



BETTY T. YEE
California State Controller

RECEIVED
February 01, 2017
*Commission on
State Mandates*

January 31, 2017

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

Re: Draft Proposed Decision

Incorrect Reduction Claim

Health Fee Elimination, 09-4206-I-25

Former Education Code Section 72246 (Renumbered as 76355)

Statutes 1984, Chapter 1 (1983-1984 2nd Ex. Sess.) (AB2X 1);

Statutes 1987, Chapter 1118 (AB 2336)

Fiscal Years 2002-03, 2003-2004, 2004-05, 2005-06, and 2006-07

Yosemite Community College District, Claimant

Dear Ms. Halsey:

The State Controller's Office (SCO) has reviewed the Commission on State Mandates' (Commission) Draft Staff Analysis (DSA) dated January 25, 2017, for the above incorrect reduction claim (IRC) filed by Yosemite Community College District. This letter constitutes the Controller's response to the DSA.

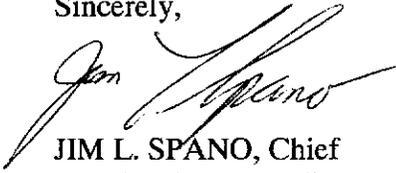
We support the Commission staff decision related to the following:

- The audit for fiscal years 2002-03 and 2003-04 was initiated in a timely manner and the audit for all fiscal years was completed on time.
- Reductions based on understated offsetting health service fee revenues, totaling \$ 316,222, are correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support.
- The reductions of indirect costs for FY 2005-06 and 2006-07, totaling \$63,675, based on the district's use of expenditures from the prior year's CCFS-311 reports instead of expenditures incurred in the claim years, are correct as a matter of law.
- The SCO recalculations of the district's indirect cost rates for FY 2005-06 and 2006-07 using the Form FAM-29C were not arbitrary, capricious, or entirely lacking in evidentiary support.
- Reductions based on interest income earned on the district's health service fee revenue, totaling \$84,431, are correct as a matter of law.

Heather Halsey, Executive Director
January 31, 2017
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 fluid and cursive, with a large initial "J" and "S".

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

JLS/lr

17763

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 February 1, 2017, I served the:

State Controller's Office Comments on the Draft Proposed Decision

Health Fee Elimination, 09-4206-I-25

Former Education Code Section 72246 (Renumbered as 76355)¹

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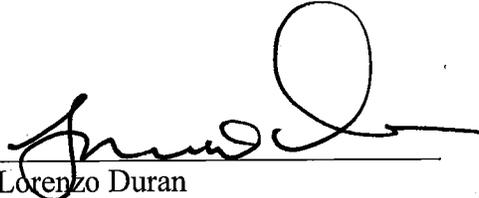
and Statutes 1987, Chapter 1118 (AB 2336)

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 February 1, 2017 at Sacramento, California.



Lorenzo Duran

Commission on State Mandates

980 Ninth Street, Suite 300

Sacramento, CA 95814

(916) 323-3562

¹ Statutes 1993, chapter 8.

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 1/18/17

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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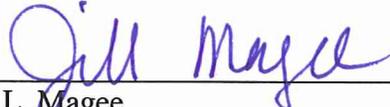
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I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on February 1, 2017 at Sacramento, California.



Jill L. Magee
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980 Ninth Street, Suite 300
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