



**JOHN CHIANG**  
California State Controller

December 1, 2014

**RECEIVED**  
December 02, 2014  
**Commission on  
State Mandates**

**LATE FILING**

Heather Halsey  
Executive Director  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814

Re: Incorrect Reduction Claim (IRC)  
*Health Fee Elimination*, 09-4206-I-25  
Education Code Section 76355  
Statutes 1984, Chapter 1, 2<sup>nd</sup> E.S.; Statutes 1987, Chapter 1118  
Fiscal Years 2003-2004, 2004-2005, and 2005-2006  
Yosemite Community College District, Claimant

Dear Ms. Halsey:

The State Controller's Office (SCO) is transmitting our response to the above-titled IRC.

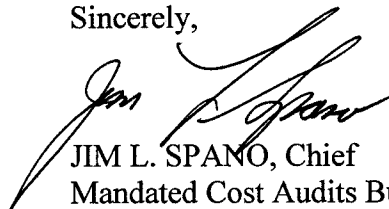
The district did not comply with the requirements of the claiming instructions in developing its indirect cost rates. The SCO's adjustment to the indirect cost rates based on the SCO's FAM-29C methodology is supported by the Commission on State Mandates' (Commission) decisions on previous IRCs (e.g., statement of decision adopted on January 24, 2014, for the San Mateo County and San Bernardino community college districts on this same program). The parameters and guidelines, which were duly adopted at a Commission hearing, require compliance with the claiming instructions. The claiming instructions and related general provisions of the SCO's Mandated Cost Manual provide ample notice for claimants to properly claim indirect costs.

The district offset revenues collected from student health fee rather than by the fee amount the district was authorized to impose. The SCO's reduction of reimbursement to the extent of fee authority is supported by Education Code section 76355, the Commission decisions on previous IRCs, as mentioned above, and the appellate court decision in *Clovis Unified School District v. Chiang*.

Heather Halsey, Executive Director  
December 1, 2014  
Page 2

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jim L. Spano". The signature is written in a cursive style with a large initial "J" and "S".

JIM L. SPANO, Chief  
Mandated Cost Audits Bureau  
Division of Audits

JLS/sk

7862

Attachment

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

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• Exhibit A-PDF page 30	
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**Tab 1**

1 **OFFICE OF THE STATE CONTROLLER**

3301 C Street, Suite 725

2 Sacramento, CA 95816

3 Telephone No.: (916) 323-5849

4 **BEFORE THE**  
5 **COMMISSION ON STATE MANDATES**

6 **STATE OF CALIFORNIA**

9  
10 **INCORRECT REDUCTION CLAIM ON:**

11 *Health Fee Elimination Program*

12 Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary  
13 Session; and Chapter 1118, Statutes of 1987

14 **YOSEMITE COMMUNITY**  
**COLLEGE DISTRICT, Claimant**

No.: CSM 09-4206-I-25

**AFFIDAVIT OF BUREAU CHIEF**

15  
16 I, Jim L. Spano, make the following declarations:

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

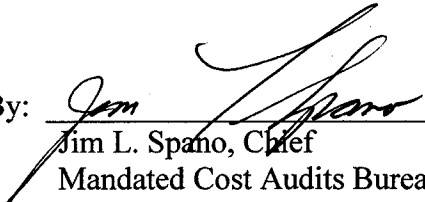
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7) A field audit of the claims for fiscal year (FY) 2002-03, FY 2003-04, FY 2004-05, FY 2005-06, and FY 2006-07 commenced on March 5, 2008, and ended on January 23, 2009.

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: December 1, 2014

OFFICE OF THE STATE CONTROLLER

By:   
Jim L. Spano, Chief  
Mandated Cost Audits Bureau  
Division of Audits  
State Controller's Office

**Tab 2**

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

**For Fiscal Year (FY) 2002-03, FY 2003-04, FY 2004-05, FY 2005-06, and FY 2006-07**

**Health Fee Elimination Program**

**Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session; and Chapter 1118, Statutes of 1987**

**SUMMARY**

The following is the State Controller's Office's (SCO) response to the Incorrect Reduction Claim that the Yosemite Community College District filed on October 5, 2009. The SCO audited the district's claims for costs of the legislatively mandated Health Fee Elimination Program for the period of July 1, 2002, through June 30, 2007. The SCO issued its final report on April 30, 2009 (**Exhibit D**).

The district submitted reimbursement claims totaling \$1,203,995 (\$1,213,995 less a \$10,000 penalty for filing a late claim)—\$39,067 for FY 2002-03, \$151,046 for FY 2003-04, \$280,694 for FY 2004-05, \$413,324 for FY 2005-06, and \$319,864 for FY 2006-07 (\$329,864 less \$10,000 for filing a late claim) (**Exhibit H**). Subsequently, the SCO performed an audit for the period of July 1, 2002, through June 30, 2007, and determined that \$451,873 is unallowable. The costs are unallowable primarily because the district understated authorized health service fees, understated offsetting reimbursements, and overstated indirect costs. The following table summarizes the audit results:

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Salaries	\$ 248,395	\$ 248,395	\$ —
Benefits	77,779	77,779	—
Services and supplies	70,613	70,613	—
Total direct costs	396,787	396,787	—
Indirect costs	95,030	84,206	(10,824)
Total direct and indirect costs	491,817	480,993	(10,824)
Less authorized health service fees	(446,250)	(490,194)	(43,944)
Less offsetting savings/reimbursements	(6,500)	(21,458)	(14,958)
Subtotal	39,067	(30,659)	(69,726)
Audit adjustments that exceed costs claimed	—	30,659	30,659
Total program costs	<u>\$ 39,067</u>	—	<u>\$ (39,067)</u>
Less amount paid by the State <sup>1</sup>		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries	\$ 264,370	\$ 264,370	\$ —
Benefits	116,417	116,417	—
Services and supplies	89,423	90,508	1,085
Total direct costs	470,210	471,295	1,085
Indirect costs	118,916	89,621	(29,295)



<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>
Total direct and indirect costs	589,126	560,916	(28,210)
Less authorized health service fees	(431,580)	(442,899)	(11,319)
Less offsetting savings/reimbursements	(6,500)	(47,859)	(41,359)
Total program costs	<u>\$ 151,046</u>	70,158	<u>\$ (80,888)</u>
Less amount paid by the State <sup>1</sup>		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 70,158</u>	
<u>July 1, 2004, through June 30, 2005</u>			
Direct costs:			
Salaries	\$ 303,647	\$ 303,647	\$ —
Benefits	141,296	141,296	—
Services and supplies	73,063	73,237	174
Total direct costs	518,006	518,180	174
Indirect costs	180,680	187,633	6,953
Total direct and indirect costs	698,686	705,813	7,127
Less authorized health service fees	(411,492)	(416,184)	(4,692)
Less offsetting savings/reimbursements	(6,500)	(21,501)	(15,001)
Total program costs	<u>\$ 280,694</u>	268,128	<u>\$ (12,566)</u>
Less amount paid by the State <sup>1</sup>		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 268,128</u>	
<u>July 1, 2005, through June 30, 2006</u>			
Direct costs:			
Salaries	\$ 344,990	\$ 344,990	\$ —
Benefits	159,108	159,108	—
Services and supplies	99,407	107,911	8,504
Total direct costs	603,505	612,009	8,504
Indirect costs	219,555	203,371	(16,184)
Total direct and indirect costs	823,060	815,380	(7,680)
Less authorized health service fees	(402,179)	(554,058)	(151,879)
Less offsetting savings/reimbursements	(7,557)	(30,360)	(22,803)
Total program costs	<u>\$ 413,324</u>	230,962	<u>\$ (182,362)</u>
Less amount paid by the State <sup>1</sup>		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 230,962</u>	
<u>July 1, 2006, through June 30, 2007</u>			
Direct costs:			
Salaries	\$ 453,320	\$ 453,320	\$ —
Benefits	187,474	187,474	—
Services and supplies	105,929	105,929	—
Total direct costs	746,723	746,723	—
Indirect costs	306,679	259,188	(47,491)
Total direct and indirect costs	1,053,402	1,005,911	(47,491)
Less authorized health service fees	(709,335)	(774,633)	(65,298)
Less offsetting savings/reimbursements	(14,203)	(38,889)	(24,686)
Less late filing penalty	(10,000)	(9,515)	485

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>
Total program costs	\$ 319,864	182,874	\$ (136,990)
Less amount paid by the State <sup>1</sup>		(182,874)	
Allowable costs claimed in excess of (less than) amount paid		\$ —	
<u>Summary: July 1, 2002, through June 30, 2007</u>			
Direct costs:			
Salaries	\$ 1,614,722	\$ 1,614,722	\$ —
Benefits	682,074	682,074	—
Services and supplies	438,435	448,198	9,763
Total direct costs	2,735,231	2,744,994	9,763
Indirect costs	920,860	824,019	(96,841)
Total direct and indirect costs	3,656,091	3,569,013	(87,078)
Less authorized health service fees	(2,400,836)	(2,677,968)	(277,132)
Less offsetting savings/reimbursements	(41,260)	(160,067)	(118,807)
Less late filing penalty	(10,000)	(9,515)	485
Subtotal	1,203,995	721,463	(482,532)
Audit adjustments that exceed costs claimed	—	30,659	30,659
Total program costs	\$ 1,203,995	752,122	\$ (451,873)
Less amount paid by the State <sup>1</sup>		(182,874)	
Allowable costs claimed in excess of (less than) amount paid		\$ 569,248	

<sup>1</sup> Payment information current as of June 14, 2010.

The district contests Finding 2, Finding 4, and the interest income identified in Finding 5 of our final audit report issued April 30, 2009 (**Exhibit D**).

## **I. HEALTH FEE ELIMINATION PROGRAM CRITERIA**

### **Parameters and Guidelines – May 25, 1989**

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

Section VI.B provides the following claim preparation criteria:

#### **VI. CLAIM PREPARATION**

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

Claimed costs should be supported by the following information:

##### **1. Employee Salaries and Benefits**

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

## 2. Services and Supplies

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

## 3. Allowable Overhead Cost

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

Section VII defines supporting data as follows:

### VII. SUPPORTING DATA

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

Section VIII defines offsetting savings and other reimbursements as follows:

### VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

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

### SCO Claiming Instructions

The SCO annually issues mandated costs claiming instructions, which contain filing instructions for mandated cost programs. The September 2003 claiming instructions provide indirect cost claiming instructions for FY 2002-03 (**Tab 3**). The September 2004 claiming instructions provide indirect cost claiming instructions for FY 2003-04 (**Tab 4**). The December 2005 claiming instructions provide indirect cost claiming instructions for FY 2004-05 (**Tab 5**). The September 2003 Health Fee Elimination Program claiming instructions (**Exhibit C**) are substantially similar to the version extant for each fiscal year during the audit period.

## **II. DISTRICT OVERSTATED ITS INDIRECT COST RATES CLAIMED**

### Issue

For FY 2002-03 and FY 2003-04, the district claimed indirect costs based on indirect cost rates that it calculated using the principles of Title 2, *Code of Federal Regulations*, Part 220 (Office of Management and Budget Circular A-21). The calculated rates did not agree with the district's separate federally-approved rates. We calculated allowable indirect costs based on the district's federally-approved rate. We applied the district's federally-approved rate to allowable salaries and wages, which is the direct cost base identified in the district's federal approval letter.

For FY 2004-05, FY 2005-06, and FY 2006-07, the district claimed indirect costs based on indirect cost rates that it prepared using the SCO's FAM-29C methodology. However, the district did not allocate direct and indirect costs as specified in the SCO's claiming instructions (**Tab 5**).

## SCO Analysis:

The parameters and guidelines state, "Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions."

For FY 2004-05 forward, the SCO's claiming instructions (**Tab 5**) state:

A CCD [community college district] may claim indirect costs using the Controller's methodology (FAM-29C) . . . If specifically allowed by a mandated program's P's & G's [parameters and guidelines], a district may alternately choose to claim indirect costs using either (1) a federally approved rate prepared in accordance with Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions*; or (2) a flat 7% rate. . . .

. . . In summary, FAM-29C indirect costs include Operation and Maintenance of Plant; Planning, Policy Making, and Coordination; General Institutional Support Services (excluding Community Relations); and depreciation or use allowance. . . .

## District's Response

### FY 2002-03 and FY 2003-04

The District had an approved federal rate for FY 2002-03 and FY 2003-04 that was used for the audit adjustment. Since federally approved rates are an acceptable alternative method, the District does not dispute this audit finding as to FY 2002-03 and FY 2003-04.

### FY 2004-05, FY 2005-06 and FY 2006-07

The District calculated its indirect cost rate for FY 2004-05 through FY 2006-07 in the same manner as it did for FY 2002-03 and FY 2003-04, using the FAM-29C method but correcting for instances where the Controller's method did not follow the CCFS-311 characterization of costs as direct or indirect. The District also had a federally approved rate that it did not use for these annual reimbursement claims. However, unlike the first two fiscal years of this audit, the audit report states that "the district's federally-approved rates are irrelevant for FY 2004-05, FY 2005-06, and FY 2006-07" because the claiming instructions no longer allow federally approved indirect cost rates to be used.

There was no amendment of the parameters and guidelines to support this abrupt change of position. The Controller simply decided to stop accepting federally approved rates, after years of accepting them, with no stated justification or opportunity for public comment. . . .

## PARAMETERS AND GUIDELINES

No particular indirect cost rate calculation is required by law. The Controller insists that the rate be calculated according to the claiming instructions. The parameters and guidelines for the Health Fee Elimination mandate state that "[i]ndirect costs *may be claimed* in the manner described by the State Controller in his claiming instructions." The District claimed these indirect costs "in the manner" described by the Controller. The correct forms were used and the claimed amounts were entered at the correct locations. Further, "may" is not "shall"; the parameters and guidelines do not *require* that indirect costs be claimed in the manner specified by the Controller. In the audit report, the Controller asserts that because the parameters and guidelines specifically reference the claiming instructions, the claiming instructions thereby become authoritative criteria. Since the Controller's claiming instructions were never adopted as law, or regulations pursuant to the Administrative Procedure Act, the claiming instructions are a statement of the Controller's interpretation and not law.

The Controller's interpretation of Section VI of the parameters and guidelines would, in essence, subject claimants to underground rulemaking at the direction of the Commission. The Controller's claiming instructions are unilaterally created and modified without public notice or comment. The Commission would violate the Administrative Procedure Act if it held that the Controller's claiming instructions are enforceable as standards or regulations. In fact, until 2005, the Controller regularly included a "forward" in the Mandated Cost Manual for Community Colleges (September 30, 2003

version attached as Exhibit "E") that explicitly stated the claiming instructions were "issued for the sole purpose of assisting claimants" and "should not be construed in any manner to be statutes, regulations, or standards."

Neither State law nor the parameters and guidelines make compliance with the Controller's claiming instructions a condition of reimbursement. The District has followed the parameters and guidelines. . . .

Finally, the audit report notes that no district requested a review of the claiming instructions pursuant to Title 2, CCR, Section 1186. The claiming instructions are not properly adopted regulations or standards. There is no requirement that a claimant request such review, even if they are inconsistent with the parameters and guidelines, because the claiming instructions are not enforceable regulations. Thus, the fact that no review was requested by any of the claimants is not determinative of the validity or force of the claiming instructions.

#### PRIOR YEAR CCFS-311

The audit used the most recent CCFS-311 information available for the calculation of the indirect cost rate. The District used the prior year CCFS-311. The CCFS-311 is prepared based on annual costs from the prior fiscal year for use in the current budget year. While the audit report is correct that there are "no mandate-related authoritative criteria" supporting the District's method, there is also none that supports the Controller's method. As a practical matter, the CCFS-311 for the current year is often not available at the time that mandate reimbursement claims are due. Therefore, the District is unable to rely on that data and must determine its indirect cost rates based on the prior year CCFS-311.

The audit report asserts that the Controller's use of the most recent CCFS-311 is supported by the need to claim only actual costs. However, this is inconsistent with the parameters and guidelines and the Controller's claiming instructions. The parameters and guidelines do not specify any particular method of calculating indirect costs, nor do they require any particular source be used for the data used in the computation. The Controller's claiming instructions, while not enforceable, are also silent as to whether the prior or current year CCFS-311 should be used in the FAM-29C methodology. Additionally, the claiming instructions for some programs accept the use of a federally approved rate or a flat 7% rate, which has no relationship at all to actual indirect costs incurred.

As a practical example of the baselessness of the Controller's position on prior year CCFS-311 reports, note that federally approved indirect cost rates, such as the federal rate the auditors used for FY 2002-03 and FY 2003-04, are approved for periods of two to four years. This means the data from which the rates were calculated can be from three to five years removed from the last fiscal year in which the federal rate is used. The final audit report claims that this is "irrelevant" because the Controller is no longer accepting federally approved rates. However, the longstanding practice of the Controller prior to FY 2004-05 had been to accept federally approved rates. Further, the development of these rates, which are used for several programs, is relevant to the propriety of the Controller's methods and determining whether they comply with general cost accounting principles.

#### EXCESSIVE OR UNREASONABLE

The audit did not conclude that the District's FY 2005-06 and FY 2006-07 indirect cost rates were excessive. The Controller is authorized to reduce a claim only if it determines the claim to be excessive or unreasonable. Here, the District has computed its indirect cost rates using the CCFS-311 report, and the Controller has disallowed it without a determination of whether the product of the District's calculation is excessive, unreasonable, or inconsistent with cost accounting principles.

The Controller has the burden to show that the indirect cost rate used by the District is excessive or unreasonable, pursuant to Government Code Section 17561 (d)(2). In response to this assertion, the audit report states:

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

The audit report then concludes, without any further discussion, that “the district’s contention is without merit.” The Controller has failed to demonstrate how the cited Government Code Sections relieve him of the burden to demonstrate that costs are excessive or unreasonable prior to reducing an annual reimbursement claim.

Section 12410 is found in the part of the Government Code that provides a general description of the duties of the Controller. It is not specific to the audit of mandate reimbursement claims. It is a well-settled maxim of statutory interpretation that “[a] specific provision relating to a particular subject will govern in respect to that subject, as against a general provision, although the latter, standing alone, would be broad enough to include the subject to which the more particular provision relates.”<sup>2</sup> The audit authority in Section 17561(d)(2) is more specific than the Controller’s general audit authority contained in Government Code Section 12410. Therefore, the Controller only has the audit authority granted by Government Code Section 17561 (d)(2) when auditing mandate reimbursement claims.

Further, the Controller has not asserted or demonstrated that, if Section 12410 was the applicable standard, the audit adjustments were made in accordance with this standard. The District’s claim was correct, in that it reported the actual costs incurred. There is also no allegation in the audit report that the claim was in any way illegal. Finally, the phrase “sufficient provisions of law for payment” refers to the requirement that there be adequate appropriations prior to the disbursement of any funds. There is no indication that any state funds were disbursed without sufficient appropriations. Thus, even if the standards of Section 12410 were applicable to mandate reimbursement audits, the Controller has failed to put forth any evidence that these standards are not met.

There is no indication that the Controller is actually relying on the audit standards put forth in Section 12410 for the adjustments to the District’s reimbursement claims. The final audit report claims that the Controller did actually determine that the District’s costs were excessive<sup>3</sup>, as required by Section, 17561(d)(2), because the claimed costs were not “proper” since the indirect cost rates used did not match the rates derived by the auditors using the Controller’s alternative methodology.

Neither State law nor the parameters and guidelines make compliance with the Controller’s claiming instructions a condition of reimbursement. The District has followed the parameters and guidelines. . . .

---

<sup>2</sup> *San Francisco Taxpayers Assn. V. Board of Supervisors* (1992) 2 Cal.4<sup>th</sup> 571, 577. Attached as Exhibit “F.”

<sup>3</sup> The audit report states that it found the FY 2005-06 and FY 2006-07 indirect cost rates to be excessive, while the FY 2004-05 indirect costs were understated. It then remarks that “[t]he district did not explain why it is contesting an audit adjustment in its favor.” While no explanation is required, the District does not subscribe to the implied philosophy that actions in contradiction to the parameters and guidelines should be overlooked simply because of the result obtained. The Controller does not explain how the same auditing methods could somehow be proper when applied to FY 2004-05, but improper when applied to FY 2005-06 and FY 2006-07.

### SCO’s Comment

#### **FY 2004-05, FY 2005-06, and FY 2006-07**

The district states, “The District calculated its indirect cost rate . . . correcting for instances where the Controller’s method did not follow the CCFS-311 characterization of costs as direct or indirect.” The CCFS-311 does not identify costs as direct or indirect for calculating indirect cost rates. Furthermore, the California Community Colleges Chancellor’s Office (CCCCO) has not issued any guidance for indirect cost rate proposals. Title 2, *California Code of Regulations* (CCR), section 1185, subdivision (e)(3) states, “If the narrative describing the alleged incorrect reduction(s) involves more than discussion of statutes or regulations or legal argument and utilizes assertions or representations of fact, such assertions or representations shall be supported by testimonial or documentary evidence and shall be submitted with the claim.” The district presented no evidence supporting its reference to “the CCFS-311 characterization of costs as direct or indirect.”

The district also asserts that the SCO's FY 2004-05, FY 2005-06, and FY 2006-07 claiming instructions inappropriately exclude federally-approved rates as an option to claim indirect costs. However, the district did not use federally approved rates to claim indirect costs for those fiscal years; therefore, the district's comments are irrelevant to this Incorrect Reduction Claim.

### **Parameters and Guidelines**

The district states, "No particular indirect cost rate calculation is required by law." The district infers that it may calculate an indirect cost rate in any manner that it chooses. We disagree with the district's interpretation of the parameters and guidelines. The phrase "may be claimed" simply permits the district to claim indirect costs. However, if the district chooses to claim indirect costs, then the parameters and guidelines require that it comply with the SCO's claiming instructions. If the district believes that the program's parameters and guidelines are deficient, it should initiate a request to amend the parameters and guidelines pursuant to Government Code section 17557, subdivision (d). However, any such amendment would not apply to this audit period.

The district states that it "claimed these indirect costs 'in the manner' described by the Controller." The district did *not* claim indirect costs in accordance with the SCO's claiming instructions. The district prepared its FY 2004-05, FY 2005-06, and FY 2006-07 ICRPs using the FAM-29C methodology; however, the district did not allocate direct and indirect costs according to the claiming instructions.

The district believes that the SCO incorrectly interprets the parameters and guidelines. We disagree. The parameters and guidelines are clear and unambiguous. They state, "Indirect costs may be claimed *in the manner described by the State Controller in his claiming instructions* [emphasis added]." In this case, the parameters and guidelines specifically identify the claiming instructions as authoritative criteria for indirect costs. The district also states:

The Controller's interpretation of Section VI of the parameters and guidelines would, in essence, subject claimants to underground rulemaking. . . The Controller's claiming instructions are unilaterally created and modified without public notice or comment.

We disagree. Title 2, CCR, Section 1186, allows districts to request that the Commission review the SCO's claiming instructions. Section 1186, subdivisions (e) through (h), provides districts an opportunity for public comment during the review process. Neither this district nor any other district requested that the Commission review the SCO's claiming instructions (i.e., the district did not exercise its right for public comment). The district may not now request a review of the claiming instructions applicable to the audit period. Title 2, CCR, section 1186, subdivision (j)(2), states, "A request for review filed after the initial claiming deadline must be submitted on or before January 15 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year."

The district further states, "The Commission would violate the Administrative Procedure Act if it held that the Controller's claiming instructions are enforceable as standards or regulations." We disagree. The Commission adopted the parameters and guidelines pursuant to Government Code section 17557. The parameters and guidelines specifically reference the SCO's claiming instructions for claiming indirect costs. Government Code section 17527, subdivision (g) states that in carrying out its duties and responsibilities, the Commission shall have the following powers:

(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* [emphasis added] . . . .

The district also references the Foreword section to the SCO's claiming instructions (**Exhibit E**); however, the district quotes the Foreword section out of context. The Foreword section actually states:

The claiming instructions contained in this manual are issued for the sole purpose of assisting claimants with the preparation of claims for submission to the State Controller's Office. These instructions have been prepared based upon interpretation of the State of California statutes, regulations, and parameters and guidelines adopted by the Commission on State Mandates. Therefore, *unless otherwise specified* [emphasis added], these instructions should not be construed in any manner to be statutes, regulations, or standards.

The parameters and guidelines state that claimants may claim indirect costs in accordance with the SCO's claiming instructions. Therefore, the Foreword section does not conflict with our conclusion that the SCO's claiming instructions are authoritative in this instance.

Finally, the district states:

Neither State law nor the parameters and guidelines make compliance with the Controller's claiming instructions a condition of reimbursement. The District has followed the parameters and guidelines.

We disagree. Government Code section 17564, subdivision (b), states "Claims for direct *and indirect costs* filed pursuant to Section 17561 shall be filed *in the manner prescribed in the parameters and guidelines* [emphasis added]. . . ." The parameters and guidelines state that claimants may claim indirect costs in the manner described in the SCO's claiming instructions.

#### **Prior Year CCFS-311**

The district states, "While the audit report is correct that there are 'no mandate-related authoritative criteria' supporting the District's method, there is also none that supports the Controller's method." We support the district's conclusion that no mandate-related authoritative criteria support its indirect cost rate methodology. However, we disagree that none support the SCO's method. The parameters and guidelines state that indirect costs may be claimed in accordance with the SCO's claiming instructions. The claiming instructions, along with Government Code section 17558.5 and the parameters and guidelines, require the district to report actual costs. For each fiscal year, "actual costs" are costs of the current fiscal year, not costs from a prior fiscal year.

The district infers that this is "inconsistent" with the parameters and guidelines and the SCO's claiming instructions. However, the district then states, "The parameters and guidelines do not specify any particular method of calculating indirect costs . . . The Controller's claiming instructions . . . are also silent. . . ." Using the district's points, there can be no inconsistency if the parameters and guidelines and the claiming instructions are silent. In any case, Government Code section 17560, subdivision (a), states "A local agency or school district may . . . file an annual reimbursement claim that details the costs *actually incurred for that fiscal year* [emphasis added]." The district includes additional comments regarding federally approved rates and flat rates; those comments are irrelevant to this Incorrect Reduction Claim. The Health Fee Elimination Program's parameters and guidelines and the SCO's claiming instructions allow claimants to use only the FAM-29C methodology to claim indirect costs.

The district also states, "As a practical matter, the CCFS-311 for the current year is often not available at the time that mandate reimbursement claims are due." We disagree. For the audit period, mandated program claims were due the SCO on January 15 following the fiscal year in which the costs were incurred (the due date was subsequently amended to February 15). Title 5, CCR, section 58305, subdivision (d), states, "On or before the 10<sup>th</sup> day of October, each district shall submit a copy of its adopted annual financial and budget report to the Chancellor." Therefore, the district's CCFS-311 is available well before it must submit its mandated cost claims.



## **Excessive or Unreasonable**

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

In any case, the SCO did conclude that the district's claim was excessive. Excessive is defined as "Exceeding what is usual, *proper, necessary*, [emphasis added] or normal."<sup>4</sup> The district's FY 2005-06 and FY 2006-07 indirect cost rates exceeded the proper amount based on the audited indirect cost rates that the SCO calculated according to the claiming instructions.

Further, pursuant to Government Code section 12410, we concluded that the district's claim was neither correct nor legal. Correct is defined as "Conforming to an approved or conventional standard."<sup>5</sup> Legal is defined as "Conforming to or permitted by law or established rules."<sup>6</sup> The district claimed indirect cost rates that did not conform to the SCO's claiming instructions.

The district states, "Neither State law nor the parameters and guidelines make compliance with the Controller's claiming instructions a condition or reimbursement. The District has followed the parameters and guidelines." However, the district did *not* follow the parameters and guidelines. The parameters and guidelines state, "Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions." The district did not comply with the claiming instructions applicable to each fiscal year during the audit period.

Finally, the district states the following by footnote:

... the District does not subscribe to the implied philosophy that actions in contradiction to the parameters and guidelines should be overlooked simply because of the result obtained. The Controller does not explain how the same auditing methods could somehow be proper when applied to FY 2004-05, but improper when applied to FY 2005-06 and FY 2006-07.

We agree that actions contradicting the parameters and guidelines should not be overlooked simply because of the result obtained. Our audit report supports that philosophy. We found that the district's FY 2004-05 indirect cost rate calculation contradicted the parameters and guidelines and the SCO's claiming instructions. Even though this resulted in allowable costs that exceeded claimed costs, we disclosed the finding in our audit report. We calculated allowable indirect costs based on allowable indirect cost rates calculated according to the SCO's FAM-29C methodology. The audit method was "proper" for each year. The FY 2004-05 allowable costs exceed claimed costs because the district incorrectly calculated an indirect cost rate that was less than the allowable rate.

### **III. DISTRICT UNDERSTATED AUTHORIZED HEALTH SERVICE FEES**

#### **Issue**

For the audit period, the district understated authorized health service fees by \$316,222. The district believes that it is required to report only actual health service fees received.

<sup>4</sup> Merriam-Webster's Collegiate Dictionary, Tenth Edition © 2001.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

## SCO Analysis:

The parameters and guidelines require districts to deduct authorized health fees from costs claimed. For the period of July 1, 2002, through December 31, 2005, Education Code section 76355, subdivision (c), authorizes health fees for all students except those who: (1) depend exclusively on prayer for healing; (2) attend a community college under an approved apprenticeship training program; or (3) demonstrate financial need. Effective January 1, 2006, only Education Code section 76355, subdivisions (c)(1) and (2) are applicable. The following table summarizes the authorized fee per student:

Fiscal Year	Authorized Health Fee Rate	
	Fall and Spring Semesters	Summer Session
2002-03	\$12	\$9
2003-04	\$12	\$9
2004-05	\$13	\$10
2005-06	\$14	\$11
2006-07	\$15	\$12

Government Code section 17514 defines "costs mandated by the state" as any increased costs that a school district is required to incur. To the extent community college districts can charge a fee, they are not required to incur a cost. In addition, Government Code section 17556 states that the Commission shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service.

### District's Response

The audit report concludes that the District understated offsetting revenue by \$316,222 for the audit period because it claimed student health service fees that were actually collected, rather than those that were merely authorized. In doing so, the audit report asserts that "the district failed to follow specific SCO claiming instructions."

However, as previously discussed, the Controller's claiming instructions are not enforceable because they are unilaterally adopted by the Controller and do not comply with the Administrative Procedure Act. Therefore, they cannot be the basis of an audit finding. The District complied with the parameters and guidelines for the Health Fee Elimination mandate when it properly reported revenue actually received from student health service fees.

In fact, the District did claim health service fee offsets based on fees authorized for FY 2002-03 in accordance with the claiming instructions methodology, which lead to an inaccurate result. This resulted in claimed fee offsets of \$166,464 for the Fall semester, \$151,488 for the Spring semester, and \$52,461 for the Summer semester. However, the fees actually collected were greater, which demonstrates that the Controller's preferred calculation is merely an estimate. This would have resulted in slightly higher fee offsets of \$168,720 for Fall semester, \$158,652 for Spring semester, and \$53,897 for Summer semester, as evidenced by the District's revenue reports, which are attached as Exhibit "G." The audit report states that it used data from the California Community Colleges Chancellor's Office (CCCCO) to calculate health service fees authorized for each of the fiscal years, without explanation as to how this data, which is "extracted" from data reported by the District, is more reliable or relevant than the District's own records. However, this issue is unimportant since the proper offset for health service fee revenue is calculated by fees actually received in accordance with the parameters and guidelines.

## Parameters and Guidelines

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

Any offsetting savings that the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount of [student fees] as authorized by Education Code Section 72246(a)<sup>7</sup>.

In order for the District to "experience" these "offsetting savings" the District must actually have collected these fees. Note that the student health fees are named as a potential source of the reimbursement *received* in the previous sentence. The use of the term "any offsetting savings" further illustrates the permissive nature of the fees. Student fees actually collected must be used to offset costs, but not student fees that could have been collected and were not. . . .

The audit report claims that the Commission's intent was for claimed costs to be reduced by fees authorized, rather than fees received as stated in the parameters and guidelines. It is true that the Department of Finance proposed, as part of the amendments that were adopted on May 25, 1989, that a sentence be added to the offsetting savings section expressly stating that if no health service fee was charged, the claimant would be required to deduct the amount authorized. However, the Commission declined to add this requirement and adopted the parameters and guidelines without this language.

The fact that the Commission staff and the California Community College Chancellors Office agreed with DOF's interpretation does not negate the fact that the Commission adopted parameters and guidelines that *did not* include the additional language. It would be nonsensical if the Commission held that every proposal that is discussed was somehow implied into the adopted document, because the proposals of the various parties are often contradictory. The Commission intends the language of the parameters and guidelines to be construed as written, and only those savings that are *experienced* are to be deducted.

### Education Code Section 17556 [sic]

The Controller continues to rely on Education Code Section 17556(d) [sic], while neglecting its context and omitting a crucial clause. Section 17556(d) does specify that the Commission on State Mandates shall not find costs mandated by the state if the local agency has the authority to levy fees, but only if those fees are "*sufficient to pay for the mandated program*" (emphasis added). Section 17556 pertains specifically to the Commission's determination on a test claim, and does not concern the development of parameters and guidelines or the claiming process. The Commission has already found state-mandated costs for this program, and the Controller cannot substitute its judgment for that of the Commission through the audit process.

The two court cases the audit report relies upon (*County of Fresno v. California* (1991) 53 Cal.3d 482 and *Connell v. Santa Margarita* (1997) 59 Cal.App.4th 382) are similarly misplaced. Both cases concern the approval of a test claim by the Commission. They do not address the issue of offsetting revenue in the reimbursement stages, only whether there is fee authority *sufficient to fully fund* the mandate that would prevent the Commission from approving the test claim.

In *County of Fresno*, the Commission had specifically found that the fee authority was sufficient to fully fund the test claim activities and denied the test claim. The court simply agreed to uphold this determination because Government Code Section 17556 (d) was consistent with the California Constitution. The Health Fee Elimination mandate, as decided by the Commission, found that the fee authority is not sufficient to fully fund the mandate. Thus, *County of Fresno* is not applicable because it concerns the activity of approving or denying a test claim and has no bearing on the annual claim reimbursement process.

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<sup>7</sup> Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, and was replaced by Education Code Section 76355.

Similarly, although a test claim had been approved and parameters and guidelines were adopted, the court in *Connell* focused its determination on whether the initial approval of the test claim had been proper. It did not evaluate the parameters and guidelines or the reimbursement process because it found that the initial approval of the test claim had been in violation of Section 17556(d).

### SCO's Comment

The district alleges that the SCO's basis for its audit finding was the statement, "The district failed to follow specific SCO claiming instructions." This statement was not the basis for the audit finding; rather, it was an explanation as to why the audited health service fees differ from claimed health service fees. Our audit report clearly identifies Government Code sections 17514 and 17556 as the basis for our audit adjustment.

### **FY 2002-03**

The district states that it claimed FY 2002-03 health service fees in accordance with the claiming instructions. The district alleges that this led to an inaccurate result. The district states, "However, the fees actually collected were greater, which demonstrates that the Controller's preferred calculation is merely an estimate." We disagree; the district's figures demonstrate no such conclusion. The district erroneously refers to "the Controller's preferred calculation." The SCO does not develop audit findings by "preference." We calculated allowable costs based on the requirements of the parameters and guidelines and Government Code sections 17514 and 17556. In its comments above, the district presented figures for Modesto Junior College only; those figures are not representative of the district. In addition, the district's FY 2002-03 claim (**Exhibit H**) identifies inaccurate enrollment information. The district identified enrollment information that did not agree with the information that it reported to the CCCCCO, as identified in our audit report (**Exhibit D**).

### **CCCCO Data**

The district states:

The audit report states that it used data from [the CCCCCO] to calculate health service fees authorized. . . without explanation as to how this data, which is "extracted" from data reported by the District, is more reliable or relevant than the District's own records.

The district's comment is without merit. The district distinguishes between data received from the CCCCCO versus "the district's own records." It is the same data. The SCO receives the data from CCCCCO; this data is extracted directly from data that the district submitted to the CCCCCO. Our audit report identifies the parameters for the data extracted. The district did not provide any documentation supporting the enrollment figures that it identified in its FY 2002-03 claim.

### **Parameters and Guidelines**

We disagree with the district's interpretation of the parameters and guidelines' requirement regarding authorized health service fees. The Commission clearly recognized the *availability* of another funding source by including the fees as offsetting savings in the parameters and guidelines. The Commission's staff analysis of May 25, 1989 (**Tab 6**), states the following regarding the proposed parameters and guidelines amendments that the Commission adopted that day:

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

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

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

*Staff concurs with the DOF proposed language which does not substantively change the scope of Item VIII [emphasis added].*

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

The district concludes that the Commission “declined” to add the sentence proposed by the DOF. We disagree. The Commission did not revise the proposed parameters and guidelines amendments further, as the Commission’s staff concluded that DOF’s proposed language did not substantively change the scope of staff’s proposed language. The Commission, DOF, and CCCCCO all agreed with the intent to offset authorized health service fees. As noted above, the Commission staff analysis *agreed* with the DOF proposed language. The Commission staff concluded that it was unnecessary to revise the proposed parameters and guidelines, as the proposed language did “not substantively change the scope of Item VIII.” The Commission’s meeting minutes of May 25, 1989 (Tab 7), show that the Commission adopted the proposed parameters and guidelines on consent (i.e., the Commission concurred with its staff’s analysis). The Health Fee Elimination Program amended parameters and guidelines were Item 6 on the meeting agenda. The meeting minutes state, “There being no discussion or appearances on Items 2, 3, 4, 5, 6, 7, 10, and 12, Member Buenrostro *moved adoption of the staff recommendation on these items [emphasis added]* on the consent calendar . . . The motion carried.” Therefore, no community college districts objected and there was no change to the Commission’s interpretation regarding authorized health service fees.

#### **Government Code Section 17556**

The district’s response erroneously refers to “Education Code Section 17556,” rather than Government Code section 17556. The district believes that Government Code section 17556, subdivision (d), applies only when the fee authority is sufficient to offset the “entire” mandated costs. We disagree. The Commission recognized that the Health Fee Elimination Program’s costs are not uniform among districts. Districts provided different levels of service in FY 1986-87 (the “base year”). Furthermore, districts provided these services at varying costs. As a result, the fee authority may be sufficient to pay for some districts’ mandated program costs, while it is insufficient to pay the “entire” costs of other districts. Education Code section 76355 (formerly section 72246) established a uniform health service fee assessment for students statewide. Therefore, the Commission adopted parameters and guidelines that clearly recognize an available funding source by identifying the health service fees as offsetting reimbursements. The SCO did not “substitute its judgment for that of the Commission through the audit process.” To the extent that districts have authority to charge a fee, they are not required to incur a mandated cost, as defined by Government Code section 17514. We agree that the Commission found state-mandated costs for this program through the test claim process; however, the state-mandated costs found are those that are not otherwise reimbursable by authorized fees or other offsetting savings and reimbursements.

The district believes that the audit report’s reliance on two court cases is “misplaced.” We disagree. *County of Fresno v. State of California* (1991) 53 Cal. 3d 482 (which is also referenced by *Connell v. Santa Margarita Water District* (1997) 59 Cal. App. 4<sup>th</sup> 382) states, in part:

Section 6 was included in article XIII B in recognition that article XIII A of the Constitution severely restricted the taxing powers of local governments... Specifically, it was designed to protect the tax revenues of local governments from state mandates that would require expenditure of such revenues. Thus, although its language broadly declares that the “state shall provide a subvention of funds to

Reimburse . . . local government for the costs [of a state-mandated new] program or higher level of service,” read in its textual and historical context section 6 of article XIII B requires subvention only when the costs in question can be recovered solely from tax revenues.

In view of the foregoing analysis, the question of the facial constitutionality of section 17556(d) under article XIII B, section 6, can be readily resolved. As noted, the statute provides that “The commission shall not find costs mandated by the state. . . if, after a hearing, the commission finds that “the local government” has the authority to levy service charges, fees, or assessments sufficient to pay for the mandated program or increased level of service.” *Considered within its context, the section effectively construes the term “costs” in the constitutional provision as excluding expenses that are recoverable from sources other than taxes [emphasis added].* Such a construction is altogether sound. As the discussion makes clear, *the Constitution requires reimbursement only for those expenses that are recoverable solely from taxes [emphasis added]. . . .*

Thus, mandated costs exclude expenses that are recoverable from sources other than taxes—in this case, the authority to assess health service fees.

#### **IV. DISTRICT UNDERSTATED OFFSETTING SAVINGS/REIMBURSEMENTS**

##### **Issue**

For the audit period, the district understated offsetting savings/reimbursements by \$118,807 for the audit period. The understated revenue is attributable to interest earned (\$84,431) and student fees and other miscellaneous revenue (\$34,376). The district does not contest the audit adjustment for student fees and other miscellaneous revenue.

##### **SCO Analysis:**

The district earned interest income on health service fees collected. The parameters and guidelines state:

*Any [emphasis added] offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from the claim.*

In addition, Government Code section 17514 defines “costs mandated by the state” as any increased costs that a district is *required* to incur. To the extent that the district earns interest on mandate-related student health service fees, it is not required to incur a cost.

The portion of understated revenue that the district is contesting relates to interest earned on student health service fees totaling \$84,431. During the audit, we found several line items in the district’s General Ledger described as “StanCo Interest.” In an email dated April 16, 2008 (**Tab 8**), the district explained that its health fund is maintained at Stanislaus County (StanCo) along with most of the district’s other funds. The county posts interest earned on a quarterly basis to each district fund.

During our review of the authorized health service fees, we noted that the district included interest and other miscellaneous revenue in its mandated cost claims for FY 2003-04 and FY 2006-07. We created a schedule called, “Analysis of Health Service Fees Differences,” which documents all of the revenue line items for both Modesto and Columbia College for each fiscal year of the audit period. We highlighted the amounts that are related to interest earned on health service fees. We created another schedule called “Review of Cost Reduction/Offsetting Revenue,” which identifies the grand totals of interest earned by the district during the audit period. We also obtained relevant copies of the district’s Income Ledger and Detail Budget Status Report which support the amounts of interest the district earned on its health services fees (**Tab 9**).

## District's Response

### Interest Income

Finding 5 asserts that the District understated offsetting savings by \$84,431 for the audit period because it did not claim interest income received... The audit report asserts that this interest income constitutes offsetting savings experienced as a direct result of the test claim statute because it is earned from the student health service fees that are collected under the fee authority established by Chapter 1118, Statutes of 1987. However, the parameters and guidelines do not identify interest earned as an offsetting savings, nor are they required to under the applicable regulations.

Title 2, CCR, Section 1183.1 (a)(7) identifies the offsetting revenues that must be recognized in the parameters and guidelines for each program. These offsetting revenues include: "i. Dedicated state and federal funds appropriated for this program. ii. Non-local agency funds dedicated for this program. iii. Local agency's general purpose funds for this program. iv. Fee authority to offset partial costs of this program." The interest income is not funding appropriated for the Health Fee Elimination mandate by any of these sources, and it does not constitute a fee authority to offset this mandate. The interest income does not fall under any of the categories identified as offsetting revenue, nor is it recognized in the Health Fee Elimination parameters and guidelines as an identified source of offsetting revenue, and therefore it is not offsetting revenue for mandate purposes.

Title 2, CCR, Section 1183.1 (a)(8) specifies that parameters and guidelines must identify offsetting savings "in the same program experienced because of the same statute(s) or executive order(s) found to contain a mandate." However, the interest income is not an offsetting savings - it is revenue. The interest income does not result from any increased efficiency or reduced services that might produce a reduction in District expenses. . . .

### SCO's Comment

The district states, "...this interest income... is earned from the student health service fees that are collected. . . ." Therefore, the district confirms that it earned interest on health service fees collected. The district alleges that the parameters and guidelines do not "identify interest earned as an offsetting savings." We disagree. The parameters and guidelines require the district to deduct *any* offsetting savings or reimbursements from claimed costs. In addition, to the extent that mandate-related expenses are reimbursable from interest earned on mandate-related health service fees, the district is not *required* to incur a cost. As a result, expenses reimbursable from interest earned are not mandated costs pursuant to Government Code section 17514.

The district believes that Title 2, CCR, section 1183.1, subdivision (a)(7), does not require that the parameters and guidelines identify interest income as offsetting reimbursements. We disagree. The section does not state or infer that the sources identified comprise the only offsetting reimbursement sources that the district must deduct from claimed costs. The district also comments on subdivision (a)(8); however, that subdivision is not applicable to interest revenue.

## **V. STATUTE OF LIMITATIONS**

The audit scope included FY 2002-03 through FY 2006-07. The district believes that FY 2002-03 and FY 2003-04 were not subject to audit at the time that the SCO initiated its audit.

### District's Response

#### **Statute of Limitations**

January 7, 2004	FY 2002-03 annual claim filed by the District
December 13, 2004	FY 2003-04 annual claim filed by the District
January 7, 2007	FY 2002-03 statute of limitations for audit expires
December 13, 2007	FY 2003-04 statute of limitations for audit expires
July 1, 2008	Desk audit initiated for FY 2006-07

July 5, 2009  
July 6, 2009

Adjustment letter issued for FY 2003-04  
Adjustment letter issued for FY 2002-03

This is not an audit finding. The District alleges that the audit of the FY 2002-03 and FY 2003-04 annual reimbursement claims commenced after the time limitation for audit had passed. The final audit report asserts that initiation of the audit was proper because the initial payment for the FY 2002-03 claim did not occur until October 25, 2006, and there has been no payment for the FY 2003-04 claim. However, the clause in Government Code Section 17558.5 that delays the commencement of the time for the Controller to audit to the date of initial payment is void because it is impermissibly vague.

#### Applicable Time Limitation for Audit

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

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

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

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

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

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

- (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 ~~end of the calendar year in which 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 ~~made~~ filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim.

The annual reimbursement claim for FY 2002-03 is subject to the three-year statute of limitations established by Chapter 1128, Statutes of 2002 which requires the audit to be "initiated" within three years of the date the actual claim is filed.

The amendment is pertinent because this is the first time that the factual issue of the date the audit is "initiated" is introduced for mandate programs for which funds are appropriated. This amendment also means that it is impossible for the claimant to know when the statute of limitations will expire at the time the claim is filed, which is contrary to the purpose of a statute of limitations. It allows the Controller's own unilateral delay, or failure to make payments from funds appropriated for the purpose of paying the claims, to control the tolling of the statute of limitations, which is also contrary to the purpose of a statute of limitations.



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

- (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.

The annual reimbursement claim for FY 2003-04 is subject to this version of Section 17558.5, retains the same limitations period as the prior version, but also adds the requirement that an audit must be completed within two years of its commencement.

#### Vagueness

The two versions of Section 17558.5 applicable to the FY 2002-03 and FY 2003-04 annual reimbursement claims both provide that the time limitation for audit "shall commence to run from the date of initial payment" if no payment is made. However, this provision is void because it is impermissibly vague. At the time a claim is filed, the claimant has no way of knowing when payment will be made or how long the records applicable to that claim must be maintained. The current backlog in mandate payments, which continues to grow every year, could potentially require claimants to maintain detailed supporting documentation for decades. Additionally, it is possible for the Controller to unilaterally extend the audit period by withholding payment or directing appropriated funds only to those claims that have already been audited.

Therefore, the only specific and enforceable time limitation to commence an audit is three years from the date the claim was filed, and the annual reimbursement claims for FY 2002-03 and FY 2003-04 were past this time period when the audit was commenced on March 24, 2008. . . .

#### SCO's Comment

The district discusses statutory language effective prior to January 1, 2003; however, that language is irrelevant to the claims that are the subject of this Incorrect Reduction Claim.

Regarding relevant statutory language, the district states, "...the clause in Government Code Section 17558.5 that delays the commencement of the time for the Controller to audit to the date of initial payment is void because it is impermissibly vague." We disagree. The district has no authority to adjudicate statutory language. Title 2, CCR, section 1185, subdivision (e)(3) states, "If the narrative describing the alleged incorrect reduction(s) involves more than discussion of statutes or regulations or legal argument and utilizes assertions or representations of fact, such assertions or representations shall be supported by testimonial or documentary evidence and shall be submitted with the claim." The district presented no evidence to support its assertion that existing statutory language is "void."

The district also states, "...it is possible for the Controller to unilaterally extend the audit period by withholding payment or directing appropriated funds only to those claims that have already been audited." The district's allegation contradicts statutory language. Government Code section 17567 prohibits the SCO from directing funds to selected claims. It states:

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* [emphasis added]. . . .

In addition, Government Code section 17561, subdivision (d), prohibits the SCO from withholding payment. It states:

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 SCO initiated its audit within the period allowed by Government Code section 17558.5, subdivision (a), which states:

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* [emphasis added].

For its FY 2002-03 claim, the district first received payment on October 25, 2006. The district has not received a payment for its FY 2003-04 claim. The SCO initiated its audit on March 5, 2008. Therefore, the SCO met the requirements of Government Code section 17558.5, subdivision (a).

## **VI. RELIEF REQUESTED**

### District's Response

...In many cases, the audit report fails to specify the activity or costs denied which prevents a comprehensive evaluation of the Controller's action. . . .

### SCO's Response

Title 2, *California Code of Regulations* (CCR), section 1185, subdivision (e)(3) states, "If the narrative describing the alleged incorrect reduction(s) involves more than discussion of statutes or regulations or legal argument and utilizes assertions or representations of fact, such assertions or representations shall be supported by testimonial or documentary evidence and shall be submitted with the claim." The district's IRC does not cite any specific examples supporting its assertion that the audit report "fails to specify the activity or costs denied."

## **VII. CONCLUSION**

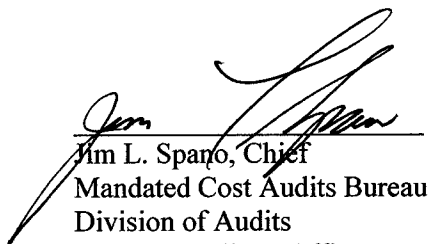
The State Controller's Office audited Yosemite Community College District's claims for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session; and Chapter 1118, Statutes of 1987) for the period of July 1, 2002, through June 30, 2007. The district claimed unallowable costs totaling \$451,873. The costs are unallowable because the district understated services and supplies costs, overstated indirect costs, understated authorized health service fees, and understated offsetting savings/reimbursements.

In conclusion, the Commission should find that: (1) the SCO initiated its audit of FY 2002-03 and FY 2003-04 within the timeframe provided by Government Code section 17558.5, subdivision (a); (2) the SCO correctly reduced the district's FY 2002-03 claim by \$39,067; (3) the SCO correctly reduced the district's FY 2003-04 claim by \$80,888; (4) the SCO correctly reduced the district's FY 2004-05 claim by \$12,566; (5) the SCO correctly reduced the district's FY 2005-06 claim by \$182,362; and (6) the SCO correctly reduced the district's FY 2006-07 claim by \$136,990.

**VIII. CERTIFICATION**

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

Executed on December 1, 2014, at Sacramento, California, by:

  
\_\_\_\_\_  
Jim L. Spano, Chief  
Mandated Cost Audits Bureau  
Division of Audits  
State Controller's Office

**Tab 3**

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.

**8. Indirect Costs**

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

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

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

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

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

Generally, a direct cost is one incurred specifically for one activity, while indirect costs are of a more general nature and are incurred for the benefit of several activities. As previously noted, the objective of this computation is to equitably allocate administrative support costs to personnel that perform mandated cost activities claimed by the college. For the purpose of this computation we have defined indirect costs to be those costs which provide administrative support to personnel who perform mandated cost activities. We have defined direct costs to be those costs that do not provide administrative support to personnel who perform mandated cost activities and those costs that are directly related to instructional activities of the college. Accounts that should be classified

as indirect costs are: Planning, Policy Making and Coordination, Fiscal Operations, Human Resources Management, Management Information Systems, Other General Institutional Support Services, and Logistical Services. If any costs included in these accounts are claimed as a mandated cost, i.e., salaries of employees performing mandated cost activities, the cost should be reclassified as a direct cost. Accounts in the following groups of accounts should be classified as direct costs: Instruction, Instructional Administration, Instructional Support Services, Admissions and Records, Counseling and Guidance, Other Student Services, Operation and Maintenance of Plant, Community Relations, Staff Development, Staff Diversity, Non-instructional Staff-Retirees' Benefits and Retirement Incentives, Community Services, Ancillary Services and Auxiliary Operations. A college may classify a portion of the expenses reported in the account Operation and Maintenance of Plant as indirect. The claimant has the option of using a 7% or a higher indirect cost percentage if the college can support its allocation basis.

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

Table 4 Indirect Cost Rate for Community Colleges

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES					FORM FAM-29C	
(01) Claimant			(02) Period of Claim			
(03) Expenditures by Activity			(04) Allowable Costs			
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Subtotal Instruction	599	\$19,590,357	\$1,339,059	\$18,251,298	\$0	\$18,251,298
Instructional Administration and Instructional Governance	6000					
Academic Administration	6010	2,941,386	105,348	2,836,038	0	2,836,038
Course and Curriculum Develop.	6020	21,595	0	21,595	0	21,595
Academic/Faculty Senate	6030					
Other Instructional Administration & Instructional Governance	6090					
Instructional Support Services	6100					
Learning Center	6110	22,737	863	21,874	0	21,874
Library	6120	518,220	2,591	515,629	0	515,629
Media	6130	522,530	115,710	406,820	0	406,820
Museums and Galleries	6140	0	0	0	0	0
Academic Information Systems and Tech.	6150					
Other Instructional Support Services	6190					
Admissions and Records	6200	584,939	12,952	571,987	0	571,987
Counseling and Guidance	6300					
Counseling and Guidance	6310					
Matriculation and Student Assessment	6320					
Transfer Programs	6330					
Career Guidance	6340					
Other Student Counseling and Guidance	6390					
Other Student Services	6400					
Disabled Students Programs & Services	6420					
Subtotal		\$24,201,764	\$1,576,523	\$22,625,241	\$0	\$22,625,241

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES				FORM FAM-29C		
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Extended Opportunity Programs & Services	6430					
Health Services	6440	0	0	0	0	0
Student Personnel Admin.	6450	289,926	12,953	276,973	0	276,973
Financial Aid Administration	6460	391,459	20,724	370,735	0	370,735
Job Placement Services	6470	83,663	0	83,663	0	83,663
Veterans Services	6480	25,427	0	25,427	0	25,427
Miscellaneous Student Services	6490	0	0	0	0	0
Operation & Maintenance of Plant	6500					
Building Maintenance and Repairs	6510	1,079,260	44,039	1,035,221	0	1,035,221
Custodial Services	6530	1,227,668	33,677	1,193,991	0	1,193,991
Grounds Maintenance and Repairs	6550	596,257	70,807	525,450	0	525,450
Utilities	6570	1,236,305	0	1,236,305	0	1,236,305
Other	6590	3,454	3,454	0	0	0
Planning, Policy Making, and Coordination	6600	587,817	22,451	565,366	565,366	0
General Inst. Support Services	6700					
Community Relations	6710	0	0	0	0	0
Fiscal Operations	6720	634,605	17,270	617,335	553,184	(a) 64,151
Human Resources Management	6730					
Noninstructional Staff Benefits & Incentives	6740					
Staff Development	6750					
Staff Diversity	6760					
Logistical Services	6770					
Management Information Systems	6780					
Subtotal		\$30,357,605	\$1,801,898	\$28,555,707	\$1,118,550	\$27,437,157



Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C	
(01) Claimant				(02) Period of Claim			
(03) Expenditures by Activity				(04) Allowable Costs			
Activity	EDP	Total	Adjustments	Total	Indirect	Direct	
General Inst. Sup. Serv. (cont.)	6700						
Other General Institutional Support Services	6790						
Community Services	6800						
Community Recreation	6810	703,858	20,509	683,349	0	683,349	
Community Service Classes	6820	423,188	24,826	398,362	0	398,362	
Community Use of Facilities	6830	89,877	10,096	79,781	0	79,781	
Economic Development	6840						
Other Community Svcs. & Economic Development	6890						
Ancillary Services	6900						
Bookstores	6910	0	0	0	0	0	
Child Development Center	6920	89,051	1,206	87,845	0	87,845	
Farm Operations	6930	0	0	0	0	0	
Food Services	6940	0	0	0	0	0	
Parking	6950	420,274	6,857	413,417	0	413,417	
Student Activities	6960	0	0	0	0	0	
Student Housing	6970	0	0	0	0	0	
Other	6990	0	0	0	0	0	
Auxiliary Operations	7000						
Auxiliary Classes	7010	1,124,557	12,401	1,112,156	0	1,112,156	
Other Auxiliary Operations	7090	0	0	0	0	0	
Physical Property Acquisitions	7100	814,318	814,318	0	0	0	
(05) Total		\$34,022,728	\$2,692,111	\$31,330,617	\$1,118,550	\$30,212,067	
(06) Indirect Cost Rate: (Total Indirect Cost/Total Direct Cost)				3,70233%			
(07) Notes							
(a) Mandated Cost activities designated as direct costs per claim instructions.							

**Tab 4**

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 Parameters and Guidelines 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 Parameters and Guidelines 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 Parameters and Guidelines 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 Parameters and Guidelines 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 miles 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.

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

derived by the mandate.

A community college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21 "Cost Principles for Educational Institutions," or the Controller's methodology outlined in the following paragraphs.

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

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

Table 4 Indirect Cost Rate for Community Colleges

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES				FORM FAM-29C		
(01) Claimant				(02) Period of Claim		
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Instructional Administration and Instructional Governance	6000					
Academic Administration	6010	2,941,386	105,348	2,836,038	0	2,836,038
Course and Curriculum Develop.	6020	21,595	0	21,595	0	21,595
Academic/Faculty Senate	6030					
Other Instructional Administration & Instructional Governance	6090					
Instructional Support Services	6100					
Learning Center	6110	22,737	863	21,874	0	21,874
Library	6120	518,220	2,591	515,629	0	515,629
Media	6130	522,530	115,710	406,820	0	406,820
Museums and Galleries	6140	0	0	0	0	0
Academic Information Systems and Tech.	6150					
Other Instructional Support Services	6190					
Admissions and Records	6200	584,939	12,952	571,987	0	571,987
Counseling and Guidance	6300					
Student Counseling and Guidance	6310					
Matriculation and Student Assessment	6320					
Transfer Programs	6330					
Career Guidance	6340					
Other Student Counseling and Guidance	6390					
Other Student Services	6400					
Disabled Students Programs & Services	6420					
Subtotal		\$24,201,764	\$1,576,523	\$22,625,241	\$0	\$22,625,241

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES					FORM FAM-29C	
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Extended Opportunity Programs & Services	6430					
Health Services	6440	0	0	0	0	0
Student Personnel Admin.	6450	289,926	12,953	276,973	0	276,973
Financial Aid Administration	6460	391,459	20,724	370,735	0	370,735
Job Placement Services	6470	83,663	0	83,663	0	83,663
Veterans Services	6480	25,427	0	25,427	0	25,427
Miscellaneous Student Services	6490	0	0	0	0	0
Operation & Maintenance of Plant	6500					
Building Maintenance and Repairs	6510	1,079,260	44,039	1,035,221	72,465	962,756
Custodial Services	6530	1,227,668	33,677	1,193,991	83,579	1,110,412
Grounds Maintenance and Repairs	6550	596,257	70,807	525,450	36,782	488,668
Utilities	6570	1,236,305	0	1,236,305	86,541	1,149,764
Other	6590	3,454	3,454	0	0	0
Planning, Policy Making, and Coordination	6600	587,817	22,451	565,366	565,366	0
General Inst. Support Services	6700					
Community Relations	6710	0	0	0	0	0
Fiscal Operations	6720	634,605	17,270	617,335	553,184	(a) 64,151
Human Resources Management	6730					
Noninstructional Staff Benefits & Incentives	6740					
Staff Development	6750					
Staff Diversity	6760					
Logistical Services	6770					
Management Information Systems	6780					
Subtotal		\$30,357,605	\$1,801,898	\$28,555,707	\$1,397,917	\$27,437,157

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C	
(01) Claimant				(02) Period of Claim			
(03) Expenditures by Activity				(04) Allowable Costs			
Activity	EDP	Total	Adjustments	Total	Indirect	Direct	
General Inst. Sup. Serv. (cont.)	6700						
Other General Institutional Support Services	6790						
Community Services and Economic Development	6800						
Community Recreation	6810	703,858	20,509	683,349	0	683,349	
Community Service Classes	6820	423,188	24,826	398,362	0	398,362	
Community Use of Facilities	6830	89,877	10,096	79,781	0	79,781	
Economic Development	6840						
Other Community Svcs. & Economic Development	6890						
Ancillary Services	6900						
Bookstores	6910	0	0	0	0	0	
Child Development Center	6920	89,051	1,206	87,845	0	87,845	
Farm Operations	6930	0	0	0	0	0	
Food Services	6940	0	0	0	0	0	
Parking	6950	420,274	6,857	413,417	0	413,417	
Student and Co-curricular Activities	6960	0	0	0	0	0	
Student Housing	6970	0	0	0	0	0	
Other	6990	0	0	0	0	0	
Auxiliary Operations	7000						
Contract Education	7010	1,124,557	12,401	1,112,156	0	1,112,156	
Other Auxiliary Operations	7090	0	0	0	0	0	
Physical Property Acquisitions	7100	814,318	814,318	0	0	0	
(05) Total		\$34,022,728	\$2,692,111	\$31,330,617	\$1,397,917	\$30,212,067	
(06) Indirect Cost Rate: (Total Indirect Cost/Total Direct Cost)				4.63%			
(07) Notes							
(a) Mandated Cost activities designated as direct costs per claim instructions.							
(b) 7% of Operation and Maintenance of Plant costs are shown as indirect in accordance with claiming instructions.							

**Tab 5**



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 P's & G's for the particular mandate. Equipment rentals used solely for the mandate is 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 pro rata 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 P's & G's specify them as allowable. If they are allowable, the parameters and guidelines 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 pro rata 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 P's & G's 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 miles 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.

**8. Indirect Costs**

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

A CCD may claim indirect costs using the Controller's methodology (FAM-29C) outlined in the following paragraphs. If specifically allowed by a mandated program's P's & G's, a district may alternately choose to claim indirect costs using either (1) a federally approved rate prepared in

accordance with Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions*; or (2) a flat 7% rate.

The SCO developed FAM-29C to be consistent with OMB Circular A-21, cost accounting principles as they apply to mandated cost programs. The objective is to determine an equitable rate to allocate administrative support to personnel who performed the mandated cost activities. The FAM-29C methodology uses a direct cost base comprised of salary and benefit costs and operating expenses. Form FAM-29C provides a consistent indirect cost rate methodology for all CCD's mandated cost programs.

FAM-29C uses total expenditures that districts report in their *California Community Colleges Annual Financial and Budget Report (CCFS-311)*, Expenditures by Activity for the General Fund – Combined. The computation excludes Capital Outlay and Other Outgo in accordance with OMB Circular A-21. The indirect cost rate computation includes any depreciation or use allowance applicable to district buildings and equipment. Districts calculate depreciation or use allowance costs separately from the CCFS-311 report and should calculate them in accordance with OMB Circular A-21.

OMB Circular A-21, Section C.4, states that cost is allocable to a particular cost objective in accordance with the relative benefits received. Also, Section E.2.b. states that the overall objective of the cost allocation process is to distribute indirect costs to the institution's major functions in proportions reasonably consistent with their use of the institution's resources. In addition, Section E.2.c. notes that where certain items or categories of expense relate to less than all functions, such expenses should be set aside for selective allocation.

OMB Circular A-21, Section H, describes a simplified method for indirect cost rate calculations. However, Section H.1.b. states that the simplified method should not be used where it produces results that appear inequitable. As previously noted, FAM-29C strives to equitably allocate administrative support costs to personnel that perform mandated cost activities claimed by CCD. For example, library costs and department administration expenses, normally classified fully or partly as indirect costs in OMB Circular A-21, are instead classified as direct costs for FAM-29C. These costs do not benefit mandated cost activities. In summary, FAM-29C indirect costs include Operation and Maintenance of Plant; Planning, Policy Making, and Coordination; General Institutional Support Services (excluding Community Relations); and depreciation or use allowance. Community Relations includes fundraising costs, which are unallowable under OMB Circular A-21. If the district claims any costs from these indirect accounts as a direct mandate-related costs, the same costs should be reclassified as direct on FAM-29C.

Table 4 presents an example of the FAM-29C methodology.

Table 4: Indirect Cost Rate for Community Colleges

MANDATED COST					FORM	
INDIRECT COST RATE FOR COMMUNITY COLLEGE DISTRICTS					FAM 29-C	
(1) Claimant			(02) Period of Claim			
Activity	EDP	Total Costs Per CCFS-311	Less: Capital Outlay and Other Outgo	FAM 29-C	Indirect	Direct
				Adjusted Total		
Instructional Activities	599	\$ 51,792,408	\$ (230,904)	\$ 51,561,504		\$ 51,561,504
Instruct. Admin. & Instruct. Governance	6000	6,882,034	(216,518)	6,665,516		6,665,516
Instructional Support Services	6100	4,155,095	(9,348)	4,145,747		4,145,747
Admissions and Records	6200	2,104,543	(3,824)	2,100,719		2,100,719
Student Counseling and Guidance	6300	4,570,658	(1,605)	4,569,053		4,569,053
Other Student Services	6400	5,426,510	(41,046)	5,385,464		5,385,464
Operation and Maintenance of Plant	6500	8,528,585	(111,743)	8,416,842	8,416,842	
Planning, Policy Making, and Coordination	6600	5,015,333	(23,660)	4,991,673	4,991,673	
General Institutional Support Services	6700			-		
Community Relations	6710	885,089	(6,091)	878,998		878,998
Fiscal Operations	6720	1,891,424	(40,854)	1,850,570	1,850,570	
Human Resources Management	6730	1,378,288	(25,899)	1,352,389	1,352,389	
Non-instructional Staff Retirees' Benefits and Retirement Incentives	6740	1,011,060		1,011,060	1,011,060	
Staff Development	6750	108,655	(8,782)	99,873	99,873	
Staff Diversity	6760	30,125		30,125	30,125	
Logistical Services	6770	2,790,091	(244,746)	2,545,345	2,545,345	
Management Information Systems	6780	2,595,214	(496,861)	2,098,353	2,098,353	
Other General Institutional Support Services	6790	33,155	(4,435)	28,720	28,720	
Community Services and Economic Development	6800	340,014		340,014		340,014
Ancillary Services	6900	1,148,730	(296)	1,148,434		1,148,434
Auxiliary Operations	7000			-		-
Depreciation or Use Allowance - Building				-	2,620,741	
Depreciation or Use Allowance - Equipment				-	1,706,396	
				-		
<b>Totals</b>		<u>\$100,687,011</u>	<u>\$ (1,466,612)</u>	<u>\$ 99,220,399</u>	<u>\$26,752,087</u>	<u>\$ 76,795,449</u>
					(A)	(B)
<b>Indirect Cost Rate (A)/(B)</b>					<u>34.84%</u>	

**Tab 6**

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

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

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Executive Summary

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

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

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

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Claimant

Rio Hondo Community College District

Requesting Party

California Community Colleges Chancellor's Office

Chronology

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

Summary of Mandate

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

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

Proposed Amendments

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

Recommendations

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

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

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

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

### Staff Analysis

#### Issue 1: Eligible Claimants

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

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

#### Issue 2: Reimbursement Alternatives

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

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

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

Issue 3: Offsetting Savings and Other Reimbursements

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

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

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

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

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

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

Issue 4: Editorial Changes

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

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

Staff Recommendation

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



Adopted: 8/27/87

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

I. SUMMARY OF MANDATE

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

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

II. COMMISSION ON STATE MANDATES' DECISION

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

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

III. ELIGIBLE CLAIMANTS

Community college districts which provided health services ~~for/fee~~ in 19836-847 fiscal year and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs.

#### IV. PERIOD OF REIMBURSEMENT

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

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

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

#### V. REIMBURSEMENTABLE COSTS

##### A. Scope of Mandate

Eligible community college districts shall be reimbursed for the costs of providing a health services program ~~without the authority to levy a fee~~. Only services provided ~~for the~~ in 1983-84 ~~1986-87~~ fiscal year may be claimed.

##### B. Reimbursable Activities

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

##### ACCIDENT REPORTS

##### APPOINTMENTS

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

ASSESSMENT, INTERVENTION & COUNSELING

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

EXAMINATIONS (Minor Illnesses)

- Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION

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

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

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

INSURANCE

- On Campus Accident
- Voluntary
- Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE

Inquiry/Interpretation  
Pap Smears

PHYSICALS

Employees  
Students  
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

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

PARKING CARDS/ELEVATOR KEYS

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

REFERRALS TO OUTSIDE AGENCIES

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

TESTS

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

MISCELLANEOUS

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

COMMITTEES

Safety  
Environmental  
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety  
Stress Management  
Communication Skills  
Weight Loss  
Assertiveness Skills

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a list of each item for which reimbursement is claimed under this mandate. // *ELIGIBLE CLAIMANTS may claim costs under one of two alternatives: // 1) fee amount previously collected per student and employment count // or // 2) actual costs of program/*

A. Description of Activity

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

B. *Claiming/Alternatives*

Claimed costs should be supported by the following information:

*Alternative/1// Fees/Previously/Collected/In/1983/84/Fiscal/Year/*

*1/ Fees/Collected/In/The/1983/84/Fiscal/Year/To/Support/The/Health/Services/Program/*

*2/ Total/number/of/students/under/item/VI/A/Y/through/4/above///Using/this/alternative,/the/total/amount/claimed/would/be/item/VI/B/Y//multiplied/by/item/VI/B/2//with/the/total/amount/reimbursed/increased/by/the/applicable/impact/provide/deduction/*

*Alternative/2//Actual Costs of Claim Year for Providing 1983-84 Fiscal Year Program Level of Service.*

1. Employee Salaries and Benefits

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

2. Services and Supplies

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

3. Allowable Overhead Cost

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

VII. SUPPORTING DATA

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

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

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

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

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

and

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

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone No.

## CALIFORNIA COMMUNITY COLLEGES

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



February 22, 1989



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

Dear Mr. Eich:

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

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

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

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



Mr. Eich

2

February 22, 1989

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

Sincerely,

*David Mertes*

DAVID MERTE  
Chancellor

DM:PR:mh

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

State of California

**Memorandum**

March 22, 1989

Deborah Fraga-Decker  
Program Analyst  
Commission on State Mandates

FROM : Department of Finance

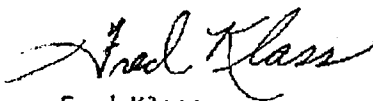
Proposed Amendments to Parameters and Guidelines for Claim No. CSM-4206 -- Chapter 1, Statutes of 1984, 2nd E.S. and Chapter 1118, Statutes of 1987 -- Health Fee Elimination

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

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

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

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



Fred Klass  
Assistant Program Budget Manager

cc: see second page

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

LR:1988-2

GOVERNOR'S OFFICE

GEORGE DEUKMEJIAN, Governor



## CALIFORNIA COMMUNITY COLLEGES

1000 NINTH STREET  
 SACRAMENTO, CALIFORNIA 95814  
 (916) 445-8752 445-1163

April 3, 1989



Mr. Robert W. Eich  
 Executive Director  
 Commission on State Mandates  
 1000 K Street, Suite LL50  
 Sacramento, CA 95814

Attention: Ms. Deborah Fraga-Decker

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

Dear Mr. Eich:

In response to your request of March 8, we have reviewed the proposed language changes necessary to amend the existing parameters and guidelines to meet the requirements of Chapter 118, Statutes of 1987.

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

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

Sincerely,

DAVID MERTES  
 Chancellor

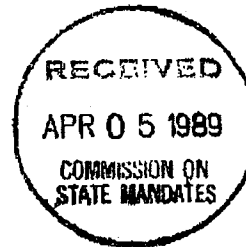
DM:PR:mh

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



**GRAY DAVIS**  
**Controller of the State of California**  
 P.O. BOX 942950  
 SACRAMENTO, CA 94250-0001

April 3, 1989



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

Ms. Fraga-Decker:

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

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

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

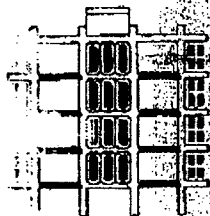
If you have any questions, please call Glen Beatie at 3-8137.

Sincerely,

Glenn Haas, Assistant Chief  
 Division of Accounting

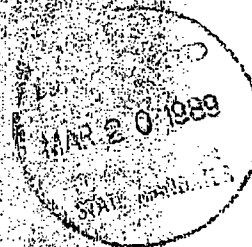
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SC81822



HRI/EO

**RIO HONDO COMMUNITY COLLEGE DISTRICT**  
3600 Workman Mill Road • Whittier, CA 90608 • Phone (213) 692-0921



March 16, 1989

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

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

Dear Deborah:

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

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

Yours very truly,

Timothy M. Wood  
Vice President  
Administrative Affairs

TMW:hh

**Tab 7**

MINUTES

COMMISSION ON STATE MANDATES

May 25, 1989

10:00 a.m.

State Capitol, Room 437  
Sacramento, California

Present were: Chairperson Russell Gould, Chief Deputy Director, Department of Finance; Fred R. Buenrostro, Representative of the State Treasurer; D. Robert Shuman, Representative of the State Controller; Robert Martinez, Director, Office of Planning and Research; and Robert C. Creighton, Public Member.

There being a quorum present, Chairperson Gould called the meeting to order at 10:02 a.m.

Item 1 Minutes

Chairperson Gould asked if there were any corrections or additions to the minutes of the Commission's hearing of April 27, 1989. There were no corrections or additions.

The minutes were adopted without objection.

Consent Calendar

The following items were on the Commission's consent agenda:

Item 2 Proposed Statement of Decision  
Chapter 406, Statutes of 1988  
Special Election - Bridges

Item 3 Proposed Statement of Decision  
Chapter 583, Statutes of 1985  
Infectious Waste Enforcement

Item 4 Proposed Statement of Decision  
Chapter 980, Statutes of 1984  
Court Audits

Item 5 Proposed Statement of Decision  
Chapter 1286, Statutes of 1985  
Homeless Mentally Ill



- Item 6 Proposed Parameters and Guidelines Amendment  
Chapter 1, Statutes of 1984, 2nd E.S.  
Chapter 1118, Statutes of 1987  
Health Fee Elimination
- Item 7 Proposed Parameters and Guidelines Amendment  
Chapter 8, Statutes of 1988  
Democratic Presidential Delegates
- Item 10 Proposed Statewide Cost Estimate  
Chapter 498, Statutes of 1983  
Education Code Section 48260.5  
Notification of Truancy
- Item 12 Proposed Statewide Cost Estimate  
Chapter 1226, Statutes of 1984  
Chapter 1526, Statutes of 1985  
Investment Reports

There being no discussion or appearances on Items 2, 3, 4, 5, 6, 7, 10, and 12, Member Buenrostro moved adoption of the staff recommendation on these items on the consent calendar. Member Martinez seconded the motion. The vote on the motion was unanimous. The motion carried.

The following items were continued:

- Item 13 Proposed Statewide Cost Estimate  
Chapter 1335, Statutes of 1986  
Trial Court Delay Reduction Act
- Item 16 Test Claim  
Chapter 841, Statutes of 1982  
Patients' Rights Advocates
- Item 17 Test Claim  
Chapter 921, Statutes of 1987  
Countywide Tax Rates

The next item to be heard by the Commission was:

- Item 8 Proposed Parameters and Guidelines Amendment  
Chapter 961, Statutes of 1975  
Collective Bargaining

The party requesting the proposed amendment, Fountain Valley School District, did not appear at the hearing. Carol Miller, appearing on behalf of the Education Mandated Cost Network, stated that the Network was interested in the issue of reimbursing a school district for the time the district Superintendent spent in, or preparing for, collective bargaining issues.

The Commission then discussed the issue of reimbursing the Superintendent's time as a direct cost to the mandated program or as an indirect cost as required by the federal publications OASC-10, and Federal Management Circular 74-4. Upon conclusion of this discussion, the Commission, staff, and Ms. Miller, agreed that the Commission could deny this proposed amendment by the Fountain Valley School District, and Ms. Miller could assist another district in an attempt to amend the parameters and guidelines to allow reimbursement of the Superintendent's cost relative to collective bargaining matters.

Member Creighton then inquired on the issue of holding collective bargaining sessions outside of normal working hours and the number of teachers the parameters and guidelines reimburse for participating in collective bargaining sessions. Ms. Miller stated that because of the classroom disruption that can result from the use of a substitute teacher, bargaining sessions are sometimes held outside of normal work hours for practical reasons. Ms. Miller also stated that the parameters and guidelines permit reimbursement for five substitute teachers.

Member Martinez moved and Member Buenrostro seconded a motion to adopt the staff recommendation to deny the proposed amendments to the parameters and guidelines. The roll call vote on the motion was unanimous. The motion carried.

Item 9 Proposed Statewide Cost Estimate  
Chapter 498, Statutes of 1983  
Education Code Section 51225.3  
Graduation Requirements

Carol Miller appeared on behalf of the claimant, Santa Barbara Unified School District, Jim Apps and Don Enderton appeared on behalf of the Department of Finance, and Rick Knott appeared on behalf of the San Diego Unified School District.

Carol Miller began the discussion on this matter by stating her objection to the Department of Finance raising issues that were already argued in the parameters and guidelines hearings for this mandate. Based on this objection, Ms. Miller requested that the Commission adopt staff's recommendation and allow the Controller's Office to handle any audit exceptions.

Jim Apps stated that because school districts did not report funds that have been received by them, then the data reported in the survey is suspect. Therefore, the Department of Finance is not convinced that the cost estimate based on the data received by the schools is legitimate.

Discussion continued on the validity of the cost estimate and on the figures presented to the Commission for its consideration.

Member Creighton then made a motion to adopt staff's recommendation. Member Shuman seconded the motion. The vote on the motion was: Member Buenrostro, no; Member Creighton, aye; Member Martinez, no; Member Shuman, aye; and Chairperson Gould, no. The motion failed.

Chairperson Gould made an alternative motion that staff, the Department of Finance, and the school districts, conduct a pre-hearing conference and agree on an estimate to be presented to the Commission at a future hearing. Member Buenrostro seconded the motion. The roll call vote on the motion was unanimous. The motion carried.

Item 11 Statewide Cost Estimate  
Chapter 815, Statutes of 1979  
Chapter 1327, Statutes of 1984  
Chapter 757, Statutes of 1985  
Short-Doyle Case Management

Pamela Stone, representing the County of Fresno, stated that the county was in agreement with the staff proposed statewide cost estimate of \$20,000,000 for the 1985-86 through 1989-90 fiscal years, and was opposed to the reduction of the costs estimate being proposed by the Department of Mental Health's late filing.

Lynn Whetstone, representing the Department of Mental Health, stated that the Department agrees with the methodology used by Commission staff to develop the cost estimate, however, the Department questioned the manner in which Commission staff extrapolated its survey figures into a statewide estimate. Ms. Whetstone stated that due to the reasons stated in its late filing, the Department believes that the cost estimate be reduced to \$17,280,000.

Member Shuman moved, and Member Martinez seconded a motion to adopt the staff proposed statewide cost estimate of \$20,000,000 for the 1985-86 through 1989-90 fiscal years. The roll call vote on the motion was unanimous. The motion carried.

Item 14 State Mandates Apportionment System  
Request for Review of Base Year Entitlement  
Chapter 1242, Statutes of 1977  
Senior Citizens' Property Tax Postponement

Leslie Hobson appeared on behalf of the claimant, County of Placer, and stated agreement with the staff analysis.

There were no other appearances and no further discussion.

Member Creighton moved approval of the staff recommendation. Member Shuman seconded the motion. The roll call vote was unanimous. The motion carried.

Item 15 Test Claim  
Chapter 670, Statutes of 1987  
Assigned Judges

Vicki Wajdak and Pamela Stone appeared on behalf of the claimant, County of Fresno. Beth Mullen appeared on behalf of the Administrative Office of

the Courts. Jim Apps appeared on behalf of the Department of Finance. Allan Burdick appeared on behalf of the County Supervisors Association of California. Pamela Stone restated the claimant's position that the revenue losses due to this statute were actually increased costs because Fresno is now required to compensate its part-time justice court judges for work performed for another county while on assignment. Beth Mullen stated her opposition to this interpretation because Fresno's part-time justice court judge cannot be assigned elsewhere until all work required to be performed for Fresno has been completed; therefore, Fresno is only required to compensate the judge for its own work.

There followed discussion by the parties and the Commission regarding the applicability of the Supreme Court's decisions in County of Los Angeles and Lucia Mar. Chairperson Gould asked Commission Counsel Gary Hori whether this statute imposed a new program and higher level of service as contemplated by these two decisions. Mr. Hori stated that it did meet the definition of new program and higher level of service as contemplated by the Supreme Court.

Member Creighton moved to adopt the staff recommendation to find a mandate on counties whose part-time justice court judge is assigned within the home county. Member Shuman seconded the motion. The roll call vote was unanimous. The motion carried.

Item 18 Test Claim  
Chapter 1247, Statutes of 1977  
Chapter 797, Statutes of 1980  
Chapter 1373, Statutes of 1980  
Public Law 99-372  
Attorney's Fees - Special Education

Chairperson Gould recused himself from the hearing on this item.

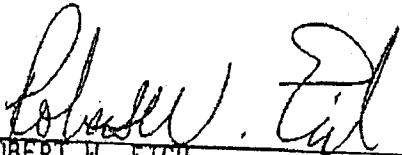
Clayton Parker, representing the Newport-Mesa Unified School District, submitted a late filing on the test claim rebutting the staff analysis. Member Creighton stated that he had not had an opportunity to review the late filing and inquired on whether the claim should be heard at this hearing. Staff informed Member Creighton and Member Buenrostro that in reviewing the filing before this item was called, the filing appeared to be summary of the claimant's position on the staff analysis, and that there appeared to be no reason to continue the item.

Mr. Parker stated that Commission staff had misstated the events that resulted in the claimant having to pay attorneys' fees to a pupil's guardians, and because of case law, courts do not have any discretion in awarding attorney's fees. Mr. Parker stated that because state legislation has codified the federal Education of the Handicapped Act, school districts are subject to the provisions of Public Law 94-142 and Public Law 99-372. Member Buenrostro then inquired whether staff was comfortable with discussing the issue of a state executive order incorporating federal law.

Staff informed the Commission that it was not comfortable discussing this issue, and further noted that it appeared that Mr. Parker was basing his reasoning for finding P.L. 99-372 to be a state mandated program, on the Board of Control's finding that Chapter 1247, Statutes of 1977, and Chapter 797, Statutes of 1980, were a state mandated program. Staff noted that Board of Control's finding is currently the subject of the litigation in Huff v. Commission on State Mandates (Sacramento County Superior Court Case No. 352295).

Member Creighton moved and Member Martinez seconded a motion to continue this item and have legal counsel and staff review the arguments presented by Mr. Parker. The vote on the motion was unanimous. The motion carried.

With no further items on the agenda, Chairperson Gould adjourned the hearing at 11:45 a.m.

  
ROBERT W. EICH  
Executive Director

RWE:GLH:cm:0224g

**Tab 8**

**Kwong, Christine**

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**From:** Kwong, Christine  
**Sent:** Friday, April 18, 2008 04:55 PM  
**To:** 'Carrie Sampson'  
**Cc:** Scott, Elaine  
**Subject:** RE: Additional Documentation/Information Request for the Health Fee Program  
**Attachments:** Authorized Student Health Fees.xls

Carrie,

Thank you for sending us the district's response to our questions. We still need further clarification and supporting documentation on some items. Please refer to the numbering of the original email to locate the areas where we need additional information and documentation on, as follows:

1. You attached a fee schedule to your email; however, what fiscal year(s) of the audit period was this used? Please provide any other schedules that were used during the audit period (and indicate the fiscal year it belongs to).
2. You provided us with a list of employees who provided services for the health fee program. Please provide payroll records for these employees.
3. We still need the chart of accounts for FY 2002-03.
4. a). In response to our inquiry, you responded that the Electric Cart Emergency Response Service were provided in 02/03 and 03/04. What does this mean? Are these the only two fiscal years that the cart was used? In addition, could you please provide an explanation for the purpose of this equipment and any documentation that would support this as an allowable cost? Why was the claim (form HFE 2.1) modified to include this item for only those two fiscal years? What was the intent?  
  
b). We reviewed the list of Health Services staff provided and compared it with the Student Services Council meeting minutes that were provided. We were unable to locate the Health Services Coordinator, Hilda Sielicki (RN) on the list of attendees. Is there a new Health Services Coordinator ?  
  
c). According to your response, nurses working at Health Services are faculty. Are these nurses also providing instructional services? If so, how are the nurses hours being allocated?  
  
i. We noticed that Laureen Campana, Health Services Coordinator / College Nurse (Columbia College), is appointed 80% of the position. Please explain how the 80% was determined.  
  
ii. We also noticed that Earlene Keller, Mental Health Counselor, dedicates 6-10 hours/weekly to the health center. Please provide supporting documentation for this employee's time.  
  
iii. As for the Academic Senate meeting minutes, please provide information on how often the committee meets, the length of the meeting, and a list of attendees.
5. We received the Safety Committee agenda. Please provide supporting documentation that shows how often the committee meets, the length of the meeting, and a list of attendees. (Please refer to item #7 of the original email.)
6. Please provide the revenue/expenditure report for Fund 12 – General Restricted Fund. (Please refer to item #9 of the original email.)

05/01/2008

7. Please see the attached Excel spreadsheet for the amounts reported to CCCC0 for Spring 2004, Summer 2004, Fall 2004 and Spring 2005. (Refer to item #10 of the original email.) The spreadsheets will show our calculation of the collectable health fees based on the enrollment and BOGG waiver totals the district reported to CCCC0. In addition, the spreadsheet will show the difference between our calculation and the amount the district reported on the claim. Please explain why there is a difference.
8. Please provide a copy of the journal entry for this reclassification in the amount of \$4,566. What does this reclassification entry have to do with the conversion of the software? (Please refer to item #12 of the original email.)
9. We were informed that part-time employees are required to fill out a timesheet. Please provide timesheets for all part-time employees indicated on the list you provided. For Columbia College, there were a few relief nurses listed. Are these nurses part-time employees?

If you have any questions, please feel free to contact us when we arrive to the district on Monday, April 21, 2008.

Thanks,

Christine Kwong, Auditor  
State Controller's Office  
Division of Audits  
(916) 324-5610  
(916) 324-7223 Fax

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**From:** Carrie Sampson [mailto:sampsonc@yosemite.cc.ca.us]  
**Sent:** Wednesday, April 16, 2008 04:52 PM  
**To:** Kwong, Christine  
**Cc:** Teresa Scott; kbpsixten@aol.com; Deborah Campbell; Connie Mical; Bob Nadell; Laureen Campana  
**Subject:** RE Additional Documentation Information Request for the Health Fee Program  
**Importance:** High

Christine, here are the responses to your questions. The site visit at MJC Health Services (East Campus) will be on Tuesday, April 22, from 1:00-3:00 p.m. You will meet Bob Nadell, Vice President of Student Services, at his office, and he will escort you to Health Services from there. FYI, next week is Finals week and the last week of the school year, so Dr. Nadell's availability will be limited. His office is located on MJC East Campus, 435 College Avenue, Morris Administrative Bldg, Room 212.

If needed, I'm sure we can provide you with any follow-up documentation next week. See you Monday.

Carrie B. Sampson  
Administrative Assistant  
Yosemite Community College District

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**From:** Kwong, Christine [mailto:CKwong@sco.ca.gov]  
**Sent:** Wednesday, April 09, 2008 7:28 AM  
**To:** Carrie Sampson  
**Cc:** Scott, Elaine  
**Subject:** Additional Documentation/Information Request for the Health Fee Program

Hi Carrie,

This is regarding to Yosemite Community College District's Health Fee Elimination Program for the audit period July 1, 2002 through June 30, 2007.

Please provide the following documents and/or answer the following questions:

05/01/2008



3B/7  
ck 4/18/08

- 1. A fee schedule of the services provided for each fiscal year of the audit period. (See attachment for MJC and Columbia College)
- 2. List of employees who provided services for the health fee program for each fiscal year (i.e., employee name, job classification). (See attachment for MJC and Columbia College.)
- 3. Chart of accounts (Provided by Deborah Campbell on 4/9/08)

4. During the entrance conference meeting, we indicated that there was extra level of services provided on the claim. These services include: Golf Carts for Emergency Response Time (FY 02/03 - FY 03/04); the Student Services Council Committee (FY 02/03 - FY 04/05); and the Academic Senate Committee (FY 02/03 - FY 04/05). It was noted that the district will provide additional information for these particular services. When can we expect these documents to be available?

Electric cart Emergency Response Services were provided in 02/03 and 03/04. This must be an oversight on the claim. Please advise what type of documentation you require for this service.

Student Services Council attendance is required of the MJC Health Services Director. MJC Health Services reports to the VP of Student Services. Attached are some recent SSC minutes.

Nurses working at Health Services are faculty. This makes them part of the Academic Senate, which is the organization to assure academic excellence. Attached are recent minutes.

5. The FY 02/03 - FY 04/05 claims show that the district provided Substance Abuse Identification and Counseling both in the base year and claim year. The FY 05/06 and FY 06/07 claims show that the district did not provide this service in the claim year or the base year. Why?

This must be an oversight on the claim. Counseling and Substance Abuse Identification continue to be provided by the college Health Services.

6. The FY 02/03 - FY 04/05 claims show that the district did not provide AIDS assessment, intervention, and counseling during the claims years or the base year. The FY 05/06 and FY 06/07 claims show that the district provided this service both during the claim year and the base year. Why? Please provide supporting documentation that shows this service was provided during the base year.

AIDS, while not a common STD in 1986, is still a Sexually Transmitted Disease, which is a service provided in the base year.

7. In FY 2002-03, there was a "Wellness" Committee that was claimed, however, in subsequent years, the district claimed a service called the "Safety" Committee. Is this the same committee or an additional level of service? Please provide supporting documentation.

Wellness Committee and Safety Committee are not the same committee. The Wellness Committee was disbanded around 2004, I believe. Its role was to promote wellness among staff. The Safety Committees at the colleges have Health Services representation in order to provide for the health perspective in campus activities. Attached is an agenda. Let me know if you need more documentation.

8. The district reported on the claim (HFE 1.1) \$5,500 for "other reimbursements" in each fiscal year for Modesto Junior College and \$1,000 for Columbia College in each fiscal year (except FY 2005-06). We traced the amount to

3B/8  
ck 4/18/08

the revenue ledger, however, we are unclear of the source of this revenue. Please explain.

Each fiscal year, the District transfers \$6,500 out of the general unrestricted fund to the college health funds (\$5,500 for MJC and \$1,000 for Columbia). This annual inter-fund transfer helps to offset the cost of health services for employees.

9. When money is collected for the services that the district charges, where is that revenue documented?

12-3100-1950-644000-48891 MJC immunizations, pregnancy tests, Titters, PPD repeats, etc.  
12-3520-4950-644000-48891 Columbia Flu vaccines

10. We reviewed the student enrollment and BOGG Waivers from the California Community Colleges Chancellor's Office (CCCCO). Explain why the amount from the general ledger is more than the amount reported to CCCCCO for Spring 2004. Also, for Summer 2004, Fall 2004, and Spring 2005, the reported amount to CCCCCO is exceedingly different from the amount reported on the revenue ledger report. Please explain these differences.

Please provide numbers received from CCCCCO for Spring 2004, Summer 2004, Fall 2004 and Spring 2005. We will try to reconcile our figures to theirs.

11. The general ledger includes interest income in all fiscal years of the audit period. Please explain where the interest is generating from. What is StanCo?

Our health fund is maintained at Stanislaus County (StanCo), along with most of our other District funds. The County posts interest quarterly to each of our funds.

12. In FY 2003-04, the revenue included a line item entitled "Reclass" in the amount of \$4,566. Please explain this line item.

The reclassification entry in the amount of \$4,566 was a one-time adjusting entry needed as we converted over to our new software system, Datatel. (See Deborah Campbell for a copy of the journal entry.)

13. We would also like to get a walk-through of the district's claiming process as soon as possible. (Deborah Campbell did this on 4/9/08)

14. You also asked Deborah Campbell what the acronym DSK stands for.

DSK, our legacy software system, stands for David Steven Krajcer, the person who originally wrote the software.

**Tab 9**

3F/5  
02/10/29/08

502  
11-25-08

**Yosemite Community College District**  
**Legislatively Mandated Health Fee Elimination Program**  
**Analysis of Health Service Fees Differences**  
**Audit Period from July 1, 2002 through June 30, 2007**  
**S08-MCC-0029**

	FY 2002-03 Per Revenue Ledger			3F/8 Per SCO calculation	Difference, SCO greater than (less than) district
	Modesto College	Columbia College	Total		
Interest	3I/4 (14,357)	3I/6 (2,533)	\$ (16,890)		
Staff charges	3I/5 (5,500)	3I/7 (1,000)	(6,500)		
Student Fees	3I/4 2,872	3I/6 (940)	1,932		
Total other revenue	(16,985)	(4,473)	(21,458)		
summer session	3F/15 (53,896)	3F/18 (8,258)	(62,154)	(70,866)	(8,712)
fall session	3F/16 (168,719)	3F/14 (36,855)	(205,574)	(220,476)	(14,902)
spring session	3F/17 (158,652)	3F/20 (32,246)	(190,898)	(198,852)	(7,954)
Total term amount	\$ (381,267)	\$ (77,359)	\$ (458,626)	\$ (490,194)	
Claimed Amounts	2A-2a/4 (370,413)	2A-2a/5 (75,837)	(446,250) 3F/4		
Difference	\$ 10,854	\$ 1,522	\$ 12,376		

	FY 2003-04 Per Revenue Ledger			3F/8 Per SCO calculation	Difference, SCO greater than (less than) district
	Modesto College	Columbia College	Total		
Interest ①	\$ (10,731)	\$ (1,894)	\$ (12,625)		
Staff charges ②	3I/8 (5,500)	3I/10 (1,000)	(6,500)	3F/4	
reclass - budget adj. ③	(4,566)	909	(3,657)		
HEAP (convert MJC AR)	3I/9 (16,308)	-	(16,308)		
Total other revenue	(37,105)	(1,985)	(39,090)		
summer session	3F/21 (42,540)	3F/23 (5,599)	(48,139)	(63,099)	(14,960)
fall session	(145,770)	3F/24 (31,204)	(176,974)	(193,740)	(16,766)
spring session	3F/22 (155,005)	3F/25 (28,680)	(183,685)	(186,060)	(2,375)
Total term amount	\$ (343,315)	\$ (65,483)	\$ (408,798)	\$ (442,899)	
Claimed Amounts	2A-2a/4 (364,112)	2A-2a/5 (67,468)	(431,580) 3F/4		
Difference	\$ (20,797)	\$ (1,985)	\$ (22,782)		

① interest <10,731> <1,894>  
 ② staff <5,500> <1,000>  
 ③ reclass <4,566> 909  
<20,797> <1,985>

3F/6  
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SV2  
11-25-08

**Yosemite Community College District**  
**Legislatively Mandated Health Fee Elimination Program**  
**Analysis of Health Service Fees Differences**  
**Audit Period from July 1, 2002 through June 30, 2007**  
**S08-MCC-0029**

	FY 2004-05 Per Revenue Ledger			3F/8 Per SCO calculation	Difference, SCO greater than (less than) district
	Modesto College	Columbia College	Total		
Interest	\$ (11,234)	\$ (1,982)	\$ (13,216)		
Staff charges	3I/11 { (5,500)	3I/12 { (1,000)	(6,500)		
Total other revenue	(16,734)	(2,982)	(19,716)		
summer session	3F/26 (309,027)	3F/29 (65,387)	(374,414)	(61,310)	313,104
fall session	3F/27 (22,260)	3F/30 (4,567)	(26,827)	(181,324)	(154,497)
spring session	3F/28 (12,139)	3F/31 1,888	(10,251)	(173,550)	(163,299)
Total term amount	\$ (343,426)	\$ (68,066)	\$ (411,492)	<u>\$ (416,184)</u>	
Claimed Amounts	2A-2c/4 (343,426)	2A-2c/5 (68,066)	(411,492)	3F/4	
Difference	\$ -	\$ -	\$ -		

	FY 2005-06 Per Revenue Ledger			3F/8 Per SCO calculation	Difference, SCO greater than (less than) district
	Modesto College	Columbia College	Total		
Interest	\$ (14,462)	\$ (2,552)	\$ (17,014)		
Staff charges	3I/13 { (5,500)	3I/14 { (2,057)	(7,557)		
Total other revenue	(19,962)	(4,609)	(24,571)		
summer session	3F/32 (49,368)	3F/35 (9,550)	(58,918)	(67,320)	(8,402)
fall session	3F/33 (150,361)	3F/36 (27,898)	(178,259)	(192,458)	(14,199)
spring session	3F/34 (136,010)	3F/37 (28,106)	(164,116)	(294,280)	(130,164)
Total term amount	\$ (335,739)	\$ (65,554)	\$ (401,293)	<u>\$ (554,058)</u>	
Claimed Amounts	2A-2d/4 (335,739)	2A-2d/5 (66,440)	(402,179)	3F/4	
Difference	\$ -	\$ (886)	\$ (886)		

3F/7  
CK 10/29/08

S12  
11-25-08

**Yosemite Community College District  
Legislatively Mandated Health Fee Elimination Program  
Analysis of Health Service Fees Differences  
Audit Period from July 1, 2002 through June 30, 2007  
S08-MCC-0029**

	FY 2006-07 Per Revenue Ledger			3F/9 Per SCO calculation	Difference, SCO greater than (less than) district
	Modesto College	Columbia College	Total		
Interest (1)	\$ (20,983)	\$ 3I/16 (3,703)	\$ (24,686) 3F/4		
Staff charges	3I/15 { (5,500)	3I/17 (1,000)	(6,500)		
Total other revenue	(26,483)	(4,703)	(31,186)		
summer session	3F/38 (98,562)	3F/41 (13,680)	(112,242)	(126,948)	(14,706)
fall session	3F/39 (263,724)	3F/42 (47,464)	(311,188)	(333,210)	(22,022)
spring session	3F/40 (241,013)	3F/43 (44,892)	(285,905)	(314,475)	(28,570)
Total term amount	\$ (603,299)	\$ (106,036)	\$ (709,335)	\$ (774,633)	
Claimed Amounts	2A-28/5 (624,282)	2A-28/6 (109,739)	(734,021) 3F/4		
Difference (1)	\$ (20,983)	\$ (3,703)	\$ (24,686)		

**Yosemite Community College District  
Legislatively Mandated Health Fee Elimination Program  
Review of Cost Reduction/Offsetting Revenue  
Audit Period from July 1, 2002 through June 30, 2007  
S08-MCC-0029**

	Fiscal Year					Total
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	
Interest	\$ (16,890) <sup>3I/4,6</sup> ①	\$ (12,625) ①	\$ (13,216) ①	\$ (17,014) ①	\$ (24,686) ①	\$ (84,431)
Staff Charges	<sup>3I/5,7</sup> (6,500)	(6,500) <sup>3I/11,12</sup>	(6,500) <sup>3I/13,14</sup>	(7,557) <sup>3I/15,17</sup>	(6,500)	(33,557)
Student Fees	<sup>3I/4,6</sup> 1,932 ②	- <sup>3I/8,10</sup>	-	-	-	1,932
Reclass - budget adjustment	-	(3,657) ③	-	-	-	(3,657)
HEAP (convert MJC AR)	-	<sup>3I/9</sup> (16,308) ④	-	-	-	(16,308)
Fund 12: Services & Supplies	-	<sup>3E/4A</sup> (8,769)	<sup>3E/4A</sup> (1,785)	<sup>3E/4A</sup> (5,789)	<sup>3E/4A</sup> (7,703)	(24,046)
<b>Total Offsetting Savings / Other Reimbursements That Should Have Been Reported</b>	<b>(21,458)</b>	<b>(47,859)</b>	<b>(21,501)</b>	<b>(30,360)</b>	<b>(38,889)</b>	<b>(160,067)</b>
<b>Less: Claimed Costs</b>	<b>(6,500)</b>	<b>(6,500)</b>	<b>(6,500)</b>	<b>(7,557)</b>	<b>(6,500)</b>	<b>(33,557)</b>
<b>Audit Adjustment</b>	<b>\$ (14,958)</b>	<b>\$ (41,359)</b>	<b>\$ (15,001)</b>	<b>\$ (22,803)</b>	<b>\$ (32,389)</b>	<b>\$ (126,510)</b>

NOTE:

Interest  $\Sigma$  ① = \$ (84,431)  
 Student Fees  $\Sigma$  ② = 1,932  
 Reclass-budget  $\Sigma$  ③ = (3,657)  
 HEAP  $\Sigma$  ④ = (16,308)  
<sup>3I/2</sup> \$ (102,464)

} during the review of the authorized health service fees, the district should have reported these separately as offsetting savings/ other reimbursements.

S22  
11-25-08

31/3  
OK 10/26/08

AS OF DATE: OCTOBER 14, 2003  
 REPORT ID: APPLDG-RESBGT

YOSEMITE COMMUNITY COLLEGE DISTRICT  
 I N C O M E L E D G E R

RUN DATE: OCTOBER 14, 2003  
 PAGE 1

*Muders*

RESPONSIBILITY BUDGET

ACCOUNT NUMBER	TITLE	TR CD	MTR NMBR	ANTICIPATED	REALIZED	UNREALIZED BALAN
4-100-8860-0000-000	MJC HEALTH SERVICES - INTEREST					
ALTERNATE ACCT # 000-000						
6/30/03	STANCO INTEREST FOF 06/30/03	RV+	JV168		2,839.46	
5/27/03	STANCO INTEREST FOF 03/03	RV+	JV122		4,037.08	
2/25/03	STANCO INTEREST FOF 12/31/02	RV+	JV084		4,132.05	
11/14/02	STANCO INTEREST FOF 08/30/02	RV+	JV050		3,347.96	
7/01/02	APPROPRIATION	AP	A00001	21,250.00		
4-100-8860-0000-000	* TOTAL *			21,250.00	14,356.55	6,893.45
						<i>3F/5, 3I/3</i>
4-100-8876-0000-000	HEALTH SERV - STUDENT FEES					
ALTERNATE ACCT # 000-000						
6/30/03	W/O MJC HEALTH A/R BALANCE	RV-	JV163		2,871.81-	
7/01/02	APPROPRIATION	AP	A00001	341,000.00		
4-100-8876-0000-000	* TOTAL *			341,000.00	2,871.81-	343,871.81
						<i>3F/5, 3I/3</i>
*** TOTAL RESPONSIBILITY. 00				362,250.00	11,484.74	350,765.26

?

*9-16*  
*8-20-03*  
*SN*  
*8/8/08*  
*8/14*



AS OF DATE: OCTOBER 14, 2003  
 REPORT ID: APPLDG-RESBGT

YOSEMITE COMMUNITY COLLEGE DISTRICT  
 I N C O M E L E D G E R

RUN DATE: OCTOBER 14, 2003  
 FY 03  
 PAGE 7

RESPONSIBILITY BUDGET

ACCOUNT NUMBER DATE	TITLE DESCRIPTION	TR CD	MTR NMBR	ANTICIPATED	REALIZED	UNREALIZED BALANC
4-400-8860-0000-000	CC HEALTH SERVICES - INTEREST					
	ALTERNATE ACCT # 000-000					
6/30/03	STANCO INTEREST FOE 06/30/03	RV+	JV168		501.08	
5/27/03	STANCO INTEREST FOE 03/03	RV+	JV122		712.42	
2/25/03	STANCO INTEREST FOE 12/31/02	RV+	JV084		729.19	
11/14/02	STANCO INTEREST FOE 09/30/02	RV+	JV050		590.82	
7/01/02	APPROPRIATION	AP	A00001	3,750.00		
	4-400-8860-0000-000			* TOTAL *	3,750.00	2,533.51 3F/5, 3I/3
4-400-8876-0000-000	HEALTH SERVICES - STUDENT FEES					
	ALTERNATE ACCT # 000-000					
6/30/03	W/O CC HEALTH A/R BALANCE	RV+	JV163		939.50	
7/01/02	APPROPRIATION	AP	A00001	65,000.00		
	4-400-8876-0000-000			* TOTAL *	65,000.00	939.50 3F/5, 3I/3
	*** TOTAL RESPONSIBILITY. 00			68,750.00	3,473.01	65,276.99

*Colombo*

OK 8/5/08  
 9/10

Fiscal Year: 2004

GL CLASS: 4 - Revenue (Modesto)

GL Account	Date	Sc	Ref.No	Description	Allocated Budget	Revenue/ Expenses	Unexpended Balance	Encumbrances	Unencumbered Balance/Pcnt
14-0000-1950-644000-48860 Gen : Interest Income : Health Services : Health Services : General Health									
				Opening Balances -->	12,000.00-				
	11/30	JE	J000199	STANCO INTEREST FQE 09/30/03		3,530.48-			
	02/24	JE	J000304	StanCo Interest FQE 12/31/03		2,755.11-			
	05/19	JE	J000399	StanCo Interest FQE 03/31/04		2,245.04-			
	06/30	JE	J000483	StanCo Interest - 4th Qu		2,200.10-			
				Current Period Totals -->		10,730.73-			
				To Date Totals -->	12,000.00-	10,730.73-	1,269.27-	0.00	1,269.27-
				Future Totals -->					10.58 %
				Fiscal Totals -->	12,000.00-	10,730.73- <sup>3F/5,</sup> <sub>3I/3</sub>	1,269.27-	0.00	1,269.27-
									10.58 %
-----									
14-0000-1950-644000-48876 Gen : Health Services : Health Services : Health Services : General Health									
				Opening Balances -->	414,577.00-				
	07/05	BU	B000125	Budget Adj	46,097.00				
	06/30	JE	J000516	Reclass		4,565.71-			
				Current Period Totals -->	46,097.00	4,565.71-			
				To Date Totals -->	368,480.00-	4,565.71-	363,914.29-	0.00	363,914.29-
				Future Totals -->					98.76 %
				Fiscal Totals -->	368,480.00-	4,565.71- <sup>3F/5,</sup> <sub>3I/3</sub>	363,914.29-	0.00	363,914.29-
									98.76 %
-----									
14-0000-1950-644000-48891 Gen : Other : Health Services : Health Services : General Health									
				Opening Balances -->	5,500.00-				
	11/26	JE	J000190	CS-4 04 GF FOR STAFF HEALTH		5,500.00-			
				Current Period Totals -->		5,500.00-			
				To Date Totals -->	5,500.00-	5,500.00-	0.00	0.00	0.00
				Future Totals -->					0.00 %
				Fiscal Totals -->	5,500.00-	5,500.00- <sup>3F/5,</sup> <sub>3I/3</sub>	0.00	0.00	0.00 %
									0.00 %
-----									
14-0110-1950-644000-48876 Summer Term : Health Services : Health Services : Health Services : General Health									
				Opening Balances -->					
	07/15	JE	J000007	A27562 06/03-SUMMER HEAL FEE		7,492.50-			
	08/20	JE	J000036	A27562 JUL 03-SUMMER HEAL FE		2,229.00-			
	09/18	JE	J000079	A27562 08/03-SUMMER HEALTH F		4,063.00-			
	10/16	JE	J000124	A27562 09/03-SUMMER HEALTH F		25.50-			
	11/20	JE	J000193	A27562 10/03-SUMMER HEAL FEE		892.00			
	12/19	JE	J000233	A27562 11/03-SUMMER HEAL FEE		147.00			
	01/16	JE	J000261	A27562 12/03-Summer Health F		436.50			
	02/17	JE	J000295	A27562 01/04-Summer Heal Fee		646.00			
	02/29	JE	J000327	Dfrd-C0618-05/03 Smr.Hlth.Fe		7,627.50-			
	02/29	JE	J000327	Dfrd-C0521-04/03 Smr.Hlth Fe		26,750.00-			
	03/19	CR	C000000037	MJC Trust Transfer 02/04		238.00			

8/8/04

09/29/04

Yosemite Community College District  
Detail Budget Status Report  
For Period 07/01/2003 Thru 06/30/2004

Page: 4

Fiscal Year: 2004

GL CLASS: 4 - Revenue (Columbia)

GL Account Date	St Ref.No	Description	Allocated Budget	Revenue/ Expenses	Unexpended Balance	Encumbrances	Unencumbered Balance/Pcnt
14-0130-1950-644000-48876 Spring Term : Health Services : Health Services : Health Services : General Health							
06/22	CR C000012581	MJC Trust Transfer 05/04		132.00			
06/30	JE J000487	Accrual-MJC Trust Trnsf 06/0		120.00			
		Current Period Totals -->		155,005.18-			
		To Date Totals -->	0.00	155,005.18-	155,005.18	0.00	155,005.18
		Future Totals -->					
		Fiscal Totals -->	0.00	155,005.18-	155,005.18	0.00	155,005.18
=====							
Totals for LOCATION: 1 - Modesto Junior College							
		To Date Totals -->	385,980.00-	364,111.75-	21,868.25-	0.00	21,868.25-
		Future Totals -->	0.00	0.00		0.00	5.67 %
		Fiscal Totals -->	385,980.00-	364,111.75-	21,868.25-	0.00	21,868.25-
							5.67 %
-----							
14-0000-4950-644000-48860 Gen : Interest Income : Health Services : Health Services : General Health							
		Opening Balances -->	2,000.00-				
11/30	JE J000199	STANCO INTEREST FQE 09/30/03		623.03-			
02/24	JE J000304	StanCo Interest FQE 12/31/03		486.20-			
05/19	JE J000399	StanCo Interest FQE 03/31/04		396.18-			
06/30	JE J000483	StanCo Interest - 4th Qu		388.28-			
		Current Period Totals -->		1,893.69-			
		To Date Totals -->	2,000.00-	1,893.69-	106.31-	0.00	106.31-
		Future Totals -->					5.32 %
		Fiscal Totals -->	2,000.00-	1,893.69-	106.31-	0.00	106.31-
							5.32 %
-----							
14-0000-4950-644000-48876 Gen : Health Services : Health Services : Health Services : General Health							
		Opening Balances -->	74,482.00-				
07/05	BU B000125	Budget Adj	4,486.00				
06/07	IV 0000000390	Columbia Health Fee		12.00			
06/30	JE J000516	Reclass		2,372.00			
06/30	JE J000516	Reclass		1,474.65-			
		Current Period Totals -->	4,486.00	909.35			
		To Date Totals -->	69,996.00-	909.35	70,905.35-	0.00	70,905.35-
		Future Totals -->					101.30 %
		Fiscal Totals -->	69,996.00-	909.35	70,905.35-	0.00	70,905.35-
							101.30 %
-----							
14-0000-4950-644000-48891 Gen : Other : Health Services : Health Services : General Health							
		Opening Balances -->	1,000.00-				
11/26	JE J000190	CS-4 04 GF FOR STAFF HEALTH		1,000.00-			
		Current Period Totals -->		1,000.00-			
		To Date Totals -->	1,000.00-	1,000.00-	0.00	0.00	0.00
		Future Totals -->					0.00 %
		Fiscal Totals -->	1,000.00-	1,000.00-	0.00	0.00	0.00 %

3F/5,  
3I/3

3F/5,  
3I/3

08/15/08

31/10

10/11/05

Yosemite Community College Dis.  
Detail Budget Status Report  
For Period 07/01/2004 Thru 06/30/2005

modesto

Fiscal Year: 2005

RESP: 1950 - Health Services (modesto)

GL Account	Date	Sc	Ref.No	Description	Allocated Budget	Revenue/ Expenses	Unexpended Balance	Encumbrances	Unencumbered Balance/Pcnt
14-0000-1950-644000-48860 Gen : Interest Income : Health Services : Health Services : Gen Health									
				Opening Balances -->	11,792.00				
07/01	BU	B002467		Negate original entry	11,792.00-				
07/01	BU	B002467		2005 Appropriation-Revised	11,792.00-				
11/24	JE	J001626		StanCo Interest FQE 09/30/04		2,429.38-			
02/16	JE	J002047		StanCo Interest FQE 12/31/04		2,574.57-			
05/19	JE	J002529		StanCo Interest FQE 03/31/05		3,043.60-			
06/30	JE	J002832		StanCo Interest FQE 06/30/05		3,186.28-			
				Current Period Totals -->	23,584.00-	11,233.83-			
				To Date Totals -->	11,792.00-	11,233.83-	558.17-	0.00	558.17- 4.73 %
				Future Totals -->					
				Fiscal Totals -->	11,792.00-	11,233.83-	558.17-	0.00	558.17- 4.73 %
-----									
14-0000-1950-644000-48876 Gen : Health Services : Health Services : Health Services : Gen Health									
				Opening Balances -->	367,708.00				
07/01	BU	B002467		Negate original entry	367,708.00-				
07/01	BU	B002467		2005 Appropriation-Revised	367,708.00-				
				Current Period Totals -->	735,416.00-				
				To Date Totals -->	367,708.00-	0.00	367,708.00-	0.00	367,708.00- 100.00 %
				Future Totals -->					
				Fiscal Totals -->	367,708.00-	0.00	367,708.00-	0.00	367,708.00- 100.00 %
-----									
14-0000-1950-644000-48891 Gen : Other : Health Services : Health Services : Gen Health									
				Opening Balances -->	5,500.00				
07/01	BU	B002467		Negate original entry	5,500.00-				
07/01	BU	B002467		2005 Appropriation-Revised	5,500.00-				
09/03	JE	J000537		CS4-04 trans staff health fe		5,500.00-			
				Current Period Totals -->	11,000.00-	5,500.00-			
				To Date Totals -->	5,500.00-	5,500.00-	0.00	0.00	0.00 0.00 %
				Future Totals -->					
				Fiscal Totals -->	5,500.00-	5,500.00-	0.00	0.00	0.00 0.00 %
-----									
14-0110-1950-644000-48876 Summer : Health Services : Health Services : Health Services : Gen Health									
				Opening Balances -->					
07/01	IV	0000000002		MJC Health Fee		10.00-			
07/01	IV	0000000007		MJC Health Fee		500.00-			
07/01	IV	0000000011		MJC Health Fee		10.00-			
07/01	IV	0000000019		MJC Health Fee		310.00-			
07/01	IV	0000000027		MJC Health Fee		10.00-			
07/01	IV	0000000032		MJC Health Fee		100.00-			
07/01	IV	0000000039		MJC Health Fee		120.00-			

80/5/8 AD  
31/11  
11/15

Yosemite Community College Dis. Act  
 Detail Budget Status Report  
 For Period 07/01/2004 Thru 06/30/2005

*Columbia*

10/11/05

Fiscal Year: 2005

RESP: 4950 - Health Services (Columbia)

IL Account Date Sc Ref.No	Description	Allocated Budget	Revenue/ Expenses	Unexpended Balance	Encumbrances	Unencumbered Balance/Pcnt
<b>14-0000-4950-644000-48860 Gen : Interest Income : Health Services : Health Services : Gen Health</b>						
	Opening Balances -->	1,000.00				
07/01 BU B002467	Negate original entry	1,000.00-				
07/01 BU B002467	2005 Appropriation-Revised	1,000.00-				
11/24 JE J001626	StanCo Interest FQE 09/30/04		428.71-			
02/16 JE J002047	StanCo Interest FQE 12/31/04		454.33-			
05/19 JE J002529	StanCo Interest FQE 03/31/05		537.11-			
06/30 JE J002832	StanCo Interest FQE 06/30/05		562.28-			
	Current Period Totals -->	2,000.00-	1,982.43-			
	To Date Totals -->	1,000.00-	1,982.43-	982.43	0.00	982.43
	Future Totals -->					98.24-%
	Fiscal Totals -->	1,000.00-	1,982.43-	982.43	0.00	982.43
			<i>3F/6, 3I/3</i>			98.24-%
<b>14-0000-4950-644000-48876 Gen : Health Services : Health Services : Health Services : Gen Health</b>						
	Opening Balances -->	78,000.00				
07/01 BU B002467	Negate original entry	78,000.00-				
07/01 BU B002467	2005 Appropriation-Revised	78,000.00-				
	Current Period Totals -->	156,000.00-				
	To Date Totals -->	78,000.00-	0.00	78,000.00-	0.00	78,000.00-
	Future Totals -->					100.00 %
	Fiscal Totals -->	78,000.00-	0.00	78,000.00-	0.00	78,000.00-
						100.00 %
<b>14-0000-4950-644000-48891 Gen : Other : Health Services : Health Services : Gen Health</b>						
	Opening Balances -->	1,000.00				
07/01 BU B002467	Negate original entry	1,000.00-				
07/01 BU B002467	2005 Appropriation-Revised	1,000.00-				
09/03 JE J000537	CS4-04 trans staff health fe		1,000.00-			
	Current Period Totals -->	2,000.00-	1,000.00-			
	To Date Totals -->	1,000.00-	1,000.00-	0.00	0.00	0.00
	Future Totals -->					0.00 %
	Fiscal Totals -->	1,000.00-	1,000.00-	0.00	0.00	0.00 %
			<i>3F/6, 3I/3</i>			0.00 %
<b>14-0110-4950-644000-48876 Summer : Health Services : Health Services : Health Services : Gen Health</b>						
	Opening Balances -->					
07/01 IV 0000000013	Columbia Health Fee		200.00-			
07/01 IV 0000000036	Columbia Health Fee		60.00-			
07/01 IV 0000000043	Columbia Health Fee		60.00-			
07/01 IV 0000000048	Columbia Health Fee		20.00-			
07/01 IV 0000000056	Columbia Health Fee		1,900.00-			
07/01 IV 0000000063	Columbia Health Fee		570.00-			
07/01 IV 0000000069	Columbia Health Fee		470.00-			

31/12  
07/8/5/08

2/07/06

Yosemite Community College Distr  
Detail Budget Status Report  
For Period 07/01/2005 Thru 06/30/2006

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Fiscal Year: 2006

LOCATION: 1 - MJC

HL Account Date Sc Ref.No	Description	Allocated Budget	Revenue/ Expenses	Unexpended Balance	Encumbrances	Unencumbered Balance/Pcnt
-----						
4-0000-1950-644000-48860	Gen : Interest Income : Health Services : Health Services : Gen Health					
	Opening Balances -->	8,000.00-				
10/31 JE J004290	StanCo Interest FQE 09/30/05		3,202.38-			
02/22 JE J004890	StanCo Interest FQE 12/31/05		3,019.00-			
04/30 JE J005373	StanCo Interest FQE 03/31/06		3,933.14-			
06/30 JE J005746	StanCo Interest FQE 06/30/06		4,307.88-			
	Current Period Totals -->		14,462.40-			
	To Date Totals -->	8,000.00-	14,462.40-	6,462.40	0.00	6,462.40 80.78-%
	Future Totals -->					
	Fiscal Totals -->	8,000.00-	14,462.40- <i>3F/6, 3I/3</i>	6,462.40	0.00	6,462.40 80.78-%
-----						
4-0000-1950-644000-48876	Gen : Health Services : Health Services : Health Services : Gen Health					
	Opening Balances -->	461,337.00-				
07/01 BU B004006	Appropriation	89,837.00				
09/27 BU B004140	Budget Adjustment	10,000.00-				
	Current Period Totals -->	79,837.00				
	To Date Totals -->	381,500.00-	0.00	381,500.00-	0.00	381,500.00- 100.00 %
	Future Totals -->					
	Fiscal Totals -->	381,500.00-	0.00	381,500.00-	0.00	381,500.00- 100.00 %
-----						
4-0000-1950-644000-48891	Gen : Other : Health Services : Health Services : Gen Health					
	Opening Balances -->	5,500.00-				
11/08 JE J004251	Trans Staff Health Fees		5,500.00-			
	Current Period Totals -->		5,500.00-			
	To Date Totals -->	5,500.00-	5,500.00-	0.00	0.00	0.00 0.00 %
	Future Totals -->					
	Fiscal Totals -->	5,500.00-	5,500.00- <i>3F/6, 3I/3</i>	0.00	0.00	0.00 0.00 %
-----						
4-0110-1950-644000-48876	Summer : Health Services : Health Services : Health Services : Gen Health					
	Opening Balances -->					
07/01 IV 0000002311	MJC Health Fee		40.00-			
07/01 IV 0000002322	MJC Health Fee		20.00-			
07/01 IV 0000002347	MJC Health Fee		10.00-			
07/01 IV 0000002373	MJC Health Fee		50.00			
07/01 IV 0000002387	MJC Health Fee		10.00-			
07/01 IV 0000002409	MJC Health Fee		2,730.00-			
07/01 IV 0000002423	MJC Health Fee		2,570.00-			
07/01 IV 0000002437	MJC Health Fee		4,410.00-			
07/01 IV 0000002450	MJC Health Fee		3,980.00-			
07/01 IV 0000002455	MJC Health Fee		780.00-			
07/01 IV 0000002460	MJC Health Fee		700.00-			

OK 8/5/08  
31/13

12/07/06

Yosemite Community College District  
Detail Budget Status Report  
For Period 07/01/2005 Thru 06/30/2006

Page: 43

Fiscal Year: 2006

LOCATION: 4 - Columbia

JL Account Date Sc Ref.No	Description	Allocated Budget	Revenue/ Expenses	Unexpended Balance	Encumbrances	Unencumbered Balance/Pct
-----						
14-0000-4950-644000-48860	Gen : Interest Income : Health Services : Health Services : Gen Health					
	Opening Balances -->	1,000.00-				
10/31 JE J004290	StanCo Interest FQE 09/30/05		565.13-			
02/22 JE J004890	StanCo Interest FQE 12/31/05		532.77-			
04/30 JE J005373	StanCo Interest FQE 03/31/06		694.08-			
06/30 JE J005746	StanCo Interest FQE 06/30/06		760.21-			
	Current Period Totals -->		2,552.19-			
	To Date Totals -->	1,000.00-	2,552.19-	1,552.19	0.00	1,552.19 155.22-%
	Future Totals -->					
	Fiscal Totals -->	1,000.00-	2,552.19- <sup>3F/6,</sup> <sub>31/3</sub>	1,552.19	0.00	1,552.19 155.22-%
-----						
14-0000-4950-644000-48876	Gen : Health Services : Health Services : Health Services : Gen Health					
	Opening Balances -->	91,795.20-				
07/01 BU B004006	Appropriation	13,795.20				
	Current Period Totals -->	13,795.20				
	To Date Totals -->	78,000.00-	0.00	78,000.00-	0.00	78,000.00- 100.00-%
	Future Totals -->					
	Fiscal Totals -->	78,000.00-	0.00	78,000.00-	0.00	78,000.00- 100.00-%
-----						
14-0000-4950-644000-48891	Gen : Other : Health Services : Health Services : Gen Health					
	Opening Balances -->	1,000.00-				
11/08 JE J004251	Trans Staff Health Fees		1,000.00-			
11/09 CR A000000810	Summary for date "11/09/05"		7.00-			
11/10 CR A000000811	Summary for date "11/10/05"		52.00-			
11/14 CR A000000815	Summary for date "11/14/05"		177.00-			
11/15 CR A000000816	Summary for date "11/15/05"		235.00-			
11/16 CR A000000817	Summary for date "11/16/05"		235.00-			
11/17 CR A000000818	Summary for date "11/17/05"		147.00-			
11/18 CR A000000819	Summary for date "11/18/05"		14.00-			
11/18 CR A000000822	Summary for date "11/18/05"		22.00-			
11/21 CR A000000823	Summary for date "11/21/05"		30.00-			
11/22 CR A000000824	Summary for date "11/22/05"		30.00-			
11/30 CR A000000832	Summary for date "11/30/05"		15.00-			
12/05 CR A000000837	Summary for date "12/05/05"		15.00-			
12/13 JE J004494	CC 49-Exp Xfr Flu Vaccines		78.00-			
	Current Period Totals -->		2,057.00-			
	To Date Totals -->	1,000.00-	2,057.00-	1,057.00	0.00	1,057.00 105.70-%
	Future Totals -->					
	Fiscal Totals -->	1,000.00-	2,057.00- <sup>3F/6,</sup> <sub>31/3</sub>	1,057.00	0.00	1,057.00 105.70-%
-----						
14-0110-4950-644000-48876	Summer : Health Services : Health Services : Health Services : Gen Health					
	Opening Balances -->					
07/01 IV 0000002342	Columbia Health Fee		90.00-			

31/14  
08/15/08

11/14/07

Yosemite Community College Distr  
Detail Budget Status Report  
For Period 07/01/2006 Thru 06/30/2007

Page: 1

Fiscal Year: 2007

LOCATION: 1 - MJC

FL Account Date Sc Ref.No	Description	Allocated Budget	Revenue/ Expenses	Unexpended Balance	Encumbrances	Unencumbered Balance/Pcnt
14-0000-1950-644000-48860 Gen : Int Incm Health Services : Health Services : Gen Health						
	Opening Balances -->	10,000.00-				
10/31 JE J007006	StanCo Interest 1st Qu 06-07		3,099.51-			
01/31 JE J007605	StanCo Interest 2nd Qu 06-07		6,102.97-			
05/16 JE J008259	StanCo Interest 3rd Qu 06/07		5,882.05-			
06/30 JE J008526	StanCo Interest 4th Qu 06/07		5,898.80-			
	Current Period Totals -->		20,983.33-			
	To Date Totals -->	10,000.00-	20,983.33-	10,983.33	0.00	10,983.33
	Future Totals -->					109.83-%
	Fiscal Totals -->	10,000.00-	20,983.33- <del>31/7,</del> 31/3	10,983.33	0.00	10,983.33
						109.83-%
14-0000-1950-644000-48876 Gen : Health Services : Health Services : Health Services : Gen Health						
	Opening Balances -->	719,500.00-				
	Current Period Totals -->					
	To Date Totals -->	719,500.00-	0.00	719,500.00-	0.00	719,500.00-
	Future Totals -->					100.00 %
	Fiscal Totals -->	719,500.00-	0.00	719,500.00-	0.00	719,500.00-
						100.00 %
14-0000-1950-644000-48891 Gen : Other : Health Services : Health Services : Gen Health						
	Opening Balances -->	5,500.00-				
10/18 JE J006293	Trans Staff Health Fees		5,500.00-			
	Current Period Totals -->		5,500.00-			
	To Date Totals -->	5,500.00-	5,500.00-	0.00	0.00	0.00
	Future Totals -->					0.00 %
	Fiscal Totals -->	5,500.00-	5,500.00- <del>31/7,</del> 31/3	0.00	0.00	0.00
						0.00 %
14-0110-1950-644000-48876 Summer : Health Services : Health Services : Health Services : Gen Health						
	Opening Balances -->					
07/01 IV 0000005411	MJC Health Fee		11.00-			
07/01 IV 0000005536	MJC Health Fee		803.00-			
07/01 IV 0000005549	MJC Health Fee		4,917.00-			
07/01 IV 0000005554	MJC Health Fee		759.00-			
07/01 IV 0000005559	MJC Health Fee		264.00-			
07/01 IV 0000005569	MJC Health Fee		13,827.00-			
07/01 IV 0000005584	MJC Health Fee		14,982.00-			
07/01 IV 0000005598	MJC Health Fee		10,780.00-			
07/01 IV 0000005611	MJC Health Fee		6,094.00-			
07/01 IV 0000005620	MJC Health Fee		1,551.00-			
07/01 IV 0000005630	MJC Health Fee		2,079.00-			
07/01 IV 0000005635	MJC Health Fee		715.00-			
07/01 IV 0000005640	MJC Health Fee		803.00-			

31/15  
8/5/08



11/14/07

Yosemite Community College District  
Detail Budget Status Report  
For Period 07/01/2006 Thru 06/30/2007

Page: 14

Fiscal Year: 2007

LOCATION: 4 - Columbia

Account	Date	Sc Ref.No	Description	Allocated Budget	Revenue/ Expenses	Unexpended Balance	Encumbrances	Unencumbered Balance/Pcnt
14-0000-4950-644000-48860 Gen : Int Incm : Health Services : Health Services : Gen Health								
			Opening Balances -->	1,000.00-				
10/31	JE	J007006	StanCo Interest 1st Qu 06-07		546.97-			
01/31	JE	J007605	StanCo Interest 2nd Qu 06-07		1,077.00-			
05/16	JE	J008259	StanCo Interest 3rd Qu 06/07		1,038.01-			
06/30	JE	J008526	StanCo Interest 4th Qu 06/07		1,040.96-			
			Current Period Totals -->		3,702.94-			
			To Date Totals -->	1,000.00-	3,702.94-	2,702.94	0.00	2,702.94 270.29-%
			Future Totals -->					
			Fiscal Totals -->	1,000.00-	3,702.94-	2,702.94	0.00	2,702.94 270.29-%
-----								
14-0000-4950-644000-48876 Gen : Health Services : Health Services : Health Services : Gen Health								
			Opening Balances -->	108,000.00-				
			Current Period Totals -->					
			To Date Totals -->	108,000.00-	0.00	108,000.00-	0.00	108,000.00- 100.00 %
			Future Totals -->					
			Fiscal Totals -->	108,000.00-	0.00	108,000.00-	0.00	108,000.00- 100.00 %
-----								
14-0000-4950-644000-48891 Gen : Other : Health Services : Health Services : Gen Health								
			Opening Balances -->					
10/02	CR	A000001385	Summary for date "10/02/06"		7.00-			
10/04	CR	A000001390	Summary for date "10/04/06"		15.00-			
10/05	CR	A000001391	Summary for date "10/05/06"		89.00-			
10/09	CR	A000001394	Summary for date "10/09/06"		28.00-			
10/10	CR	A000001395	Summary for date "10/10/06"		36.00-			
10/12	CR	A000001403	Summary for date "10/12/06"		37.00-			
10/13	CR	A000001404	Summary for date "10/13/06"		7.00-			
10/16	CR	A000001408	Summary for date "10/16/06"		191.00-			
10/17	CR	A000001410	Summary for date "10/17/06"		393.00-			
10/18	CR	A000001411	Summary for date "10/18/06"		284.00-			
10/18	JE	J006293	Trans Staff Health Fees		1,000.00-			
10/19	CR	A000001417	Summary for date "10/19/06"		44.00-			
10/20	CR	A000001418	Summary for date "10/20/06"		15.00-			
10/23	CR	A000001425	Summary for date "10/23/06"		15.00-			
10/25	CR	A000001428	Summary for date "10/25/06"		22.00-			
11/02	CR	A000001446	Summary for date "11/02/06"		15.00-			
11/07	CR	A000001458	Summary for date "11/07/06"		7.00-			
11/08	CR	A000001459	Summary for date "11/08/06"		7.00-			
11/09	CR	A000001460	Summary for date "11/09/06"		7.00-			
11/13	CR	A000001461	Summary for date "11/13/06"		7.00-			
11/14	CR	A000001462	Summary for date "11/14/06"		15.00-			
11/15	CR	A000001470	Summary for date "11/15/06"		7.00-			
11/16	CR	A000001471	Summary for date "11/16/06"		15.00-			

OK 10/27/08  
51/10

**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 December 3, 2014, I served the:

**State Controller's Office Comments on IRC**

*Health Fee Elimination, 09-4206-I-25*

Education Code Section 76355

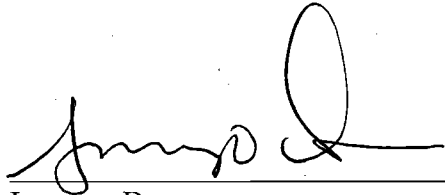
Statutes 1984, 2<sup>nd</sup> E.S.; Chapter 1; Statutes 1987, Chapter 1118;

Fiscal Years: 2002-2003, 2003-2004, 2004-2005, 2005-2006 and 2006-2007

Yosemite Community College District, 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 December 3, 2014 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:** 11/19/14

**Claim Number:** 09-4206-I-25

**Matter:** Health Fee Elimination

**Claimant:** Yosemite Community College District

### 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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