



April 5, 2010

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

Dear Ms. Higashi:

The Department of Finance (Finance) has reviewed the Commission on State Mandates (Commission) revised draft staff analysis for the incorrect reduction claim under the Investment Reports mandate program (Claim No. CSM-00-9635802-I-01) filed by the County of Los Angeles (claimant).

Finance concurs with the recommendations of the Commission's draft staff analysis to remand the reimbursement claims back to the State Controller's Office (Controller) for further review and to reinstate those costs that are eligible for reimbursement for the following reasons:

1. The Controller would have an opportunity to review the audit disallowances based on the Commission findings which clarified that activities related to "accumulating and compiling data necessary to prepare the quarterly reports and rendering to local agencies" and prorated investment costs are reimbursable.
2. The claimant may resubmit the necessary source documents supporting the time spent on reimbursable activities based on the Commission's findings.

As required by the Commission's regulations, and consistent with the directions in your March 4, 2010 letter, we are submitting an Adobe Acrobat PDF file reflecting these comments.

If you have any questions or need additional information regarding this letter, please contact Carla Shelton, Associate Finance Budget Analyst at (916) 445-8913.

Sincerely,

ZLATKO THEODOROVIC
Assistant Program Budget Manager

Enclosure

Enclosure A

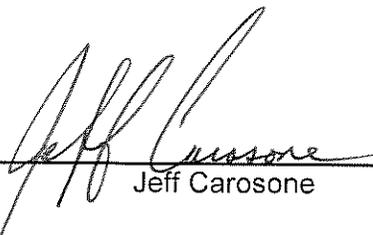
DECLARATION OF JEFF CAROSONE
DEPARTMENT OF FINANCE
CLAIM NO. CSM-00-9635802-I-01

1. I am currently employed by the State of California, Department of Finance (Finance), am familiar with the duties of Finance, and am authorized to make this declaration on behalf of Finance.

I certify under penalty of perjury that the facts set forth in the foregoing are true and correct of my own knowledge except as to the matters therein stated as information or belief and, as to those matters, I believe them to be true.

4-5-10

at Sacramento, CA



Jeff Carosone

PROOF OF SERVICE

Test Claim Name: Investment Reports
Test Claim Number: CSM-00-9635802-I-01

I, the undersigned, declare as follows:

I am employed in the County of Sacramento, State of California, I am 18 years of age or older and not a party to the within entitled cause; my business address is 915 L Street, 8 Floor, Sacramento, CA 95814.

On April 5, 2010, I served the attached recommendation of the Department of Finance in said cause, by facsimile to the Commission on State Mandates and by placing a true copy thereof: (1) to claimants and nonstate agencies enclosed in a sealed envelope with postage thereon fully prepaid in the United States Mail at Sacramento, California; and (2) to state agencies in the normal pickup location at 915 L Street, 8 Floor, for Interagency Mail Service, addressed as follows:

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Ms. Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
Facsimile No. 445-0278

SB 90 Service
C/O David M. Griffiths & Associates
Attention: Allan Burdick
4320 Auburn Boulevard, Suite 200
Sacramento, CA 95841

County of Los Angeles
Department of Auditor-Controller
Kenneth Hahn Hall of Administration
Attention: Leonard Kaye
500 West Temple Street, Suite 525
Los Angeles, CA 90012

County of San Bernardino
Office of Auditor / Controller / Recorder
Attention: Marcia Faulkner
222 West Hospitality Lane, Fourth Floor
San Bernardino, CA 92415 - 0018

Wellhouse and Associates
Attention: David Wellhouse
9175 Kiefer Boulevard, Suite 121
Sacramento, CA 95826

B-8
State Controller's Office
Division of Accounting & Reporting
Attention: William Ashby
3301 C Street, Room 500
Sacramento, CA 95816B-29

B-29
Legislative Analyst's Office
Attention Marianne O'Malley
925 L Street, Suite 1000
Sacramento, CA 95814

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 5, 2010 at Sacramento, California.



Tamara Johnson