandated program is eligible to claim reimbursement of those costs.

III. Period of Reimbursement

Government Code section 17557, as amended by Statutes of 1998, Chapter 681 (which became effective on September 22, 1998), states that a test claim shall be submitted on or before June 30 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. On December 22, 1998, the County of Los Angeles filed the test claim for this mandated program, establishing eligibility for reimbursement beginning on or after July 1, 1997.

However, except for the amendments to Food and Agriculture Code sections 31108 and 31752, Statutes of 1998, Chapter 752 became operative and effective on January 1, 1999. Therefore, except for the amendments to Food and Agriculture Code sections 31108 and 31752, the costs incurred for Statutes of 1998, Chapter 752 are eligible for reimbursement on or after January 1, 1999.

Section 21 of Statutes of 1998, Chapter 752 establishes an operative date of July 1, 1999 for the amendments to Food and Agriculture Code section 31108 (holding period for stray dogs) and Food and Agriculture Code sections 31752 (holding period for stray cats). Therefore, costs incurred for Food and Agriculture Code sections 31108 and 31752, as amended by Statutes of 1998, Chapter 752, are eligible for reimbursement on or after July 1, 1999.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to section 17561, subdivision (d)(1) of the Government Code, all claims for reimbursement of initial years' costs shall be submitted within 120 days of notification by the State Controller of the issuance of claiming instructions.

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

IV. Reimbursable Activities

For each eligible claimant, all direct and indirect costs of labor, materials, supplies, fixed assets, contracted services, training and travel for the performance of the activities listed below are eligible for reimbursement.

Except as specified in Component (B)(3) and (4), reimbursement claims for the performance of the activities listed below shall be based on actual or estimated costs as provided in Government Code section 17560.

A. One Time Activities

1. Develop policies and procedures to implement the reimbursable activities listed in Section IV (B) of these parameters and guidelines.

2. Train staff on the reimbursable activities listed in ~~part~~ Section IV (B) of these parameters and guidelines. (One-time per employee.)

~~3. Procure medical, kennel, and computer equipment necessary to comply with the reimbursable activities listed in Section IV (B) of these parameters and guidelines to the extent these costs are not claimed as an indirect cost under Section V. (B) of these parameters and guidelines.~~

4. Develop or procure computer software for the maintenance of records on animals specified in Section IV (B) (8) of these parameters and guidelines to the extent these costs are not claimed as an indirect cost under Section V (B) (8) of these parameters and guidelines. If the computer software is utilized in some way that is not directly related to the maintenance of records specified in Section IV (B) (8), only the pro rata portion of the activity that is used for compliance with Section IV (B) (8) is reimbursable.

B. Ongoing Activities

1. Acquisition of Additional Space and/or Construction of New Facilities

Beginning January 1, 1999 - Acquiring additional space by purchase or lease and/or construction of new facilities to provide appropriate or adequate shelter ~~space~~ necessary to comply with the mandated activities during the increased holding period for impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that die during the increased holding period or are ultimately euthanized.

Eligible claimants are only entitled to reimbursement for the proportionate share of actual costs required to plan, design, acquire, and/or build facilities in a given fiscal year based on the pro rata representation of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that are held during

the *increased* holding period specified in Sections IV (B) (3) and (4) of these Parameters and Guidelines and die during the increased holding period or are ultimately euthanized, to the total population of animals housed in the facility (including those animals that are excluded from reimbursement, as specified in Sections IV (B) (3) and (4) of these Parameters and Guidelines) during the entire holding period required by Food and Agriculture Code sections 31108, 31752 and 31753.

Supporting Documentation Submitted with the Initial and Subsequent Reimbursement Claims

Acquiring additional space and/or construction of new facilities is reimbursable only to the extent that an eligible claimant submits, with the initial and/or subsequent reimbursement claim, documentation reflecting the following:

A determination by the governing board that acquiring additional space and/or constructing new facilities is necessary for the increased holding period required by Statutes of 1998, Chapter 752 because the existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats and other specified animals that are ultimately euthanized. The determination by the governing board shall include all of the following findings:

- The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in 1998. Average Daily Census is defined as the average number of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 housed on any given day, in a 365-day period;
- The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in a given year under the holding periods required by Food and Agriculture Code sections 31108, 31752, and 31753, as added or amended by Statutes of 1998, Chapter 752;
- Existing facilities are not appropriately configured and/or equipped to comply with the increased holding period required by Statutes of 1998, Chapter 752;
- Remodeling existing facilities is not feasible or is more expensive than acquiring additional space and/or constructing new facilities; and
- Contracting with existing private or public shelters in the area to house the increase of impounded stray or abandoned dogs, cats, or other animals specified in Statutes of 1998, Chapter

752 is not feasible or is more expensive than acquiring additional space and/or constructing new facilities.

Documentation requirements may be satisfied in whole or in part by staff agenda items, staff reports, minutes of governing board meetings, transcripts of governing board meetings, certification by the governing board describing the findings and determination, and/or a resolution adopted by the governing board pursuant to Food and Agriculture Code section 31755, as added by Statutes of 1999, Chapter 81 (Assembly Bill 1482).

2. Remodeling/Renovating Existing Facilities

Beginning January 1, 1999 - Remodeling/renovating existing facilities to provide appropriate or adequate shelter ~~space~~ necessary to comply with the mandated activities during the increased holding period for impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that die during the increased holding period or are ultimately euthanized.

Eligible claimants are only entitled to reimbursement for the proportionate share of actual costs required to plan, design, remodel and/or renovate existing facilities in a given fiscal year based on the pro rata representation of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that are held during the *increased* holding period specified in Sections IV (B) (3) and (4) of these Parameters and Guidelines and die during the increased holding period or are ultimately euthanized, to the total population of animals housed in the facility (including those animals that are excluded from reimbursement, as specified in Sections IV (B) (3) and (4) of these Parameters and Guidelines) during the entire holding period required by Food and Agriculture Code sections 31108, 31752 and 31753.

Supporting Documentation Submitted with the Initial and Subsequent Reimbursement Claims

Remodeling/renovating existing facilities is reimbursable only to the extent that an eligible claimant submits, with the initial and/or subsequent reimbursement claim, documentation reflecting the following:

A determination by the governing board or a delegated representative that remodeling/renovating existing facilities is necessary because the existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats and other specified animals that are ultimately euthanized for the increased holding period required by Statutes of 1998, Chapter 752. The determination by the governing board or delegated representative shall include all of the following findings:

- The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in 1998. Average Daily Census is defined as the average number of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 housed on any given day, in a 365-day period;
- The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 in a given year under the holding periods required by Food and Agriculture Code sections 31108, 31752, and 31753, as added or amended by Statutes of 1998, Chapter 752;
- Existing facilities are not appropriately configured and/or equipped to comply with the increased holding period required by Statutes of 1998, Chapter 752;
- Contracting with existing private or public shelters in the area to house the increase of impounded stray or abandoned dogs, cats, or other animals specified in Statutes of 1998, Chapter 752 is not feasible or is more expensive than remodeling/renovating existing facilities.

Documentation requirements may be satisfied in whole or in part by staff agenda items, staff reports, minutes of governing board meetings, transcripts of governing board meetings, certification by the governing board or declaration from the delegated representative describing the findings and determination, and/or a resolution adopted by the governing board pursuant to Food and Agriculture Code section 31755, as added by Statutes of 1999, Chapter 81 (Assembly Bill 1482).

3. Care and Maintenance for Impounded Stray or Abandoned Dogs and Cats that Die During the Increased Holding Period or are Ultimately Euthanized (Food & Agr. Code, §§ 31108, 31752)

Beginning July 1, 1999 - Providing care and maintenance during the increased holding period for impounded stray or abandoned dogs and cats that die during the increased holding period or are ultimately euthanized. The increased holding period shall be measured by calculating the difference between three days from the day of capture, and four or six business days from the day after impoundment.

Exclusions

Eligible claimants are *not* entitled to reimbursement for the care and maintenance of the following population of dogs and cats:

- Stray or abandoned dogs and cats that are irremediably suffering from a serious illness or severe injury (Food & Agr. Code, § 17006);
- Newborn stray or abandoned dogs and cats that need maternal care and have been impounded without their mothers (Food & Agr. Code, § 17006);
- Stray or abandoned dogs and cats too severely injured to move or where a veterinarian is not available and it would be more humane to dispose of the animal (Pen. Code, §§ 597.1, subd. (e), 597f, subd. (d));
- Owner relinquished dogs and cats; and
- Stray or abandoned dogs and cats that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

Methods for Claiming Costs

Eligible claimants may elect one of following two methods to claim costs for the care and maintenance of impounded stray or abandoned dogs and cats that die during the increased holding period or are ultimately euthanized:

- Actual Cost Method – Under the actual cost method, actual reimbursable care and maintenance costs per animal per day are computed for an annual claim period.
    a) Determine the total annual cost of care and maintenance for all dogs and cats impounded at a facility. Total cost of care and maintenance includes labor, materials, supplies, indirect costs, and contract services.
    b) Determine the average daily census of dogs and cats.
    c) Multiply the average daily census of dogs and cats by 365 = yearly census of dogs and cats.
    d) Divide the total annual cost of care by the yearly census of dogs and cats = cost per animal per day.
    e) Multiply the cost per animal per day, by the number of impounded stray or abandoned dogs and cats that die during the increased holding period or are ultimately euthanized, by each reimbursable day (the difference between three days from the day of capture, and four or six business days from the day after impoundment).
- Time Study Method – Under the time study method, a random sample of impounded stray or abandoned dogs and cats are

observed to determine the amount of time to provide care and maintenance during a reimbursable day.

The time study shall be developed using one representative month each quarter and be supported with actual source documentation. Time studies shall be conducted on a more frequent basis if there are significant variations of time expended from month to month. The time study shall identify hours devoted to each specific category. If the time study supports a fixed-cost approach such as an animal day (i.e., dog-day, cat-day, etc.), the eligible claimant shall document the analysis supporting the method used.

Time records used to support the time study shall:

a) Reflect an after-the-fact distribution of each employee's actual activity;

b) Account for the total activity for which each employee is compensated;

c) Account for the total labor hours of the month;

d) Be signed and dated by the employee not later than the end of the pay period that follows the pay period covered by the report; and

e) Document, by signature or initials and date, supervisor approval.

4. Care and Maintenance for Impounded Stray or Abandoned Animals Specified in Food and Agriculture Code Section 31753 that <u>Die During the Increased Holding Period or</u> are Ultimately Euthanized (Food & Agr. Code, § 31753)

   Beginning January 1, 1999 - Providing care and maintenance for four or six business days from the day after impoundment for impounded stray or abandoned rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, and tortoises legally allowed as personal property that <u>die during the increased holding period or</u> are ultimately euthanized.

   <u>Exclusions</u>

   Eligible claimants are *not* entitled to reimbursement for the care and maintenance of the following population of animals:

   - Stray or abandoned animals that are irremediably suffering from a serious illness or severe injury (Food & Agr. Code, § 17006);
   - Newborn animals that need maternal care and have been impounded without their mothers (Food & Agr. Code, § 17006);

- Stray or abandoned animals too severely injured to move or where a veterinarian is not available and it would be more humane to dispose of the animal (Pen. Code, §§ 597.1, subd. (e), 597f, subd. (d));
- Owner relinquished animals; and
- Stray or abandoned animals that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

Methods for Claiming Costs

Eligible claimants may elect one of following two methods to claim costs for the care and maintenance of impounded stray or abandoned animals specified in Food and Agriculture Code section 31753 that die during the increased holding period or are ultimately euthanized:

- Actual Cost Method –Under the actual cost method, actual reimbursable care and maintenance costs per animal per day are computed for an annual claim period.
    a) Determine the total annual cost of care and maintenance for all animals specified in Food and Agriculture Code section 31753 that are impounded at a facility. Total cost of care and maintenance includes labor, materials, supplies, indirect costs, and contract services.
    b) Determine the average daily census of the animals specified in Food and Agriculture Code section 31753.
    c) Multiply the average daily census of the animals specified in Food and Agriculture Code section 31753 by 365 = yearly census of animals specified in Food and Agriculture Code section 31753.
    d) Divide the total annual cost of care by the yearly census of animals specified in Food and Agriculture Code section 31753 = cost per animal per day.
    e) Multiply the cost per animal per day, by the number of impounded stray or abandoned animals specified in Food and Agriculture Code section 31753 that die during the increased holding period or are ultimately euthanized, by each reimbursable day (four or six business days from the day after impoundment).
- Time Study Method – Under the time study method, a random sample of impounded stray or abandoned animals are observed to determine the amount of time to provide care and maintenance during a reimbursable day.

The time study shall be developed using one representative month each quarter and be supported with actual source documentation. Time studies shall be conducted on a more frequent basis if there are significant variations of time expended from month to month. The time study shall identify hours devoted to each specific category. If the time study supports a fixed-cost approach such as an animal day, the eligible claimant shall document the analysis supporting the method used.

Time records used to support the time study shall:

a) Reflect an after-the-fact distribution of each employee's actual activity;

b) Account for the total activity for which each employee is compensated;

c) Account for the total labor hours of the month;

d) Be signed and dated by the employee not later than the end of the pay period that follows the pay period covered by the report; and

e) Document, by signature or initials and date, supervisor approval.

5. Agencies Using the Holding Period of Four Business Days After the Day of Impoundment (Food & Agr. Code, §§ 31108, 31752, 31753)

Beginning January 1, 1999 - For impounded animals specified in Food and Agriculture Code section 31753, either:

- Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or
- For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed.

Beginning July 1, 1999 - For impounded dogs and cats, either:

- Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or
- For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed.

6. Feral Cats (Food & Agr. Code, § 31752.5)

   Beginning January 1, 1999 - Verifying whether a cat is feral or tame by using a standardized protocol within the first three days of the required holding period if an apparently feral cat has not been reclaimed by its owner or caretaker.

7. Lost and Found Lists (Food & Agr. Code, § 32001)

   Beginning January 1, 1999 - Providing owners of lost animals and those who find lost animals with all of the following:

   - Ability to list the animals they have lost or found on "lost and found" lists maintained by the local agency;
   - Referrals to animals listed that may be the animals the owner or finders have lost or found;
   - The telephone numbers and addresses of other pounds and shelters in the same vicinity;
   - Advice as to means of publishing and disseminating information regarding lost animals; and
   - The telephone numbers and addresses of volunteer groups that may be of assistance in locating lost animals.

8. Maintaining *Non-Medical* Records (Food & Agr. Code, § 32003)

   Beginning January 1, 1999 - Maintaining non-medical records on animals that are either taken up, euthanized after the holding period, or impounded. Such records shall include the following:

   - The date the animal was taken up, euthanized, or impounded;
   - The circumstances under which the animal is taken up, euthanized, or impounded;
   - The names of the personnel who took up, euthanized, or impounded the animal; and
   - The final disposition of the animal, including the name of the person who euthanized the animal or the name and address of the adopting party.

   <u>The cost of software license renewal contracts, to the extent these costs are not claimed as an indirect cost under these parameters and guidelines, is eligible for reimbursement under Section V (A) (2) of these parameters and guidelines. If the computer software is utilized in some way that is not directly related to the maintenance of records specified in this section, only the pro rata portion of the software license renewal contract that is used for compliance with this section is reimbursable.</u>

9. "Necessary and Prompt Veterinary Care" (Civ. Code, §§ 1834 and 1846)

   Beginning January 1, 1999 - Providing "necessary and prompt veterinary care" for stray and abandoned animals, other than injured cats and dogs given emergency treatment, that die during the holding period or are ultimately euthanized, during the ~~increased~~ holding periods specified in Statutes of 1998, Chapter 752.

   "Necessary and prompt veterinary care" means all ~~reasonable~~ reasonably necessary medical procedures performed by a veterinarian or someone under the supervision of a veterinarian to make stray or abandoned animals "adoptable." The following veterinary procedures, if conducted, are eligible for reimbursement:

   - An initial physical examination of the animal to determine the animal's baseline health status and classification as "adoptable," "treatable," or "non-rehabilitatable."
   - A wellness vaccine administered to "treatable" or "adoptable" animals.
   - Veterinary care to stabilize and/or relieve the suffering of a "treatable" animal.
   - Veterinary care intended to remedy any applicable disease, injury, or congenital or hereditary condition that adversely affects the health of a "treatable" animal or that is likely to adversely affect the animal's health in the future, until the animal becomes "adoptable."

   Population Exclusions

   Eligible claimants are *not* entitled to reimbursement for providing "necessary and prompt veterinary care" to the following population of animals:

   - Animals that are irremediably suffering from a serious illness or severe injury (Food & Agr. Code, § 17006);
   - Newborn animals that need maternal care and have been impounded without their mothers (Food & Agr. Code, § 17006);
   - Animals too severely injured to move or where a veterinarian is not available and it would be more humane to dispose of the animal. (Pen. Code, §§ 597.1, subd. (e), 597f, subd. (d));
   - Owner relinquished animals; and
   - Stray or abandoned animals that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

Veterinary Care Exclusions

Eligible claimants are *not* entitled to reimbursement for providing the following veterinary procedures:

- Emergency treatment given to injured cats and dogs (Pen. Code, § 597f, subd. (b));
- Administration of rabies vaccination to dogs (Health & Saf. Code, § 121690);
- Implantation of microchip identification;
- Spay or neuter surgery and treatment;
- Euthanasia.

10. Beginning January 1, 1999 - Procuring medical, kennel, and computer equipment necessary to comply with the reimbursable activities listed in Section IV (B) of these parameters and guidelines, to the extent these costs are not claimed as an indirect cost under Section V (B) of these parameters and guidelines. If the medical, kennel, and computer equipment is utilized in some way not directly related to the mandated program or the population of animals listed in Section IV (B), only the pro rata portion of the activity that is used for the purposes of the mandated program is reimbursable.

V. Claim Preparation and Submission

Each claim for reimbursement must be timely filed and identify each cost element for which reimbursement is claimed under this mandate. Claimed costs must be identified to each reimbursable activity identified in Section IV. of these Parameters and Guidelines.

A. Direct Costs

Direct costs are defined as costs that can be traced to specific goods, services, programs, activities, or functions and shall be supported by the following cost element information:

1. Salaries and Benefits

   Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the reimbursable activities performed, specify the actual time devoted to each activity by each employee, and the productive hourly rate, and related fringe benefits.

   Reimbursement for personnel services includes compensation paid for salaries, wages, and employee fringe benefits. Employee fringe benefits include regular compensation paid to an employee during periods of authorized absences (e.g., annual leave, sick leave) and the employer's contributions to social security, pension plans, insurance, and worker's compensation insurance. Fringe benefits

are eligible for reimbursement when distributed equitably to all job activities performed by the employee.

2. Materials and Supplies

Only expenditures that can be identified as direct costs of this mandate may be claimed. List the cost of the materials and supplies consumed specifically for the purposes of this mandate. Purchases shall be claimed at the actual price after deducting cash discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged based on a recognized method of costing, consistently applied.

3. Contract Services

Provide the name(s) of the contractor(s) who performed the services, including any fixed contracts for services. Describe the reimbursable activity(ies) performed by each named contractor and give the number of actual hours spent on the activities, if applicable. Show the inclusive dates when services were performed and itemize all costs for those services. Attach consultant invoices to the claim.

4. Travel

Travel expenses for mileage, per diem, lodging, and other employee entitlements are eligible for reimbursement in accordance with the rules of the local jurisdiction. Provide the name(s) of traveler(s), purpose of travel, inclusive dates and times of travel, destination point(s), and travel costs.

5. Training

The cost of training an employee to perform the mandated activities, as specified in Section IV (A) of these Parameters and Guidelines, is eligible for reimbursement. Identify the employee(s) by name and job classification. Provide the title and subject of the training session, the date(s) attended, and the location. Reimbursable costs may include salaries and benefits, registration fees, transportation, lodging, and per diem.

6. Fixed Assets

List the costs of the fixed assets that have been acquired specifically for the purpose of this mandate. If the fixed asset is utilized in some way not directly related to the mandated program, only the pro-rata portion of the asset that is used for the purposes of the mandated program is reimbursable.

B. Indirect Costs

Compensation for indirect costs is eligible for reimbursement. Indirect costs are those that have been incurred for common or joint purposes. These costs

benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs include (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) pursuant to the Office of Management and Budget (OMB) Circular A-87.

VI. Supporting Data

For auditing purposes, all costs claimed shall be traceable to source documents (e.g., employee time records, cost allocation reports, invoices, receipts, purchase orders, contracts, worksheets, calendars, declarations, time studies, etc.) that show evidence of the validity of such costs and their relationship to this mandate. All documentation in support of claimed costs shall be made available to the State Controller's Office, as may be requested. Pursuant to Government Code section 17558.5, these documents must be kept on file by the agency submitting the claim for a period of no less than two years after the later of (1) the end of the calendar year in which the reimbursement claim is filed or last amended, or (2) if no funds are appropriated for the fiscal year for which the claim is made, the date of initial payment of the claim.

VII. Offsetting Savings and Other Reimbursements

Any offsetting savings that the claimant experiences as a direct result of this mandate must be deducted from the costs claimed. ~~Additionally, reimbursement for this mandate received from any source, including but not limited to licensing fees and fines received and applied pursuant to Food and Agriculture Code sections 30520 et seq., 30652, 31751 et seq., Government Code section 28502, and Penal Code section 597f; other state funds; and federal funds, shall be identified and deducted from this claim.~~ Additionally, reimbursement for this mandate received from any source shall be identified and deducted from this claim. These sources shall include, but not be limited to, rewards received under the authority of Civil Code section 1845; licensing fees and fines received and applied pursuant to Food and Agriculture Code section 30652, Government Code section 28502, and Penal Code section 597f; other state funds, and federal funds. The fees and fines received pursuant to Food and Agriculture Code section 30652 shall be deducted from the claim according to the priority specified in the statute and stated below:

- First, to pay fees for the issuance of dog license tags pursuant to Food and Agriculture Code section 30652, subdivision (a);
- Second, in accordance with Food and Agriculture Code section 30652, subdivision (b), any excess revenue held after the payment of dog license tags shall be applied to the fees, salaries, costs, expenses, or any or all of them for the enforcement of Division 14 of the Food and Agriculture Code, including Food and Agriculture Code section 31108, and all ordinances that are made pursuant to Division 14. Costs incurred under Food and Agriculture Code section 31108 are specified in Section IV (B) (1), (2), (3), and (5), and Section IV (A) of these parameters and guidelines. Any or all excess revenue must be applied to the costs incurred under Food and Agriculture Code section 31108 before any revenue can be applied to subdivisions (c) and (d) of Food and Agriculture Code section 30652.

VIII. State Controller's Office Required Certification

An authorized representative of the claimant shall be required to provide a certification of the claim, as specified in the State Controller's Office claiming instructions, for those costs mandated by the state contained herein.

IX. Parameters and Guidelines Amendments

Pursuant to title 2, California Code of Regulations, section 1183.2, Parameters and Guidelines amendments 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. A Parameters and Guidelines amendment 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 the fiscal year.

February 7, 2002

Mr. Leonard Kaye
County of Los Angeles
Auditor, Controller's Office
500 W. Temple Street, Room 603
Los Angeles, CA 90012

And Affected State Agencies and Interested Parties (See Enclosed Mailing List)

RE: Proposed Parameters and Guidelines/Final Staff Analysis
February 28, 2002, Hearing – Item 4
Animal Adoption, CSM 98-TC-11
Civil Code Sections 1834, 1846; Food and Agriculture Code Sections 31108, 31752, 31752.5, 31753, 32001, and 32003;
As Added or Amended by Statutes of 1998, Chapter 752
County of Los Angeles, City of Lindsay, County of Tulare, County of Fresno and Southeast Area Animal Control Authority, Claimants

Staff's Proposed Parameters and Guidelines and Final Staff Analysis have been completed and are enclosed for your review.

Hearing

The Proposed Parameters and Guidelines are set for hearing on February 28, 2002 at 9:30 a.m. in Room 126 of the State Capitol, Sacramento, California.

Hearing Procedures

If you wish to testify at the hearing, please complete the enclosed form and return the form, by fax or mail, to our office by Monday, February 25, 2002, at 5:00 p.m.

Testimony at the hearing will be presented in the following order: Claimants, the State Controller's Office, the Department of Finance, interested parties, and then interested persons.

The Chairperson may impose time limits on testimony as provided in the Commission's regulations. (Cal.Code Regs., tit.2, § 1182.2, subd. (b)(2).)

Please contact Camille Shelton, Staff Counsel, at (916) 323-8215 with questions.

Sincerely,

Paula Higashi
Executive Director

Enc. Form Requesting to Testify
Item 4, Staff's Proposed Parameters and Guidelines (Mailing List)

Return by Monday, February 25, 2002, at 5:00 p.m.

Fax Number, Commission on State Mandates: (916) 445-0278

Animal Adoption

Item # 4, Proposed Parameters and Guidelines

☐ I wish to testify at the hearing on the Proposed Parameters and Guidelines for the Animal Adoption claim on February 28, 2002.

Name of Witness/Witnesses: _____

Organization: _____

Address and Phone Number: _____

January 6, 2006

To: Affected State Agencies and Interested Parties (See Enclosed Mailing List)

Re: **Final Staff Analysis and Proposed Amendments to Parameters and Guidelines**
Animal Adoption, CSM 98-TC-11
County of Los Angeles, City of Lindsay, County of Tulare, County of Fresno and Southeast Area Animal Control Authority, Claimants
Civil Code Sections 1834, 1846; Food and Agriculture Code Sections 31108, 31752, 31752.5, 31753, 32001, and 32003;
As Added or Amended by Statutes of 1998, Chapter 752

The final staff analysis and proposed amendments to the parameters and guidelines for the above-named program are enclosed for your review.

Commission Hearing

This matter is set for hearing on **January 26, 2006,** at 9:30 a.m. in Room 126 of the State Capitol, Sacramento, California. This item will be scheduled for the consent calendar unless any party objects. Please let us know in advance if you or a representative of your agency will testify at the hearing, and if other witnesses will also appear.

Special Accommodations

For any special accommodations such as a sign language interpreter, an assistive listening device, materials in an alternative format, or any other accommodations, please contact the Commission Office at least five to seven *working* days prior to the meeting.

If you have any questions, please contact Nancy Patton at (916) 323-8217.

Sincerely,

PAULA HIGASHI
Executive Director

Enclosure

J:mandates/2004/pga/04pga01&02/fsatrans

Hearing: January 26, 2006
j:mandates/2004/pga/04pga01and02/fsa

ITEM 11
FINAL STAFF ANALYSIS
PROPOSED PARAMETERS AND GUIDELINES AMENDMENT

Civil Code Sections 1834 and 1846
Food and Agriculture Code Sections 31108, 31752, 31752.5, 31753, 32001, and 32003

Statutes of 1998, Chapter 752

Animal Adoption

04-PGA-01 and 04-PGA-02 (98-TC-11)

EXECUTIVE SUMMARY

I. SUMMARY OF THE MANDATE

The test claim legislation was enacted in an attempt to end the euthanasia of adoptable and treatable animals. Generally, the test claim legislation increased the holding period for stray and abandoned dogs, cats, and other specified animals; required the verification of the temperament of feral cats; required the posting of lost and found lists; required the maintenance of records for impounded animals; and required that impounded animals receive "necessary and prompt veterinary care."

On January 25, 2001, the Commission on State Mandates (Commission) partially approved this test claim, pursuant to article XIII B, section 6 of the California Constitution and Government Code section 17514, for the *increased costs* in performing the following activities only:

1. Providing care and maintenance during the increased holding period for impounded dogs and cats that are ultimately euthanized. The increased holding period shall be measured by calculating the difference between three days from the day of capture and four business days from the day after impoundment, as specified below in 3 (a) and 3 (b), or six business days from the day after impoundment (Food & Agr. Code, §§ 31108, 31752);

2. Providing care and maintenance for four business days from the day after impoundment, as specified below in 3 (a) and 3 (b), or six business days from the day after impoundment, for impounded rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, or tortoises legally allowed as personal property that are ultimately euthanized
(Food & Agr. Code, § 31753);

3. For dogs, cats, and other specified animals held for four business days after the day of impoundment, either:

(a) Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or

(b) For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed (Food & Agr., Code §§ 31108, 31752, and 31753);

4. Verifying whether a cat is feral or tame by using a standardized protocol (Food & Agr. Code, § 31752.5);

5. Posting lost and found lists (Food & Agr. Code, § 32001);

6. Maintaining records on animals that are not medically treated by a veterinarian, but are either taken up, euthanized after the holding period, or impounded (Food & Agr. Code, § 32003); and

7. Providing "necessary and prompt veterinary care" for abandoned animals, other than injured cats and dogs given emergency treatment, that are ultimately euthanized (Civ.Code, §§ 1834 and 1846).

The Commission adopted the parameters and guidelines for this program on February 28, 2002.

Bureau of State Audits – Audit of the Animal Adoption Program

On March 12, 2003, the Joint Legislative Audit Committee authorized an audit of the *Animal Adoption* mandate. On October 15, 2003, the Bureau of State Audits (BSA) released its audit report on the *Animal Adoption* mandate. The audit report recommended that the Commission and the Legislature implement the following:

> To ensure that local entities receive reimbursement only for costs associated with the increased holding period for eligible animals, the Legislature should direct the Commission to amend the parameters and guidelines of the Animal Adoption mandate to correct the formula for determining the reimbursable portion of acquiring additional shelter space.

In 2004, Assembly Bill (AB) 2224 (Stats. 2004, ch. 313) was enacted to direct the Commission to amend the parameters and guidelines for the *Animal Adoption* program to:

1. Amend the formula for determining the reimbursable portion of acquiring or building additional shelter space that is larger than needed to comply with the increased holding period to specify that costs incurred to address preexisting shelter overcrowding or animal population growth are not reimbursable.

2. Clarify how the costs for care and maintenance shall be calculated.

3. Detail the documentation necessary to support reimbursement claims under this mandate, in consultation with the Bureau of State Audits and the Controller's office.

(b) The parameters and guidelines, as amended pursuant to this section, shall apply to claims for costs incurred in fiscal years commencing with the 2005-06 fiscal year in which Chapter 752 of the Statutes of 1998 is not suspended pursuant to Section 17581.

(c) Before funds are appropriated to reimburse local agencies for claims related to costs incurred in fiscal years commencing with the 2005-06 fiscal year pursuant to Sections 1834 and 1846 of the Civil Code, and Sections 31108, 31752, 31752.5, 31753, 32001, and 32003 of the Food and Agricultural Code, known as the Animal Adoption mandate, local agencies shall file reimbursement claims pursuant to the parameters and guidelines amended pursuant to this section, and the Controller's revised claiming instructions.

On November 17, 2004, the State Controller's Office (SCO) submitted a proposed formula for determining the reimbursable portion of acquiring or building additional shelter space to be included in the parameters and guidelines.[1] On December 23, 2004, the Bureau of State Audits, affected state agencies and interested parties were invited to submit comments on the proposed formula and attend a prehearing conference. No comments were filed. On March 29, 2005 a prehearing was conducted to discuss the proposed formula. The prehearing was attended by Department of Finance, the SCO, numerous county representatives. Representatives from BSA did not attend the prehearing.

As a result of prehearing discussions, the SCO submitted a revised formula on May 16, 2005.[2] The attached proposed parameters and guidelines include that revised formula as modified by staff.

Discussion

Non-substantive, technical changes were made to the parameters and guidelines for purposes of clarification, consistency with language in recently adopted parameters and guidelines, and conformity to the Statement of Decision and statutory language.

Substantive changes were made to the following sections of the parameters and guidelines.

Section III. Period of Reimbursement

AB 2224 requires the amended parameters and guidelines to apply to reimbursement claims commencing with the 2005-2006 fiscal year, and any fiscal year where the *Animal*

[1] Exhibit A.
[2] Exhibit B.

Adoption mandate has not been suspended. Therefore, staff revised this section to clarify that the amended parameters and guidelines are effective July 1, 2005.

Section IV. Reimbursable Activities

AB 2224 requires the Commission to amend the formula for determining the reimbursable portion of acquiring or building additional shelter space that is larger than needed to comply with the increased holding period to specify that costs incurred to address preexisting shelter overcrowding or animal population growth are not reimbursable. The SCO submitted a revised formula to meet this requirement. Staff modified the revised formula to clarify the difference between the formula for dogs and cats and the formula for other animals.

AB 2224 also requires the parameters and guidelines to clarify how the costs for care and maintenance shall be calculated. The SCO's revised formula clarifies that to determine the average daily census for calculating care and maintenance, all dogs and cats impounded at a facility must be calculated. Staff made no modifications to this section of the proposal, and recommends that the CSM adopt the SCO's proposal.

Finally, AB 2224 requires the Commission to detail the documentation necessary to support reimbursement claims under this mandate, in consultation with the Bureau of State Audits and the SCO. Staff modified the parameters and guidelines to include language clarifying what type of documentation is necessary to support the reimbursement claims. This language is similar to language adopted in other parameters and guidelines.

Staff Recommendation

Staff recommends the Commission adopt the proposed amendments to the parameters and guidelines for the *Animal Adoption* program beginning on page 5.

Staff also recommends that the Commission authorize staff to make any non-substantive, technical corrections to the parameters and guidelines following the hearing.

Amended: January 26, 2006
Adopted: February 28, 2002
~~F:/mandates/98TC11/PsGs/adoptedPsGs~~
j:mandates/2004/pga/04pga01 and 02/draftpga

PROPOSED PARAMETERS AND GUIDELINES AMENDMENT

Civil Code Sections 1834 and 1846;
Food and Agriculture Code Sections 31108, 31752, 31752.5, 31753, 32001, and 32003
As Added or Amended by Statutes of 1998, Chapter 752

AND

Amended Pursuant to Statutes 2004, Chapter 313 (AB 2224) and
Request of the State Controller's Office

Animal Adoption

I. Summary of the Mandate

The test claim legislation was enacted in an attempt to end the euthanasia of adoptable and treatable animals. Generally, the test claim legislation increased the holding period for stray and abandoned dogs, cats, and other specified animals; required the verification of the temperament of feral cats; required the posting of lost and found lists; required the maintenance of records for impounded animals; and required that impounded animals receive "necessary and prompt veterinary care."

The Commission partially approved this test claim, pursuant to article XIII B, section 6 of the California Constitution and Government Code section 17514, for the *increased costs* in performing the following activities only:

1. Providing care and maintenance during the increased holding period for impounded dogs and cats that are ultimately euthanized. The increased holding period shall be measured by calculating the difference between three days from the day of capture and four business days from the day after impoundment, as specified below in 3 (a) and 3 (b), or six business days from the day after impoundment (Food & Agr. Code, §§ 31108, 31752);

2. Providing care and maintenance for four business days from the day after impoundment, as specified below in 3 (a) and 3 (b), or six business days from the day after impoundment, for impounded rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, or tortoises legally allowed as personal property that are ultimately euthanized (Food & Agr. Code, § 31753);

3. For dogs, cats, and other specified animals held for four business days after the day of impoundment, either:

   (a) Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or

(b) For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed (Food & Agr., Code §§ 31108, 31752, and 31753);

4. Verifying whether a cat is feral or tame by using a standardized protocol (Food & Agr. Code, § 31752.5);
5. Posting lost and found lists (Food & Agr. Code, § 32001);
6. Maintaining records on animals that are not medically treated by a veterinarian, but are either taken up, euthanized after the holding period, or impounded (Food & Agr. Code, § 32003); and
7. Providing "necessary and prompt veterinary care" for abandoned animals, other than injured cats and dogs given emergency treatment, that are ultimately euthanized (Civ.Code, §§ 1834 and 1846).

II. Eligible Claimants

Any city, county, city and county, dependent special district, and joint powers authority comprised of a city, county, and/or city and county that incurs increased costs as a result of this reimbursable state mandated program is eligible to claim reimbursement of those costs.

III. Period of Reimbursement

The period of reimbursement for the activities in this parameters and guidelines amendment begins on July 1, 2005.

Pursuant to Government Code section 17560, reimbursement for state-mandated costs may be claimed as follows:

1. A local agency may file an estimated reimbursement claim by January 15 of the fiscal year in which costs are to be incurred, and, by January 15 following that fiscal year shall file an annual reimbursement claim that details the costs actually incurred for that fiscal year; or it may comply with the provisions of subdivision (b).
2. A local agency may, by January 15 following the fiscal year in which costs are incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.
3. In the event revised claiming instructions are issued by the Controller pursuant to subdivision (c) of section 17558 between October 15 and January 15, a local agency filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim.

~~Government Code section 17557, as amended by Statutes of 1998, Chapter 681 (which became effective on September 22, 1998), states that a test claim shall be submitted on or before June 30 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. On~~

~~December 22, 1998, the County of Los Angeles filed the test claim for this mandated program, establishing eligibility for reimbursement beginning on or after July 1, 1997.~~

~~However, except for the amendments to Food and Agriculture Code sections 31108 and 31752, Statutes of 1998, Chapter 752 became operative and effective on January 1, 1999. Therefore, except for the amendments to Food and Agriculture Code sections 31108 and 31752, the costs incurred for Statutes of 1998, Chapter 752 are eligible for reimbursement on or after January 1, 1999.~~

~~Section 21 of Statutes of 1998, Chapter 752 establishes an operative date of July 1, 1999 for the amendments to Food and Agriculture Code section 31108 (holding period for stray dogs) and Food and Agriculture Code sections 31752 (holding period for stray cats). Therefore, costs incurred for Food and Agriculture Code sections 31108 and 31752, as amended by Statutes of 1998, Chapter 752, are eligible for reimbursement on or after July 1, 1999.~~

Reimbursable a~~A~~ctual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Government Code section 17561, subdivision (d)(1) ~~of the Government Code~~, all claims for reimbursement of initial years' costs shall be submitted within 120 days of ~~notification by~~ the issuance of the State Controller's ~~of the issuance of~~ claiming instructions. If the total costs for a given fiscal year do not exceed $1,000, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

There shall be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

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

IV. Reimbursable Activities

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing

is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, the following activities are reimbursable:

~~For each eligible claimant, all direct and indirect costs of labor, materials, supplies, fixed assets, contracted services, training and travel for the performance of the activities listed below are eligible for reimbursement.~~

~~Except as specified in Component (B)(3) and (4), reimbursement claims for the performance of the activities listed below shall be based on actual or estimated costs as provided in Government Code section 17560.~~

A. One Time Activities

1. Develop policies and procedures to implement the reimbursable activities listed in Section IV (B) of these parameters and guidelines.
2. Train staff on the reimbursable activities listed in Section IV (B) of these parameters and guidelines. (One-time per employee.)
3. Develop or procure computer software for the maintenance of records on animals specified in Section IV (B) (8) of these parameters and guidelines to the extent these costs are not claimed as an indirect cost under Section V (B) (8) of these parameters and guidelines. If the computer software is utilized in some way that is not directly related to the maintenance of records specified in Section IV (B) (8), only the pro rata portion of the activity that is used for compliance with Section IV (B) (8) is reimbursable.

B. Ongoing Activities

1. Acquisition of Additional Space and/or Construction of New Facilities

   Beginning January 1, 1999 - Acquiring additional space by purchase or lease and/or construction of new facilities to provide appropriate or adequate shelter necessary to comply with the mandated activities during the increased holding period for impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that die during the increased holding period or are ultimately euthanized.

Eligible claimants are only entitled to reimbursement for the proportionate share of actual costs required to plan, design, acquire, and/or build facilities in a given fiscal year based on the pro rata representation of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that are held during the *increased* holding period specified in Sections IV (B) (3) and (4) of these Parameters and Guidelines and die during the increased holding period or are ultimately euthanized, to the total population of animals housed in the facility (including those animals that are excluded from reimbursement, as specified in Sections IV (B) (3) and (4) of these Parameters and Guidelines) during the entire holding period required by Food and Agriculture Code sections 31108, 31752 and 31753.

Formula for Proportionate Share of Actual Costs:

Where:

(A) = Shelter square footage, 1998

(B) = Total animal average daily census (ADC), 1998

(C) = Square footage per ADC, 1998 (=A/B)

(D) = Total dog/cat ADC, 1998

(E) = Shelter square footage, claim year

(F) = Total dog/cat ADC, claim year

(G) = Eligible dog/cat ADC, claim year

(H) = Eligible other animal ADC, claim year

(I) = Eligible dog/cat square footage, claim year

For shelters that meet the conditions of to Food and Agricultural Code section 31108(a)(1) or (2) for dogs, and section 31752(a)(1) or (2) for cats: [1]

(I) = 2/5 x C x F

For shelters that do not meet the conditions of Food and Agricultural Code section 31108(a)(1) or (2) for dogs, and section 31752(a)(1) or (2) for cats:

(I) – 4/7 x C x F

(J) = Reduction in eligible square footage due to decline in total dog/cat population (cannot exceed 0)

[1] In order to select this option claimants must either make the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or (b) Have fewer than three full-time employees or are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed.

For shelters that meet the conditions of Food and Agricultural Code section 31108(a)(1) or (2) for dogs, and section 31752(a)(1) or (2) for cats:[2]

(J) = [(F/5 – D/3 x C x D] / (D/3)

For shelters that do not meet the conditions of Food and Agricultural Code section 31108(a)(10 or (2) for dogs, and section 31752(a)(1) or (2) for cats:

(J) = [(F/7 – D/3) x C x D] / (D/3)

(K) = Net eligible dog/cat square footage (cannot be less than 0)

(K = I+J)

(L) = Percentage of eligible dog/cat ADC, claim year (L = G/F)

(M) = Allowable dog/cat square footage (M = K x L)

(N) = Allowable square footage for other animals specified by Food and Agricultural Code section 31573 (N = C x H)

(P) = Eligible percentage of acquisition/construction costs (cannot exceed 100%) [P = (M+N) / ((E-A)]

Statutes 2004, chapter 313 specifies that costs incurred to address preexisting shelter overcrowding or animal population growth are not reimbursable. The mandate reimburses for costs required due to the increased holding period required by Statutes 1998, chapter 752. In calculating net eligible dog/cat square footage, the formula recognizes that a decline in the number of animals sheltered may offset the effect of the increased holding period. For example, if the dog/cat average daily census does not change between the 1998 base year and the claim year, there is no additional square footage required.

The mandate reimburses only for costs attributable to eligible animals. Prior to Statutes 1998, chapter 752, shelters were required to hold dogs and cats for three days, whereas there was no required holding period for other animals. Therefore, the mandate reimbursable percentage formula separately calculates allowable square footage for dogs and cats, and allowable square footage for other animals specified by Food and Agricultural Code section 31753.

Acquisition/construction costs that are less than or equal to the cost of contract services for eligible animals are reimbursable.

[2] In order to select this option claimants must either make the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or (b) Have fewer than three full-time employees or are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed.

Claimants may recalculate the eligible percentage of acquisition/construction costs each year, based on current animal population statistics. However, claimants may only claim allowable costs that have not been claimed in previous fiscal years.

Supporting Documentation Submitted with the Initial and Subsequent Reimbursement Claims

Acquiring additional space and/or construction of new facilities is reimbursable only to the extent that an eligible claimant submits, with the initial and/or subsequent reimbursement claim, documentation reflecting the following:

A determination by the governing board that acquiring additional space and/or constructing new facilities is necessary for the increased holding period required by Statutes of 1998, Chapter 752 because the existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats and other specified animals that are ultimately euthanized. The determination by the governing board shall include all of the following findings:

- The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in 1998. For purposes of claiming reimbursement under section IV.B.1, a~~A~~verage Daily Census is defined as the average number of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 housed on any given day, in a 365-day period;
- The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in a given year under the holding periods required by Food and Agriculture Code sections 31108, 31752, and 31753, as added or amended by Statutes of 1998, Chapter 752;
- Existing facilities are not appropriately configured and/or equipped to comply with the increased holding period required by Statutes of 1998, Chapter 752;
- Remodeling existing facilities is not feasible or is more expensive than acquiring additional space and/or constructing new facilities to comply with the increased holding period required by Statutes 1998, chapter 752; and
- Contracting with existing private or public shelters in the area to house the increase of impounded stray or abandoned dogs, cats, or other animals specified in Statutes ~~of~~ 1998, ~~C~~chapter 752 is not feasible or is more expensive than acquiring additional space and/or constructing new facilities to comply

with the increased holder period required by Statutes 1998, chapter 752. This finding should include the cost to contract with existing shelters..

Documentation requirements may be satisfied in whole or in part by staff agenda items, staff reports, minutes of governing board meetings, transcripts of governing board meetings, certification by the governing board describing the findings and determination, and/or a resolution adopted by the governing board pursuant to Food and Agriculture Code section 31755, as added by Statutes of 1999, Chapter 81 (Assembly Bill 1482).

2. Remodeling/Renovating Existing Facilities

Beginning January 1, 1999 - Remodeling/renovating existing facilities to provide appropriate or adequate shelter necessary to comply with the mandated activities during the increased holding period for impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that die during the increased holding period or are ultimately euthanized.

Eligible claimants are only entitled to reimbursement for the proportionate share of actual costs required to plan, design, remodel and/or renovate existing facilities in a given fiscal year based on the pro rata representation of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that are held during the *increased* holding period specified in Sections IV (B) (3) and (4) of these Parameters and Guidelines and die during the increased holding period or are ultimately euthanized, to the total population of animals housed in the facility (including those animals that are excluded from reimbursement, as specified in Sections IV (B) (3) and (4) of these Parameters and Guidelines) during the entire holding period required by Food and Agriculture Code sections 31108, 31752 and 31753.

Since the remodeling/renovation will not increase square footage to address existing overcrowding or future growth issues, the mandate reimbursable percentage formula for remodeling/renovation would exclude the eligible percentage of square footage factor.

Formula for proportionate share of actual remodeling/renovation costs:

(A) = Shelter square footage

(B) = Total animal average daily census (ADC), claim year

(C) = Square footage per ADC, claim year (C = A/B)

(G) = Eligible dog/cat ADC, claim year

(H) = Eligible other animal ADC, claim year

(M) = Eligible dog/cat square footage, claim year

For shelters that meet the requirements of Food and Agricultural Code section 31108 (a)(1) or (2) for dogs, and section 31752 (a)(1) or (2) for cats, M = 2/5 x C x G.

For shelters that do not meet the requirements of Food and Agricultural Code section 31108(a)(1) or (2) for dogs, and section 31752(a)(1) or (2) for cats, M = 4/7 x C x G.

(N) = Allowable square footage for other animals specified by Food and Agricultural Code section 31753, claim year (N = C x H)

(P) = Eligible percentage of remodeling/renovation costs [P = (M + N) / A]

Claimants may recalculate the eligible percentage of remodeling/renovation costs each year, based on current animal population statistics. However, claimants may only claim allowable costs that have not been claimed in previous fiscal years.

Supporting Documentation Submitted with the Initial and Subsequent Reimbursement Claims

Remodeling/renovating existing facilities is reimbursable only to the extent that an eligible claimant submits, with the initial and/or subsequent reimbursement claim, documentation reflecting the following:

A determination by the governing board or a delegated representative that remodeling/renovating existing facilities is necessary because the existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats and other specified animals that are ultimately euthanized for the increased holding period required by Statutes of 1998, Chapter 752. The determination by the governing board or delegated representative shall include all of the following findings:

- The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in 1998. For purposes of claiming reimbursement under section IV.B.2, a~~A~~verage Daily Census is defined as the average number of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 housed on any given day, in a 365-day period;
- The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 in a given year under the holding periods required by Food and Agriculture Code sections 31108, 31752, and 31753, as added or amended by Statutes of 1998, Chapter 752;

- Existing facilities are not appropriately configured and/or equipped to comply with the increased holding period required by Statutes of 1998, Chapter 752;
- Contracting with existing private or public shelters in the area to house the increase of impounded stray or abandoned dogs, cats, or other animals specified in Statutes of 1998, Chapter 752 is not feasible or is more expensive than remodeling/renovating existing facilities to comply with the increased holding period required by Statutes 1998, chapter 752.

Documentation requirements may be satisfied in whole or in part by staff agenda items, staff reports, minutes of governing board meetings, transcripts of governing board meetings, certification by the governing board or declaration from the delegated representative describing the findings and determination, and/or a resolution adopted by the governing board pursuant to Food and Agriculture Code section 31755, as added by Statutes of 1999, Chapter 81 (Assembly Bill 1482).

~~2.~~3. Care and Maintenance for Impounded Stray or Abandoned Dogs and Cats that Die During the Increased Holding Period or are Ultimately Euthanized (Food & Agr. Code, §§ 31108, 31752)

Beginning July 1, 1999 - Providing care and maintenance during the increased holding period for impounded stray or abandoned dogs and cats that die during the increased holding period or are ultimately euthanized. The increased holding period shall be measured by calculating the difference between three days from the day of capture, and four or six business days from the day after impoundment.

Exclusions

Eligible claimants are *not* entitled to reimbursement for the care and maintenance of the following population of dogs and cats:

- Stray or abandoned dogs and cats that are irremediably suffering from a serious illness or severe injury (Food & Agr. Code, § 17006);
- Newborn stray or abandoned dogs and cats that need maternal care and have been impounded without their mothers (Food & Agr. Code, § 17006);
- Stray or abandoned dogs and cats too severely injured to move or where a veterinarian is not available and it would be more humane to dispose of the animal (Pen. Code, §§ 597.1, subd. (e), 597f, subd. (d));
- Owner relinquished dogs and cats; and

- Stray or abandoned dogs and cats that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

Methods for Claiming Costs

Eligible claimants may elect one of following two methods to claim costs for the care and maintenance of impounded stray or abandoned dogs and cats that die during the increased holding period or are ultimately euthanized:

- Actual Cost Method – Under the actual cost method, actual reimbursable care and maintenance costs per animal per day are computed for an annual claim period.

  a) Determine the total annual cost of care and maintenance for all dogs and cats impounded at a facility. Total cost of care and maintenance includes labor, materials, supplies, indirect costs, and contract services.

  b) Determine the average daily census of all dogs and cats impounded at a facility. For purposes of claiming reimbursenent under IV.B.3, average daily census is defined as the average number of all dogs and cats at a facility housed on any given day, in a 365-day period..

  c) Multiply the average daily census of dogs and cats by 365 = yearly census of dogs and cats.

  d) Divide the total annual cost of care by the yearly census of dogs and cats = cost per animal per day.

  e) Multiply the cost per animal per day, by the number of impounded stray or abandoned dogs and cats that die during the increased holding period or are ultimately euthanized, by each reimbursable day (the difference between three days from the day of capture, and four or six business days from the day after impoundment).

- Time Study Method – Under the time study method, a random sample of impounded stray or abandoned dogs and cats are observed to determine the amount of time to provide care and maintenance during a reimbursable day.

  The time study shall be developed using one representative month each quarter and be supported with actual source documentation. Time studies shall be conducted on a more frequent basis if there are significant variations of time expended from month to month. The time study shall identify hours devoted to each specific category. If the time study supports a fixed-cost approach such as an animal day (i.e., dog-

day, cat-day, etc.), the eligible claimant shall document the analysis supporting the method used.

Time records used to support the time study shall:

a) Reflect an after-the-fact distribution of each employee's actual activity;

b) Account for the total activity for which each employee is compensated;

c) Account for the total labor hours of the month;

d) Be signed and dated by the employee not later than the end of the pay period that follows the pay period covered by the report; and

e) Document, by signature or initials and date, supervisor approval.

3. Care and Maintenance for Impounded Stray or Abandoned Animals Specified in Food and Agriculture Code Section 31753 that Die During the Increased Holding Period or are Ultimately Euthanized (Food & Agr. Code, § 31753)

Beginning January 1, 1999 - Providing care and maintenance for four or six business days from the day after impoundment for impounded stray or abandoned rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, and tortoises legally allowed as personal property that die during the increased holding period or are ultimately euthanized.

Exclusions

Eligible claimants are *not* entitled to reimbursement for the care and maintenance of the following population of animals:

- Stray or abandoned animals that are irremediably suffering from a serious illness or severe injury (Food & Agr. Code, § 17006);
- Newborn animals that need maternal care and have been impounded without their mothers (Food & Agr. Code, § 17006);
- Stray or abandoned animals too severely injured to move or where a veterinarian is not available and it would be more humane to dispose of the animal (Pen. Code, §§ 597.1, subd. (e), 597f, subd. (d));
- Owner relinquished animals; and
- Stray or abandoned animals that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

Methods for Claiming Costs

Eligible claimants may elect one of following two methods to claim costs for the care and maintenance of impounded stray or abandoned animals specified in Food and Agriculture Code section 31753 that die during the increased holding period or are ultimately euthanized:

- Actual Cost Method –Under the actual cost method, actual reimbursable care and maintenance costs per animal per day are computed for an annual claim period.

  a) Determine the total annual cost of care and maintenance for all animals specified in Food and Agriculture Code section 31753 that are impounded at a facility. Total cost of care and maintenance includes labor, materials, supplies, indirect costs, and contract services.

  b) Determine the average daily census of the animals specified in Food and Agriculture Code section 31753.

  c) Multiply the average daily census of the animals specified in Food and Agriculture Code section 31753 by 365 = yearly census of animals specified in Food and Agriculture Code section 31753.

  d) Divide the total annual cost of care by the yearly census of animals specified in Food and Agriculture Code section 31753 = cost per animal per day.

  e) Multiply the cost per animal per day, by the number of impounded stray or abandoned animals specified in Food and Agriculture Code section 31753 that die during the increased holding period or are ultimately euthanized, by each reimbursable day (four or six business days from the day after impoundment).

- Time Study Method – Under the time study method, a random sample of impounded stray or abandoned animals are observed to determine the amount of time to provide care and maintenance during a reimbursable day.

  The time study shall be developed using one representative month each quarter and be supported with actual source documentation. Time studies shall be conducted on a more frequent basis if there are significant variations of time expended from month to month. The time study shall identify hours devoted to each specific category. If the time study supports a fixed-cost approach such as an animal day, the eligible claimant shall document the analysis supporting the method used.

Time records used to support the time study shall:

a) Reflect an after-the-fact distribution of each employee's actual activity;

b) Account for the total activity for which each employee is compensated;

c) Account for the total labor hours of the month;

d) Be signed and dated by the employee not later than the end of the pay period that follows the pay period covered by the report; and

e) Document, by signature or initials and date, supervisor approval.

4. Agencies Using the Holding Period of Four Business Days After the Day of Impoundment (Food & Agr. Code, §§ 31108, 31752, 31753)

   Beginning January 1, 1999 - For impounded animals specified in Food and Agriculture Code section 31753, either:

   - Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or
   - For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed.

   Beginning July 1, 1999 - For impounded dogs and cats, either:

   - Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or
   - For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed.

5. Feral Cats (Food & Agr. Code, § 31752.5)

   Beginning January 1, 1999 - Verifying whether a cat is feral or tame by using a standardized protocol within the first three days of the required holding period if an apparently feral cat has not been reclaimed by its owner or caretaker.

6. Lost and Found Lists (Food & Agr. Code, § 32001)

   Beginning January 1, 1999 - Providing owners of lost animals and those who find lost animals with all of the following:

   - Ability to list the animals they have lost or found on "lost and found" lists maintained by the local agency;
   - Referrals to animals listed that may be the animals the owner or finders have lost or found;
   - The telephone numbers and addresses of other pounds and shelters in the same vicinity;
   - Advice as to means of publishing and disseminating information regarding lost animals; and
   - The telephone numbers and addresses of volunteer groups that may be of assistance in locating lost animals.

7. Maintaining *Non-Medical* Records (Food & Agr. Code, § 32003)

   Beginning January 1, 1999 - Maintaining non-medical records on animals that are either taken up, euthanized after the holding period, or impounded. Such records shall include the following:

   - The date the animal was taken up, euthanized, or impounded;
   - The circumstances under which the animal is taken up, euthanized, or impounded;
   - The names of the personnel who took up, euthanized, or impounded the animal; and
   - The final disposition of the animal, including the name of the person who euthanized the animal or the name and address of the adopting party.

   The cost of software license renewal contracts, to the extent these costs are not claimed as an indirect cost under these parameters and guidelines, is eligible for reimbursement under Section V (A) (2) of these parameters and guidelines. If the computer software is utilized in some way that is not directly related to the maintenance of records specified in this section, only the pro rata portion of the software license renewal contract that is used for compliance with this section is reimbursable.

8. "Necessary and Prompt Veterinary Care" (Civ. Code, §§ 1834 and 1846)

   Beginning January 1, 1999 - Providing "necessary and prompt veterinary care" for stray and abandoned animals, other than injured cats and dogs given emergency treatment, that die during the holding

period or are ultimately euthanized, during the holding periods specified in Statutes of 1998, Chapter 752.

"Necessary and prompt veterinary care" means all reasonably necessary medical procedures performed by a veterinarian or someone under the supervision of a veterinarian to make stray or abandoned animals "adoptable." The following veterinary procedures, if conducted, are eligible for reimbursement:

- An initial physical examination of the animal to determine the animal's baseline health status and classification as "adoptable," "treatable," or "non-rehabilitatable."
- A wellness vaccine administered to "treatable" or "adoptable" animals.
- Veterinary care to stabilize and/or relieve the suffering of a "treatable" animal.
- Veterinary care intended to remedy any applicable disease, injury, or congenital or hereditary condition that adversely affects the health of a "treatable" animal or that is likely to adversely affect the animal's health in the future, until the animal becomes "adoptable."

Population Exclusions

Eligible claimants are *not* entitled to reimbursement for providing "necessary and prompt veterinary care" to the following population of animals:

- Animals that are irremediably suffering from a serious illness or severe injury (Food & Agr. Code, § 17006);
- Newborn animals that need maternal care and have been impounded without their mothers (Food & Agr. Code, § 17006);
- Animals too severely injured to move or where a veterinarian is not available and it would be more humane to dispose of the animal. (Pen. Code, §§ 597.1, subd. (e), 597f, subd. (d));
- Owner relinquished animals; and
- Stray or abandoned animals that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

Veterinary Care Exclusions

Eligible claimants are *not* entitled to reimbursement for providing the following veterinary procedures:

- Emergency treatment given to injured cats and dogs (Pen. Code, § 597f, subd. (b));
- Administration of rabies vaccination to dogs (Health & Saf. Code, § 121690);
- Implantation of microchip identification;
- Spay or neuter surgery and treatment;
- Euthanasia.

10. Beginning January 1, 1999 - Procuring medical, kennel, and computer equipment necessary to comply with the reimbursable activities listed in Section IV (B) of these parameters and guidelines, to the extent these costs are not claimed as an indirect cost under Section V (B) of these parameters and guidelines. If the medical, kennel, and computer equipment is utilized in some way not directly related to the mandated program or the population of animals listed in Section IV (B), only the pro rata portion of the activity that is used for the purposes of the mandated program is reimbursable.

V. Claim Preparation and Submission

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV, Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

A.Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. If the contractor bills for time and materials, report

the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the services that were performed during the period covered by the reimbursement claim. If the contract services are also used for purposes other than the reimbursable activities, only the pro-rata portion of the services used to implement the reimbursable activities can be claimed. Submit contract consultant and attorney invoices with the claim and a description of the contract scope of services.

4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

B. Indirect Cost Rates

Indirect costs are costs that are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the Office of Management and Budget (OMB) Circular

A-87. Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB Circular A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or

2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

~~Each claim for reimbursement must be timely filed and identify each cost element for which reimbursement is claimed under this mandate. Claimed costs must be identified to each reimbursable activity identified in Section IV. of these Parameters and Guidelines.~~

~~A. Direct Costs~~

~~Direct costs are defined as costs that can be traced to specific goods, services, programs, activities, or functions and shall be supported by the following cost element information:~~

~~1. Salaries and Benefits~~

~~Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the reimbursable activities performed, specify the actual time devoted to each activity by each employee, and the productive hourly rate, and related fringe benefits.~~

~~Reimbursement for personnel services includes compensation paid for salaries, wages, and employee fringe benefits. Employee fringe benefits include regular compensation paid to an employee during periods of authorized absences (e.g., annual leave, sick leave) and the employer's contributions to social security, pension plans, insurance, and worker's compensation insurance. Fringe benefits are eligible for reimbursement when distributed equitably to all job activities performed by the employee.~~

~~2. Materials and Supplies~~

~~Only expenditures that can be identified as direct costs of this mandate may be claimed. List the cost of the materials and supplies consumed specifically for the purposes of this mandate. Purchases shall be claimed at the actual price after deducting cash discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged based on a recognized method of costing, consistently applied.~~

~~3. Contract Services~~

~~Provide the name(s) of the contractor(s) who performed the services, including any fixed contracts for services. Describe the reimbursable activity(ies) performed by each named contractor and give the number of actual hours spent on the activities, if applicable. Show the inclusive dates when services were performed and itemize all costs for those services. Attach consultant invoices to the claim.~~

~~4. Travel~~

~~Travel expenses for mileage, per diem, lodging, and other employee entitlements are eligible for reimbursement in accordance with the rules of the local jurisdiction. Provide the name(s) of traveler(s), purpose of travel, inclusive dates and times of travel, destination point(s), and travel costs.~~

~~5. Training~~

~~The cost of training an employee to perform the mandated activities, as specified in Section IV (A) of these Parameters and Guidelines, is eligible for reimbursement. Identify the employee(s) by name and job classification. Provide the title and subject of the training session, the date(s) attended, and the location. Reimbursable costs may include salaries and benefits, registration fees, transportation, lodging, and per diem.~~

~~6. Fixed Assets~~

~~List the costs of the fixed assets that have been acquired specifically for the purpose of this mandate. If the fixed asset is utilized in some way not directly related to the mandated program, only the pro-rata portion of the asset that is used for the purposes of the mandated program is reimbursable.~~

~~B. Indirect Costs~~

~~Compensation for indirect costs is eligible for reimbursement. Indirect costs are those that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.~~

~~Indirect costs include (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.~~

~~Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) pursuant to the Office of Management and Budget (OMB) Circular A-87.~~

VI. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter[3] is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

~~VI.~~Supporting Data

~~VII.~~For auditing purposes, all costs claimed shall be traceable to source documents (e.g., employee time records, cost allocation reports, invoices, receipts, purchase orders, contracts, worksheets, calendars, declarations, time

[3] This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

~~studies, etc.) that show evidence of the validity of such costs and their relationship to this mandate. All documentation in support of claimed costs shall be made available to the State Controller's Office, as may be requested. Pursuant to Government Code section 17558.5, these documents must be kept on file by the agency submitting the claim for a period of no less than two years after the later of (1) the end of the calendar year in which the reimbursement claim is filed or last amended, or (2) if no funds are appropriated for the fiscal year for which the claim is made, the date of initial payment of the claim.~~

VII. Offsetting Savings and Other Reimbursements

Any offsetting savings that the claimant experiences as a direct result of this mandate must be deducted from the costs claimed. Additionally, reimbursement for this mandate received from any source shall be identified and deducted from this claim. These sources shall include, but not be limited to, rewards received under the authority of Civil Code section 1845; licensing fees and fines received and applied pursuant to Food and Agriculture Code section 30652, Government Code section 28502, and Penal Code section 597f; other state funds, and federal funds. The fees and fines received pursuant to Food and Agriculture Code section 30652 shall be deducted from the claim according to the priority specified in the statute and stated below:

- First, to pay fees for the issuance of dog license tags pursuant to Food and Agriculture Code section 30652, subdivision (a);
- Second, in accordance with Food and Agriculture Code section 30652, subdivision (b), any excess revenue held after the payment of dog license tags shall be applied to the fees, salaries, costs, expenses, or any or all of them for the enforcement of Division 14 of the Food and Agriculture Code, including Food and Agriculture Code section 31108, and all ordinances that are made pursuant to Division 14. Costs incurred under Food and Agriculture Code section 31108 are specified in Section IV (B) (1), (2), (3), and (5), and Section IV (A) of these parameters and guidelines. Any or all excess revenue must be applied to the costs incurred under Food and Agriculture Code section 31108 before any revenue can be applied to subdivisions (c) and (d) of Food and Agriculture Code section 30652.

VIII. STATE CONTROLLER'S REVISED CLAIMING INSTRUCTIONS

Pursuant to Government Code section 17558, subdivision (c), the Controller shall issue revised claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the revised parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The revised claiming instructions shall be derived from the test claim decision and the revised parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(2), issuance of the revised claiming instructions shall constitute a notice of the right of the local agencies and school

districts to file reimbursement claims, based upon the revised parameters and guidelines adopted by the Commission.

IX. REMEDIES BEFORE THE COMMISSION

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, subdivision (d), and California Code of Regulations, title 2, section 1183.2.

X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES

The Statement of Decision is legally binding on all parties and provides the legal and factual basis for the parameters and guidelines. The support for the legal and factual findings is found in the administrative record for the test claim. The administrative record, including the Statement of Decision, is on file with the Commission.

~~**VIII. State Controller's Office Required Certification**~~

~~An authorized representative of the claimant shall be required to provide a certification of the claim, as specified in the State Controller's Office claiming instructions, for those costs mandated by the state contained herein.~~

~~**VII. Parameters and Guidelines Amendments**~~

~~Pursuant to title 2, California Code of Regulations, section 1183.2, Parameters and Guidelines amendments 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. A Parameters and Guidelines amendment 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 the fiscal year.~~

BILL ANALYSIS

SENATE JUDICIARY COMMITTEE
Adam B. Schiff, Chairman
1999-2000 Regular Session

AB 1482 A
Assembly Member Alquist B
As Amended May 17, 1999
Hearing Date: June 22, 1999 1
Food and Agricultural Code 4
GMO:jt 8
2

SUBJECT

Stray Animals: Operative Date of New Impounding Requirements

DESCRIPTION

This bill would effectively delay the operative date of new impounding requirements for stray animals and owner-relinquished animals, enacted in 1998, from July 1, 1999 to July 1, 2000, with respect to specific jurisdictions and under specified conditions.

BACKGROUND

SB 1785 (Hayden) was enacted in 1998 and signed into law (Ch. 752). In addition to legislative findings relating to animal shelters and declaration of legislative policy to promote the adoption of animals, the bill specifically lengthened the period during which stray dogs and cats, feral cats, and owner-relinquished animals are to be held in animal pounds and shelters. The bill is to take effect July 1, 1999.

The intended purpose of SB 1785 was to hold shelters accountable to the same standards as private individuals responsible for animals in their care, to shift the focus of animal shelters away from euthanization and towards adoption, to give owner-relinquished pets the same chance to live as stray animals by providing uniform holding periods, and to require shelters to care for all animals in their care. The practical result of SB 1785, when fully

(more)

implemented, would be the reduced number of animals that are euthanized, the increase of animals that are adopted, and better care for all animals placed in the care of shelters.

CHANGES TO EXISTING LAW

Existing law requires the impoundment of a stray dog or cat for at least four or six business days, as specified, before being killed. From July 1, 1999 to July 1, 2001, any animal relinquished to a public pound or specified shelter by its owner is to be held for at least two full business days, as specified, before killing.

This bill would move the operative date of SB 1785 from July 1, 1999 to July 1, 2000, for those public agencies that had an existing contract with another public or private entity for animal shelter or animal impounding services as of January 1, 1999, provided all of the following conditions are met:

1) the public agency makes a determination that its animal shelter provider cannot reasonably comply with the SB 1785 holding periods due to insufficient facilities;

2) the public agency has developed or commits to developing a plan to meet the SB 1785 holding periods;

3) the public agency requests its animal shelter provider to use existing facilities and any new facilities to comply, to the extent possible, with the SB 1785 holding periods;

4) the public agency directs its animal shelter provider to operate or establish an animal adoption program;

5) the public agency directs its animal shelter provider to release an animal scheduled to be euthanized to a tax-exempt nonprofit animal rescue or adoption organization at the request of the nonprofit organization; and

6) the public agency requests the animal shelter provider to comply with the operating hours described in SB 1785 as appropriate, in order to increase the opportunity for owners to reclaim their pets and to increase opportunity

for adoptions.

The bill contains legislative intent language stating:
That wherever possible animal pounds and shelters utilize the Internet to facilitate the return of pets to their owners and to facilitate adoption;
No further delay in implementing the provisions of SB 1785 (Ch. 752, Stats 1998).

COMMENT

1. Stated need for legislation

This is an urgency measure. Cities and counties across the state assert that this legislation is needed in order for them to be able to meet the holding time requirements of SB 1785 (Ch. 752, Stats. 1998). Proponents of the bill state that the time originally provided by SB 1785 for local government and their animal pound and shelter providers to gear up and hold stray animals, feral cats and owner-relinquished animals for the longer periods required by SB 1785 did not turn out to be sufficient due to unforeseen circumstances.

For example, some of the jurisdictions in support of this bill explained that their contract providers did not let them know until mid-December of 1998 that the providers would not have sufficient holding facilities or staff to meet the new requirements, and would not renew or modify their contract. By this time, they said, it was too late to plan to build new facilities or contract with new providers, if any could be found.

The League of California Cities, in its letter of support for the bill, emphasizes its support for AB 1482 and its desire for the bill to be applicable statewide, "based upon the need to provide those agencies that contract with others for animal services additional time in which to implement the provisions of SB 1785. It is not [their] intent to repeal or undermine the provisions of SB 1785."

Likewise, the California State Association of Counties (CSAC) supports AB 1482 because its provisions would "assist counties in their efforts to implement the new

law in a more effective manner."

2. Unanimous local government support for SB 1785 provisions

All jurisdictions that have written letters in favor of this bill support the longer holding periods contained in SB 1785, and the intent to increase adoption opportunities for stray animals and the return of lost pets. They also unanimously agree that better care for the animals impounded should be provided.

While the proponents are unanimous in their support, they are also impassioned about the relief that this bill would provide. They fear that without the extension of the operative date of SB 1785 to July 1, 2000, more adoptable animals will be killed, rather than saved, due to lack of room in the existing facilities. Some shelters are already bursting at the seams, they say, and the holding periods would simply create impossible situations.

3. Finding of inability to comply required

__ This bill would require a public agency that contracts with another entity for animal pound or shelter services to make an affirmative finding that its contract provider does not have sufficient facilities to accommodate the additional requirements of SB 1785. Current law requires such findings to be made by the agency after a public hearing where, presumably facts underlying such a finding would be presented and publicly discussed.

In order to ensure that this is the case, the bill should be amended to clarify that a public hearing is required, and that the resolution adopted by the local agency describe the circumstances necessitating such a finding.

SUGGESTED AMENDMENT:

On page 3, line 1, after "determines" insert:

after a duly noticed public hearing

On page 3, line 9, after "facilities" insert:

and includes in its resolution a description of the local circumstances necessitating retention of the holding period specified by Sections 31108, 31752, 31752.5 and 31754 on June 30, 1999.

Entering into the public record the factual bases for the finding that the public agency could not meet the specified holding periods under SB 1785 due to insufficient facilities should meet the concerns of opponents of the bill that a public agency that simply does not want to comply with SB 1785 would adopt a resolution with no real basis in fact that facilities are insufficient.

4. Local agency to develop a plan for implementation of SB 1785: opposition

__ This bill would require the qualifying public agency to have developed, or to commit to develop, a plan to meet the holding periods required under the SB 1785 as soon as practicable.

Opponents have argued against this provision, stating that these agencies have had since September, 1998, when the bill was signed by the Governor, to plan and be prepared to implement the new holding periods. The open-ended time period for development of an implementation plan would allow public agencies to procrastinate in dealing with the new SB 1785 effective date that this bill would impose, and thus necessitate another extension, they say, until eventually the holding periods specified under SB 1785 could be repealed.

The public agencies in support of the bill, however, represent that this is not the case, and that they are in full support of the implementation of the SB 1785 holding periods with no further delays, if they were given the relief under this bill. When it was suggested that a 60-day period be specified in the bill for development of a plan and for establishing a schedule for implementation of that plan which would bring the public agency into compliance with SB 1785 requirements, proponents agreed that this 60-day period would pose no problem. Apparently, many of them already have a plan or

are in the process of developing one.

Suggested amendment:

On page 3, line 14, after "practicable" insert:

and establishes a schedule for implementation of this plan within sixty days of the adoption of the resolution described in this section, which schedule would bring the public agency into compliance with the holding periods specified in Sections 31108, 31752, 31752.5 and 31754, as

added or amended by Chapter 752 of the Statutes of 1998, on or before July 1, 2000.

5. Compliance, to the extent it is possible, to be requested

The bill would require the public agency to request its animal shelter provider to utilize existing facilities and any new facilities to comply, to the extent possible, with the holding periods required by SB 1785 and with the increased operating hours required by SB 1785.

Should the animal shelter provider demand an increase in payment under the existing contract between the public agency and the animal shelter provider in order to meet the requests, this bill is not clear whether the public agency would be required to agree to such a demand (for higher payment, or to negotiate for less than the demanded payment), if financial resources were available.

SHOULD THIS BE CLARIFIED?

6. Classic case of local issue

The issues raised by this bill are an example of the classic local issue being affected by state law. The impoundment of animals is purely a local government function, as the state has no facilities or programs to impound stray animals except for those found on state parks. Proponents of this bill strongly assert that while they have no quarrel, and in fact, support the general intent of SB 1785, implementation of the new holding periods for animals within their jurisdictions is within local government's purview. They further

emphasize that their determination that they cannot reasonably comply with the new requirements by the effective date of July 1, 1999, should not and cannot be second-guessed.

7. Senator Hayden's concerns

Senator Hayden, author of SB 1785, has expressed some concerns about the provisions of AB 1482. Specifically, he wants to ensure the integrity of the public process by which the public agency determines and justifies that it is entitled to relief, so he suggests specific factual findings that must be made prior to the adoption of a resolution declaring the public agency's inability to comply with the provisions of SB 1785. These factual findings, he suggests, could include facts such as the number of animals sheltered the previous year, the number of animals killed, the size of the existing facilities and the number such facilities are designed to accommodate. He also suggests some findings of fact regarding the public agency's efforts at compliance with SB 1785, prior to each agency's self-qualification for the one-year relief provided by this bill.

Another major concern of Senator Hayden is the fact that AB 1482 would delay the operation of provisions of SB 1785 requiring a facility to determine whether a cat is truly "feral" by waiting 72 hours before the cat could be killed. SB 1785 would benefit a lost cat because the differentiation between a cat that is feral (wild, completely undomesticated) or a cat that is simply "spooked" (domesticated, but at the moment, appears to be wild, which could be brought on by a number of circumstances) would become much easier. That is, a spooked cat could calm down after a little while, and could be found by an owner who has lost the cat, given the extra time. A feral cat is, according to Senator Hayden, almost always killed within 15 minutes. Since this bill would eliminate the mandatory 72-hour holding period for "feral" cats, there may be plenty of lost cats or adoptable cats that would be euthanized during this one-year period. Senator Hayden suggests that simply

affirming that AB 1482 would not affect the protocol for determining whether a cat is "feral" before putting it to death [Section 31752.5 subdivision c] would take care of this problem.

Lastly, Senator Hayden insists that the flex hours of operation of the animal shelters and pounds required by SB 1785 have nothing to do with the need to extend the effective date of SB 1785, and that, therefore, the provision of the bill delaying SB 1785's flex hours should not be included in AB 1482.

Support: PAW-PAC; California State Association of Counties (CSAC); League of California Cities; Orange County Division, League of California Cities; The Fund for Animals Inc.; Regional Council of Rural Counties; California Veterinary Medical Association; Coalition to Protect Animals in Entertainment; Neighborhood Networks & Animal Watch Council of Los Angeles; California Federation for Animal Legislation; Contra Costa Humane Society; Alameda County Chiefs of Police and Sheriff's Association; Ohlone Humane Society; Committee for Human & Animal Safety; United Activists for Animal Rights; Lake Elsinore Animal Friends; The Humane Society of San Bernardino Valley, Inc.; Animal Issues Movement (Los Angeles/Orange County; The Marin Humane Society; California Agricultural Commissioners & Sealers Association; American Humane Association; California Animal Control Director's Association; San Leandro Police Department; Sequoia Humane Society; California Conference of Machinists; Butte County; Contra Costa County; Fresno County Board of Supervisors; County of Humboldt; Madera County Board of Supervisors; Mariposa County Board of Supervisors; Modoc County Board of Supervisors; Monterey County; County of Santa Clara; Santa Cruz County Board of Supervisors; County of Siskiyou; Town of Apple Valley; Town of Los Gatos; Town of Yucca Valley; Santa Clara County Cities Association; City of Albany; City of Blue Lake; City of Campbell; City of Chula Vista; City of Cupertino; City of El Cajon; City of Hollister; King City; City of Lakewood; City of Merced; City of Porterville; City of Redding; City of Rialto; City of San Bernardino;

City of San Jose; City of Santa Clara; City of Santa Cruz; City of Saratoga; City of South Pasadena; City of Stockton; City of Sunnyvale; City of Thousand Oaks; Assemblymember Thomas "Rico" Oller; numerous individuals

Opposition: Senator Tom Hayden, individuals

HISTORY

Source: City of San Jose

Related Pending Legislation: None

Prior Legislation: SB 1785 (Hayden, 1988), Ch. 752, Stats. 1998.

Prior Vote: Asm. L. Gov. (Ayes 8. Noes 0.)
Asm. Flr. (Ayes 63. Noes 5.)

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OFFICE OF THE STATE CONTROLLER

STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2006-11

ANIMAL ADOPTION 2005

April 3, 2006

Revised January 30, 2009

In accordance with Government Code (GC) section 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state mandated cost programs. The following are claiming instructions and forms that eligible claimants will use for filing claims for the Animal Adoption (AA) program. These claiming instructions are issued subsequent to adoption of the program's Parameters and Guidelines (P's & G's) by the Commission on State Mandates (CSM).

On January 25, 2001, the CSM determined that Chapter 752, Statutes of 1998, established costs mandated by the State according to the provisions listed in the P's & G's. For your reference, the P's & G's are included as an integral part of the claiming instructions.

Eligible Claimants

Any city, county, or city and county, which incurs increased costs, as a direct result of this mandate is eligible to claim reimbursement of these costs.

Filing Deadlines

A. Reimbursement Claims

A reimbursement claim is defined in GC Section 17522 as any claim filed with the SCO by a local agency for reimbursement of costs incurred for which an appropriation is made for the purpose of paying the claim.

An actual claim may be filed by February 15 following the fiscal year in which costs were incurred. If the filing deadline falls on a weekend or holiday, the filing deadline will be the next business day. Since the 15th falls on a weekend in 2009 claims for fiscal year 2007-08 will be accepted without penalty if postmarked or delivered on or before February 17, 2009. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed $10,000. A claim filed more than one year after the deadline cannot be accepted for reimbursement.

In order for a claim to be considered properly filed, it must include the Indirect Cost Rate Proposal (ICRP) if the indirect cost rate exceeds 10%. A more detailed discussion of the ICRP may be found in Section 8 of the instructions.

Documentation to support actual costs must be kept on hand by the claimant and made available to the SCO upon request as explained in Section 17 of the instructions.

B. Estimated Claims

Pursuant to AB 8, Chapter 6, Statutes of 2008, the option to file estimated claims has been eliminated. Therefore, estimated claims filed on or after February 16, 2008, will not be accepted for reimbursement.

Minimum Claim Cost

GC section 17564(a) provides that no claim shall be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds one thousand dollars (**$1,000**), provided that a county may submit a combined claim on behalf of direct service districts or special districts within their county if the combined claim exceeds **$1,000**, even if the individual direct service district's or special district's claim does not each exceed **$1,000**. The county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each direct service district or special district. These combined claims may be filed only when the county is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a direct service district or special district provides a written notice of its intent to file a separate claim to the county and to the SCO, at least 180 days prior to the deadline for filing the claim.

Reimbursement of Claims

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities.

A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, notices of order of suspension or revocation, sworn reports, arrest reports, notices to appear, employee time records, or time logs, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, and declarations.

Declarations must include a certification or declaration stating, "I certify, (or declare), under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of the Code of Civil Procedure section 2015.5.

Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

Certification of Claim

In accordance with the provisions of GC section 17561, an authorized representative of the claimant shall be required to provide a certification of claim stating: "I certify, (or declare), under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of the Code of Civil Procedure section 2015.5, for those costs mandated by the State and contained herein.

Audit of Costs

All claims submitted to the SCO are reviewed to determine if costs are related to the mandate, are reasonable and not excessive, and the claim was prepared in accordance with the SCO's claiming instructions and the P's & G's adopted by the CSM. If any adjustments are made to a claim, a "Notice of Claim Adjustment" specifying the claim activity adjusted, the amount adjusted, and the reason for the adjustment, will be mailed within 30 days after payment of the claim.

Pursuant to GC section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to the initiation of an audit by the SCO no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced.

All documents used to support the reimbursable activities must be retained during the period subject to audit. If an audit has been initiated by the SCO during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings. Supporting documents shall be made available to the SCO on request.

Retention of Claiming Instructions

The claiming instructions and forms in this package should be retained permanently in your Mandated Cost Manual for future reference and use in filing claims. These forms should be duplicated to meet your filing requirements. You will be notified of updated forms or changes to claiming instructions as necessary.

Questions or requests for hard copies of these instructions should be faxed to Angie Teng at (916) 323-6527, or e-mailed to **LRSDAR@sco.ca.gov.** Or, if you wish, you may call the Local Reimbursements Section at (916) 324-5729.

For your reference, these and future mandated costs claiming instructions and forms can be found on the Internet at http://**www.sco.ca.gov/ard/local/locreim/index.shtml.**

Address for Filing Claims

Claims should be rounded to the nearest dollar. Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents**. (To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)** Use the following mailing addresses:

If delivered by
U.S. Postal Service:

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

If delivered by
other delivery services:

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 500
Sacramento, CA 95816

Amended: January 26, 2006
Adopted: February 28, 2002
j:mandates/2004/pga/04pga01 and 02/draftpga

PARAMETERS AND GUIDELINES AMENDMENT

Civil Code Sections 1834 and 1846;
Food and Agriculture Code Sections 31108, 31752, 31752.5, 31753, 32001, and 32003
As Added or Amended by Statutes of 1998, Chapter 752

AND

Amended Pursuant to Statutes 2004, Chapter 313 (AB 2224) and
Request of the State Controller's Office

Animal Adoption

I. Summary of the Mandate

The test claim legislation was enacted in an attempt to end the euthanasia of adoptable and treatable animals. Generally, the test claim legislation increased the holding period for stray and abandoned dogs, cats, and other specified animals; required the verification of the temperament of feral cats; required the posting of lost and found lists; required the maintenance of records for impounded animals; and required that impounded animals receive "necessary and prompt veterinary care."

The Commission partially approved this test claim, pursuant to article XIII B, section 6 of the California Constitution and Government Code section 17514, for the *increased costs* in performing the following activities only:

1. Providing care and maintenance during the increased holding period for impounded dogs and cats that are ultimately euthanized. The increased holding period shall be measured by calculating the difference between three days from the day of capture and four business days from the day after impoundment, as specified below in 3 (a) and 3 (b), or six business days from the day after impoundment (Food & Agr. Code, §§ 31108, 31752);

2. Providing care and maintenance for four business days from the day after impoundment, as specified below in 3 (a) and 3 (b), or six business days from the day after impoundment, for impounded rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, or tortoises legally allowed as personal property that are ultimately euthanized (Food & Agr. Code, § 31753);

3. For dogs, cats, and other specified animals held for four business days after the day of impoundment, either:

   (a) Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or

(b) For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed (Food & Agr., Code §§ 31108, 31752, and 31753);

4. Verifying whether a cat is feral or tame by using a standardized protocol (Food & Agr. Code, § 31752.5);
5. Posting lost and found lists (Food & Agr. Code, § 32001);
6. Maintaining records on animals that are not medically treated by a veterinarian, but are either taken up, euthanized after the holding period, or impounded (Food & Agr. Code, § 32003); and
7. Providing "necessary and prompt veterinary care" for abandoned animals, other than injured cats and dogs given emergency treatment, that are ultimately euthanized (Civ.Code, §§ 1834 and 1846).

II. Eligible Claimants

Any city, county, city and county, dependent special district, and joint powers authority comprised of a city, county, and/or city and county that incurs increased costs as a result of this reimbursable state mandated program is eligible to claim reimbursement of those costs.

III. Period of Reimbursement

The period of reimbursement for the activities in this parameters and guidelines amendment begins on July 1, 2005.

Pursuant to Government Code section 17560, reimbursement for state-mandated costs may be claimed as follows:

1. A local agency may file an estimated reimbursement claim by January 15 of the fiscal year in which costs are to be incurred, and, by January 15 following that fiscal year shall file an annual reimbursement claim that details the costs actually incurred for that fiscal year; or it may comply with the provisions of subdivision (b).
2. A local agency may, by January 15 following the fiscal year in which costs are incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.
3. In the event revised claiming instructions are issued by the Controller pursuant to subdivision (c) of section 17558 between October 15 and January 15, a local agency filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim.

Reimbursable actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Government Code section 17561, subdivision (d)(1) , all claims for reimbursement of initial years' costs shall be submitted within

120 days of the issuance of the State Controller's claiming instructions. If the total costs for a given fiscal year do not exceed $1,000, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

There shall be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

IV. Reimbursable Activities

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, the following activities are reimbursable:

A. One Time Activities

1. Develop policies and procedures to implement the reimbursable activities listed in Section IV (B) of these parameters and guidelines.
2. Train staff on the reimbursable activities listed in Section IV (B) of these parameters and guidelines. (One-time per employee.)
3. Develop or procure computer software for the maintenance of records on animals specified in Section IV (B) (8) of these parameters and guidelines to the extent these costs are not claimed as an indirect cost under Section V (B) (8) of these parameters and guidelines. If the computer software is utilized in some way that is not directly related to the maintenance of records specified in Section IV (B) (8), only the

pro rata portion of the activity that is used for compliance with Section IV (B) (8) is reimbursable.

B. Ongoing Activities

1. Acquisition of Additional Space and/or Construction of New Facilities

Beginning January 1, 1999 - Acquiring additional space by purchase or lease and/or construction of new facilities to provide appropriate or adequate shelter necessary to comply with the mandated activities during the increased holding period for impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that die during the increased holding period or are ultimately euthanized.

Eligible claimants are only entitled to reimbursement for the proportionate share of actual costs required to plan, design, acquire, and/or build facilities in a given fiscal year based on the pro rata representation of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that are held during the *increased* holding period specified in Sections IV (B) (3) and (4) of these Parameters and Guidelines and die during the increased holding period or are ultimately euthanized, to the total population of animals housed in the facility (including those animals that are excluded from reimbursement, as specified in Sections IV (B) (3) and (4) of these Parameters and Guidelines) during the entire holding period required by Food and Agriculture Code sections 31108, 31752 and 31753.

Formula for Proportionate Share of Actual Costs:

Where:

(A) = Shelter square footage, 1998

(B) = Total animal average daily census (ADC), 1998

(C) = Square footage per ADC, 1998 (=A/B)

(D) = Total dog/cat ADC, 1998

(E) = Shelter square footage, claim year

(F) = Total dog/cat ADC, claim year

(G) = Eligible dog/cat ADC, claim year

(H) = Eligible other animal ADC, claim year

(I) = Eligible dog/cat square footage, claim year

For shelters that meet the conditions of to Food and Agricultural Code section 31108(a)(1) or (2) for dogs, and section 31752(a)(1) or (2) for cats: [1]

(I) = 2/5 x C x F

For shelters that do not meet the conditions of Food and Agricultural Code section 31108(a)(1) or (2) for dogs, and section 31752(a)(1) or (2) for cats:

(I) – 4/7 x C x F

(J) = Reduction in eligible square footage due to decline in total dog/cat population (cannot exceed 0)

For shelters that meet the conditions of Food and Agricultural Code section 31108(a)(1) or (2) for dogs, and section 31752(a)(1) or (2) for cats:[2]

(J) = [(F/5 – D/3 x C x D] / (D/3)

For shelters that do not meet the conditions of Food and Agricultural Code section 31108(a)(10 or (2) for dogs, and section 31752(a)(1) or (2) for cats:

(J) = [(F/7 – D/3) x C x D] / (D/3)

(K) = Net eligible dog/cat square footage (cannot be less than 0)

(K = I+J)

(L) = Percentage of eligible dog/cat ADC, claim year (L = G/F)

(M) = Allowable dog/cat square footage (M = K x L)

(N) = Allowable square footage for other animals specified by Food and Agricultural Code section 31573 (N = C x H)

(P) = Eligible percentage of acquisition/construction costs (cannot exceed 100%) [P = (M+N) / ((E-A)]

Statutes 2004, chapter 313 specifies that costs incurred to address preexisting shelter overcrowding or animal population growth are not reimbursable. The mandate reimburses for costs required due to the

[1] In order to select this option claimants must either make the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or (b) Have fewer than three full-time employees or are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed.

[2] In order to select this option claimants must either make the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or (b) Have fewer than three full-time employees or are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed.

increased holding period required by Statutes 1998, chapter 752. In calculating net eligible dog/cat square footage, the formula recognizes that a decline in the number of animals sheltered may offset the effect of the increased holding period. For example, if the dog/cat average daily census does not change between the 1998 base year and the claim year, there is no additional square footage required.

The mandate reimburses only for costs attributable to eligible animals. Prior to Statutes 1998, chapter 752, shelters were required to hold dogs and cats for three days, whereas there was no required holding period for other animals. Therefore, the mandate reimbursable percentage formula separately calculates allowable square footage for dogs and cats, and allowable square footage for other animals specified by Food and Agricultural Code section 31753.

Acquisition/construction costs that are less than or equal to the cost of contract services for eligible animals are reimbursable.

Claimants may recalculate the eligible percentage of acquisition/construction costs each year, based on current animal population statistics. However, claimants may only claim allowable costs that have not been claimed in previous fiscal years.

Supporting Documentation Submitted with the Initial and Subsequent Reimbursement Claims

Acquiring additional space and/or construction of new facilities is reimbursable only to the extent that an eligible claimant submits, with the initial and/or subsequent reimbursement claim, documentation reflecting the following:

> A determination by the governing board that acquiring additional space and/or constructing new facilities is necessary for the increased holding period required by Statutes of 1998, Chapter 752 because the existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats and other specified animals that are ultimately euthanized. The determination by the governing board shall include all of the following findings:
>
> - The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in 1998. For purposes of claiming reimbursement under section IV.B.1, average Daily Census is defined as the average number of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 housed on any given day, in a 365-day period;
> - The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in a given year under the

holding periods required by Food and Agriculture Code sections 31108, 31752, and 31753, as added or amended by Statutes of 1998, Chapter 752;

- Existing facilities are not appropriately configured and/or equipped to comply with the increased holding period required by Statutes of 1998, Chapter 752;
- Remodeling existing facilities is not feasible or is more expensive than acquiring additional space and/or constructing new facilities to comply with the increased holding period required by Statutes 1998, chapter 752; and
- Contracting with existing private or public shelters in the area to house the increase of impounded stray or abandoned dogs, cats, or other animals specified in Statutes 1998, chapter 752 is not feasible or is more expensive than acquiring additional space and/or constructing new facilities to comply with the increased holder period required by Statutes 1998, chapter 752. This finding should include the cost to contract with existing shelters..

Documentation requirements may be satisfied in whole or in part by staff agenda items, staff reports, minutes of governing board meetings, transcripts of governing board meetings, certification by the governing board describing the findings and determination, and/or a resolution adopted by the governing board pursuant to Food and Agriculture Code section 31755, as added by Statutes of 1999, Chapter 81 (Assembly Bill 1482).

2. Remodeling/Renovating Existing Facilities

Beginning January 1, 1999 - Remodeling/renovating existing facilities to provide appropriate or adequate shelter necessary to comply with the mandated activities during the increased holding period for impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that die during the increased holding period or are ultimately euthanized.

Eligible claimants are only entitled to reimbursement for the proportionate share of actual costs required to plan, design, remodel and/or renovate existing facilities in a given fiscal year based on the pro rata representation of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that are held during the *increased* holding period specified in Sections IV (B) (3) and (4) of these Parameters and Guidelines and die during the increased holding period or are ultimately euthanized, to the total population of animals housed in the facility (including those animals that are excluded from reimbursement, as specified in Sections IV (B) (3) and (4) of these Parameters and Guidelines) during the entire

holding period required by Food and Agriculture Code sections 31108, 31752 and 31753.

Since the remodeling/renovation will not increase square footage to address existing overcrowding or future growth issues, the mandate reimbursable percentage formula for remodeling/renovation would exclude the eligible percentage of square footage factor.

Formula for proportionate share of actual remodeling/renovation costs:

(A) = Shelter square footage

(B) = Total animal average daily census (ADC), claim year

(C) = Square footage per ADC, claim year (C = A/B)

(G) = Eligible dog/cat ADC, claim year

(H) = Eligible other animal ADC, claim year

(M) = Eligible dog/cat square footage, claim year

For shelters that meet the requirements of Food and Agricultural Code section 31108 (a)(1) or (2) for dogs, and section 31752 (a)(1) or (2) for cats, M = 2/5 x C x G.

For shelters that do not meet the requirements of Food and Agricultural Code section 31108(a)(1) or (2) for dogs, and section 31752(a)(1) or (2) for cats, M = 4/7 x C x G.

(N) = Allowable square footage for other animals specified by Food and Agricultural Code section 31753, claim year (N = C x H)

(P) = Eligible percentage of remodeling/renovation costs
[P = (M + N) / A]

Claimants may recalculate the eligible percentage of remodeling/renovation costs each year, based on current animal population statistics. However, claimants may only claim allowable costs that have not been claimed in previous fiscal years.

Supporting Documentation Submitted with the Initial and Subsequent Reimbursement Claims

Remodeling/renovating existing facilities is reimbursable only to the extent that an eligible claimant submits, with the initial and/or subsequent reimbursement claim, documentation reflecting the following:

A determination by the governing board or a delegated representative that remodeling/renovating existing facilities is necessary because the existing facilities do not reasonably accommodate impounded stray or abandoned dogs, cats and other specified animals that are ultimately euthanized for the increased holding period required by Statutes of 1998, Chapter 752. The

determination by the governing board or delegated representative shall include all of the following findings:

- The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 that were impounded in 1998. For purposes of claiming reimbursement under section IV.B.2, average Daily Census is defined as the average number of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 housed on any given day, in a 365-day period;
- The average daily census of impounded stray or abandoned dogs, cats, and other animals specified in Statutes of 1998, Chapter 752 in a given year under the holding periods required by Food and Agriculture Code sections 31108, 31752, and 31753, as added or amended by Statutes of 1998, Chapter 752;
- Existing facilities are not appropriately configured and/or equipped to comply with the increased holding period required by Statutes of 1998, Chapter 752;
- Contracting with existing private or public shelters in the area to house the increase of impounded stray or abandoned dogs, cats, or other animals specified in Statutes of 1998, Chapter 752 is not feasible or is more expensive than remodeling/renovating existing facilities to comply with the increased holding period required by Statutes 1998, chapter 752.

Documentation requirements may be satisfied in whole or in part by staff agenda items, staff reports, minutes of governing board meetings, transcripts of governing board meetings, certification by the governing board or declaration from the delegated representative describing the findings and determination, and/or a resolution adopted by the governing board pursuant to Food and Agriculture Code section 31755, as added by Statutes of 1999, Chapter 81 (Assembly Bill 1482).

3. Care and Maintenance for Impounded Stray or Abandoned Dogs and Cats that Die During the Increased Holding Period or are Ultimately Euthanized (Food & Agr. Code, §§ 31108, 31752)

Beginning July 1, 1999 - Providing care and maintenance during the increased holding period for impounded stray or abandoned dogs and cats that die during the increased holding period or are ultimately euthanized. The increased holding period shall be measured by calculating the difference between three days from the day of capture, and four or six business days from the day after impoundment.

Exclusions

Eligible claimants are *not* entitled to reimbursement for the care and maintenance of the following population of dogs and cats:

- Stray or abandoned dogs and cats that are irremediably suffering from a serious illness or severe injury (Food & Agr. Code, § 17006);
- Newborn stray or abandoned dogs and cats that need maternal care and have been impounded without their mothers (Food & Agr. Code, § 17006);
- Stray or abandoned dogs and cats too severely injured to move or where a veterinarian is not available and it would be more humane to dispose of the animal (Pen. Code, §§ 597.1, subd. (e), 597f, subd. (d));
- Owner relinquished dogs and cats; and
- Stray or abandoned dogs and cats that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

Methods for Claiming Costs

Eligible claimants may elect one of following two methods to claim costs for the care and maintenance of impounded stray or abandoned dogs and cats that die during the increased holding period or are ultimately euthanized:

- Actual Cost Method – Under the actual cost method, actual reimbursable care and maintenance costs per animal per day are computed for an annual claim period.
    a) Determine the total annual cost of care and maintenance for all dogs and cats impounded at a facility. Total cost of care and maintenance includes labor, materials, supplies, indirect costs, and contract services.
    b) Determine the average daily census of all dogs and cats impounded at a facility. For purposes of claiming reimbursement under IV.B.3, average daily census is defined as the average number of all dogs and cats at a facility housed on any given day, in a 365-day period..
    c) Multiply the average daily census of dogs and cats by 365 = yearly census of dogs and cats.
    d) Divide the total annual cost of care by the yearly census of dogs and cats = cost per animal per day.
    e) Multiply the cost per animal per day, by the number of impounded stray or abandoned dogs and cats that die

during the increased holding period or are ultimately euthanized, by each reimbursable day (the difference between three days from the day of capture, and four or six business days from the day after impoundment).

- Time Study Method – Under the time study method, a random sample of impounded stray or abandoned dogs and cats are observed to determine the amount of time to provide care and maintenance during a reimbursable day.

  The time study shall be developed using one representative month each quarter and be supported with actual source documentation. Time studies shall be conducted on a more frequent basis if there are significant variations of time expended from month to month. The time study shall identify hours devoted to each specific category. If the time study supports a fixed-cost approach such as an animal day (i.e., dog-day, cat-day, etc.), the eligible claimant shall document the analysis supporting the method used.

  Time records used to support the time study shall:

  a) Reflect an after-the-fact distribution of each employee's actual activity;

  b) Account for the total activity for which each employee is compensated;

  c) Account for the total labor hours of the month;

  d) Be signed and dated by the employee not later than the end of the pay period that follows the pay period covered by the report; and

  e) Document, by signature or initials and date, supervisor approval.

3. Care and Maintenance for Impounded Stray or Abandoned Animals Specified in Food and Agriculture Code Section 31753 that Die During the Increased Holding Period or are Ultimately Euthanized (Food & Agr. Code, § 31753)

   Beginning January 1, 1999 - Providing care and maintenance for four or six business days from the day after impoundment for impounded stray or abandoned rabbits, guinea pigs, hamsters, pot-bellied pigs, birds, lizards, snakes, turtles, and tortoises legally allowed as personal property that die during the increased holding period or are ultimately euthanized.

   Exclusions

   Eligible claimants are *not* entitled to reimbursement for the care and maintenance of the following population of animals:

- Stray or abandoned animals that are irremediably suffering from a serious illness or severe injury (Food & Agr. Code, § 17006);
- Newborn animals that need maternal care and have been impounded without their mothers (Food & Agr. Code, § 17006);
- Stray or abandoned animals too severely injured to move or where a veterinarian is not available and it would be more humane to dispose of the animal (Pen. Code, §§ 597.1, subd. (e), 597f, subd. (d));
- Owner relinquished animals; and
- Stray or abandoned animals that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

Methods for Claiming Costs

Eligible claimants may elect one of following two methods to claim costs for the care and maintenance of impounded stray or abandoned animals specified in Food and Agriculture Code section 31753 that die during the increased holding period or are ultimately euthanized:

- Actual Cost Method –Under the actual cost method, actual reimbursable care and maintenance costs per animal per day are computed for an annual claim period.
    a) Determine the total annual cost of care and maintenance for all animals specified in Food and Agriculture Code section 31753 that are impounded at a facility. Total cost of care and maintenance includes labor, materials, supplies, indirect costs, and contract services.
    b) Determine the average daily census of the animals specified in Food and Agriculture Code section 31753.
    c) Multiply the average daily census of the animals specified in Food and Agriculture Code section 31753 by 365 = yearly census of animals specified in Food and Agriculture Code section 31753.
    d) Divide the total annual cost of care by the yearly census of animals specified in Food and Agriculture Code section 31753 = cost per animal per day.
    e) Multiply the cost per animal per day, by the number of impounded stray or abandoned animals specified in Food and Agriculture Code section 31753 that die during the increased holding period or are ultimately euthanized, by

each reimbursable day (four or six business days from the day after impoundment).

- Time Study Method – Under the time study method, a random sample of impounded stray or abandoned animals are observed to determine the amount of time to provide care and maintenance during a reimbursable day.

  The time study shall be developed using one representative month each quarter and be supported with actual source documentation. Time studies shall be conducted on a more frequent basis if there are significant variations of time expended from month to month. The time study shall identify hours devoted to each specific category. If the time study supports a fixed-cost approach such as an animal day, the eligible claimant shall document the analysis supporting the method used.

  Time records used to support the time study shall:

  a) Reflect an after-the-fact distribution of each employee's actual activity;

  b) Account for the total activity for which each employee is compensated;

  c) Account for the total labor hours of the month;

  d) Be signed and dated by the employee not later than the end of the pay period that follows the pay period covered by the report; and

  e) Document, by signature or initials and date, supervisor approval.

4. Agencies Using the Holding Period of Four Business Days After the Day of Impoundment (Food & Agr. Code, §§ 31108, 31752, 31753)

   Beginning January 1, 1999 - For impounded animals specified in Food and Agriculture Code section 31753, either:

   - Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or

   - For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed.

Beginning July 1, 1999 - For impounded dogs and cats, either:

- Making the animal available for owner redemption on one weekday evening until at least 7:00 p.m., or one weekend day; or
- For those local agencies with fewer than three full-time employees or that are not open during all regular weekday business hours, establishing a procedure to enable owners to reclaim their animals by appointment at a mutually agreeable time when the agency would otherwise be closed.

5. Feral Cats (Food & Agr. Code, § 31752.5)

   Beginning January 1, 1999 - Verifying whether a cat is feral or tame by using a standardized protocol within the first three days of the required holding period if an apparently feral cat has not been reclaimed by its owner or caretaker.

6. Lost and Found Lists (Food & Agr. Code, § 32001)

   Beginning January 1, 1999 - Providing owners of lost animals and those who find lost animals with all of the following:

   - Ability to list the animals they have lost or found on "lost and found" lists maintained by the local agency;
   - Referrals to animals listed that may be the animals the owner or finders have lost or found;
   - The telephone numbers and addresses of other pounds and shelters in the same vicinity;
   - Advice as to means of publishing and disseminating information regarding lost animals; and
   - The telephone numbers and addresses of volunteer groups that may be of assistance in locating lost animals.

7. Maintaining *Non-Medical* Records (Food & Agr. Code, § 32003)

   Beginning January 1, 1999 - Maintaining non-medical records on animals that are either taken up, euthanized after the holding period, or impounded. Such records shall include the following:

   - The date the animal was taken up, euthanized, or impounded;
   - The circumstances under which the animal is taken up, euthanized, or impounded;
   - The names of the personnel who took up, euthanized, or impounded the animal; and

- The final disposition of the animal, including the name of the person who euthanized the animal or the name and address of the adopting party.

The cost of software license renewal contracts, to the extent these costs are not claimed as an indirect cost under these parameters and guidelines, is eligible for reimbursement under Section V (A) (2) of these parameters and guidelines. If the computer software is utilized in some way that is not directly related to the maintenance of records specified in this section, only the pro rata portion of the software license renewal contract that is used for compliance with this section is reimbursable.

8. "Necessary and Prompt Veterinary Care" (Civ. Code, §§ 1834 and 1846)

   Beginning January 1, 1999 - Providing "necessary and prompt veterinary care" for stray and abandoned animals, other than injured cats and dogs given emergency treatment, that die during the holding period or are ultimately euthanized, during the holding periods specified in Statutes of 1998, Chapter 752.

   "Necessary and prompt veterinary care" means all reasonably necessary medical procedures performed by a veterinarian or someone under the supervision of a veterinarian to make stray or abandoned animals "adoptable." The following veterinary procedures, if conducted, are eligible for reimbursement:

   - An initial physical examination of the animal to determine the animal's baseline health status and classification as "adoptable," "treatable," or "non-rehabilitatable."
   - A wellness vaccine administered to "treatable" or "adoptable" animals.
   - Veterinary care to stabilize and/or relieve the suffering of a "treatable" animal.
   - Veterinary care intended to remedy any applicable disease, injury, or congenital or hereditary condition that adversely affects the health of a "treatable" animal or that is likely to adversely affect the animal's health in the future, until the animal becomes "adoptable."

   <u>Population Exclusions</u>

   Eligible claimants are *not* entitled to reimbursement for providing "necessary and prompt veterinary care" to the following population of animals:

   - Animals that are irremediably suffering from a serious illness or severe injury (Food & Agr. Code, § 17006);

- Newborn animals that need maternal care and have been impounded without their mothers (Food & Agr. Code, § 17006);
- Animals too severely injured to move or where a veterinarian is not available and it would be more humane to dispose of the animal. (Pen. Code, §§ 597.1, subd. (e), 597f, subd. (d));
- Owner relinquished animals; and
- Stray or abandoned animals that are ultimately redeemed, adopted, or released to a nonprofit animal rescue or adoption organization.

Veterinary Care Exclusions

Eligible claimants are *not* entitled to reimbursement for providing the following veterinary procedures:

- Emergency treatment given to injured cats and dogs (Pen. Code, § 597f, subd. (b));
- Administration of rabies vaccination to dogs (Health & Saf. Code, § 121690);
- Implantation of microchip identification;
- Spay or neuter surgery and treatment;
- Euthanasia.

10. Beginning January 1, 1999 - Procuring medical, kennel, and computer equipment necessary to comply with the reimbursable activities listed in Section IV (B) of these parameters and guidelines, to the extent these costs are not claimed as an indirect cost under Section V (B) of these parameters and guidelines. If the medical, kennel, and computer equipment is utilized in some way not directly related to the mandated program or the population of animals listed in Section IV (B), only the pro rata portion of the activity that is used for the purposes of the mandated program is reimbursable.

V. Claim Preparation and Submission

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV, Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the services that were performed during the period covered by the reimbursement claim. If the contract services are also used for purposes other than the reimbursable activities, only the pro-rata portion of the services used to implement the reimbursable activities can be claimed. Submit contract consultant and attorney invoices with the claim and a description of the contract scope of services.

4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates

attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

B. Indirect Cost Rates

Indirect costs are costs that are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the Office of Management and Budget (OMB) Circular A-87. Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB Circular A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or

2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections,

and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

VI. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter[3] is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings that the claimant experiences as a direct result of this mandate must be deducted from the costs claimed. Additionally, reimbursement for this mandate received from any source shall be identified and deducted from this claim. These sources shall include, but not be limited to, rewards received under the authority of Civil Code section 1845; licensing fees and fines received and applied pursuant to Food and Agriculture Code section 30652, Government Code section 28502, and Penal Code section 597f; other state funds, and federal funds. The fees and fines received pursuant to Food and Agriculture Code section 30652 shall be deducted from the claim according to the priority specified in the statute and stated below:

- First, to pay fees for the issuance of dog license tags pursuant to Food and Agriculture Code section 30652, subdivision (a);
- Second, in accordance with Food and Agriculture Code section 30652, subdivision (b), any excess revenue held after the payment of dog license tags shall be applied to the fees, salaries, costs, expenses, or any or all of them for the enforcement of Division 14 of the Food and Agriculture Code, including Food and Agriculture Code section 31108, and all ordinances that are made pursuant to Division 14. Costs incurred under Food and Agriculture Code section 31108 are specified in Section IV (B) (1), (2), (3), and (5), and Section IV (A) of

[3] This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

these parameters and guidelines. Any or all excess revenue must be applied to the costs incurred under Food and Agriculture Code section 31108 before any revenue can be applied to subdivisions (c) and (d) of Food and Agriculture Code section 30652.

VIII. STATE CONTROLLER'S REVISED CLAIMING INSTRUCTIONS

Pursuant to Government Code section 17558, subdivision (c), the Controller shall issue revised claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the revised parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The revised claiming instructions shall be derived from the test claim decision and the revised parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(2), issuance of the revised claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon the revised parameters and guidelines adopted by the Commission.

IX. REMEDIES BEFORE THE COMMISSION

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, subdivision (d), and California Code of Regulations, title 2, section 1183.2.

X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES

The Statement of Decision is legally binding on all parties and provides the legal and factual basis for the parameters and guidelines. The support for the legal and factual findings is found in the administrative record for the test claim. The administrative record, including the Statement of Decision, is on file with the Commission.

CLAIM FOR PAYMENT
Pursuant to Government Code Section 17561
ANIMAL ADOPTION

For State Controller Use Only

(19) Program Number 00213
(20) Date Filed
(21) LRS Input

PROGRAM 213

(01) Claimant Identification Number

(02) Claimant Name

Address

Type of Claim	**Estimated Claim**	**Reimbursement Claim**	
	(03) Estimated ☐	(09) Reimbursement ☐	
	(04) Combined ☐	(10) Combined ☐	
	(05) Amended ☐	(11) Amended ☐	
Fiscal Year of Cost	(06)	(12)	
Total Claimed Amount	(07)	(13)	
Less: **10% Late Penalty (refer to claiming instructions)**		(14)	
Less: **Prior Claim Payment Received**		(15)	
Net Claimed Amount		(16)	
Due from State	(08)	(17)	
Due to State		(18)	

Reimbursement Claim Data	
(22) FORM-1, (04)(A)(1)(g)	
(23) FORM-1, (04)(A)(2)(g)	
(24) FORM-1, (04)(A)(3)(g)	
(25) FORM-1, (04)(B)(1)(g)	
(26) FORM-1, (04)(B)(2)(g)	
(27) FORM-1, (04)(B)(3)(g)	
(28) FORM-1, (04)(B)(4)(g)	
(29) FORM-1, (04)(B)(5)(g)	
(30) FORM-1, (04)(B)(6)(g)	
(31) FORM-1, (04)(B)(7)(g)	
(32) FORM-1, (04)(B)(8)(g)	
(33) FORM-1, (04)(B)(9)(g)	
(34) FORM-1, (04)(B)(10)(g)	
(35) FORM-1, (06)	
(36)	

(37) 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 mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, 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. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for the Reimbursement Claim are hereby claimed from the State for payment of actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer _____ Date _____

Type or Print Name _____ Title _____

(38) Name of Contact Person for Claim _____ Telephone Number _____

E-mail Address _____

Program 213	ANIMAL ADOPTION Certification Claim Form Instructions	FORM FAM-27

(01) Enter the payee number assigned by the State Controller's Office.

(02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.

(03) Leave blank.

(04) Leave blank.

(05) Leave blank.

(06) Leave blank.

(07) Leave blank.

(08) Leave blank.

(09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.

(10) If filing a combined reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.

(11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.

(12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.

(13) Enter the amount of the reimbursement claim from Form-1.1, line (11). The total claimed amount must exceed $1,000.

(14) Reimbursement claims must be filed by **February 15** of the following fiscal year in which costs were incurred or the claims will be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter the product of multiplying line (13) by the factor 0.10 (10% penalty), not to exceed $10,000.

(15) If filing a reimbursement claim or a claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.

(16) Enter the result of subtracting line (14) and line (15) from line (13).

(17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.

(18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.

(19) to (21) Leave blank.

(22) to (28) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (28) for the reimbursement claim, e.g., Form-1, (04)(A)(1)(g), means the information is located on Form-1, block (04)(A)(1), column (g). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 35.19% should be shown as 35. **Completion of this data block will expedite the payment process**.

(37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification**. **(To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**

(38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS TO:

Address, if delivered by U.S. Postal Service:

OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

Address, if delivered by other delivery service:

OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 500
Sacramento, CA 95816

Program 213	MANDATED COSTS ANIMAL ADOPTION CLAIM SUMMARY	FORM 1

(01) Claimant	(02) Fiscal Year ___ ___ 20___/20___

(03) Department	

Direct Costs	**Object Accounts**						
(04) Reimbursable Activities	(a) Salaries	(b) Benefits	(c) Materials & Supplies	(d) Contract Services	(e) Travel & Training	(f) Fixed Assets	(g) Total
A. One-Time Activities							
1. Policies and Procedures							
2. Training							
3. Computer Software							
B. Ongoing Activities							
1 Acquiring Space/Facilities							
2. Renovating Facilities							
3. Care of Dogs & Cats							
4. Care of Other Animals							
5. Holding Period							
6. Feral Cats							
7. Lost and Found Lists							
8. Non-Medical Records							
9. Veterinary Care							
10. Procuring Equipment							
(05) Total Direct Costs							

Indirect Costs		
(06) Indirect Cost Rate	[From ICRP]	%
(07) Total Indirect Costs	[See claim instructions]	
(08) Total Direct and Indirect Costs	[Line (05)(g) + line (07)]	
Cost Reduction		
(09) Less: Offsetting Savings		
(10) Less: Other Reimbursements		
(11) Total Claimed Amount	[Line (08) - {line (09) + line (10)}]	

Revised 07/08

Program 213	ANIMAL ADOPTION CLAIM SUMMARY Instructions	FORM 1

(01) Enter the name of the claimant.

(02) Enter the fiscal year of costs.

(03) Department. If more than one department has incurred costs for this mandate, give the name of each department. A separate Form-1 should be completed for each department.

(04) Reimbursable Activities. For each reimbursable activity, enter the total from Form-2, line (05), columns (d) through (i) to Form-1, block (05), columns (a) through (f) in the appropriate row. Total each row.

(05) Total Direct Costs. Total columns (a) through (g).

(06) Indirect Cost Rate. Indirect costs may be computed as 10% of direct labor costs, excluding fringe benefits, without preparing an ICRP. If an indirect cost rate of greater than 10% is used, include the Indirect Cost Rate Proposal (ICRP) with the claim.

(07) Total Indirect Costs. If the 10% flat rate is used for indirect costs, multiply Total Salaries, line (05)(a), by the Indirect Cost Rate, line (06). If an ICRP is submitted and both salaries and benefits were used in the distribution base for the computation of the indirect cost rate, then multiply the sum of Total Salaries, line (05)(a), and Total Benefits, line (05)(b), by the Indirect Cost Rate, line (06). If more than one department is reporting costs, each must have its own ICRP for the program.

(08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(g), and Total Indirect Costs line (07).

(09) Less: Offsetting Savings. If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.

(10) Less: Other Reimbursements. Reimbursement received from any source shall be identified and deducted from this claim. Sources shall include, but are not limited to, rewards received under authority of Civil Code section 1845, licensing fees and fines received and applied pursuant to Food and Agriculture Code section 30652, Government Code section 28502, and Penal Code section 597f, and other state funds, and federal funds. Fees and fines received pursuant to Food & Agriculture Code section 30652 shall be deducted according to the priority specified on page 15 of the P's and G's.

(11) Total Claimed Amount. From Total Direct and Indirect Costs, line (08), subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10). Enter the remainder on this line and carry the amount forward to form FAM-27, line (13) for the Reimbursement Claim.

Program 213	MANDATED COSTS ANIMAL ADOPTION ACTIVITY COST DETAIL	FORM 2

(01) Claimant

(02) Fiscal Year

(03) Reimbursable Activities: Check only **one** box per form to identify the activity being claimed.

One-Time
- ☐ Policies and Procedures
- ☐ Training
- ☐ Computer Software

Ongoing
- ☐ Acquiring Space/Facilities
- ☐ Renovating Facilities
- ☐ Care of Dogs & Cats
- ☐ Care of Other Animals
- ☐ Holding Period
- ☐ Feral Cats
- ☐ Lost and Found Lists
- ☐ Non-Medical Records
- ☐ Veterinary Care
- ☐ Procuring Equipment

(04) Description of Expenses			Object Accounts					
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Fixed Assets	(i) Travel and Training
(05) Total ☐ Subtotal ☐ Page:____of____								

Revised 07/08

Program 213	ANIMAL ADOPTION ACTIVITY COST DETAIL INSTRUCTIONS	FORM 2

(01) Claimant. Enter the name of the claimant. If more than one department has incurred costs for this mandate, give the name of each department. A separate Form-2 should be completed for each department.

(02) Fiscal Year. Enter the fiscal year for which costs were incurred.

(03) Reimbursable Activities. Check the box which indicates the cost activity being claimed. Check only one box per form. A separate Form -2 shall be prepared for each applicable activity.

(04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the activity box "checked" in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, travel and training expenses. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claim was filed, the time for the Controller to initiate an audit shall be from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

Object/ Sub object Accounts	Columns								Submit supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
Salaries	Employee Name/Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
Benefits	Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries					
Materials and Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used				
Contract Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service			Cost = Hourly Rate x Hours Worked			Copy of Contract
Fixed Assets	Description of Equipment Purchased	Unit Cost	Usage				Cost = Unit Cost x Usage		Supporting Documentation
Travel and Training Travel	Purpose of Trip Name and Title Departure and Return Date	Per Diem Rate Mileage Rate Travel Cost	Days Miles Travel Mode					Cost = Rate x Days or Miles or Total Travel Cost	
Training	Employee Name/Title Name of Class		Dates Attended					Registration Fee	

(05) Total line (04), columns (d) through (i) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the activity costs, number each page. Enter totals from line (05), columns (d) through (i) to Form-1, block (04), columns (a) through (f) in the appropriate row.