



JOHN CHIANG
California State Controller

December 2, 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, 10-4206-I-31
Education Code Section 76355
Statutes 1984, Chapter 1, 2nd E.S.; Statutes 1987, Chapter 1118
Fiscal Years: 2003-04, 2004-2005, FY 2005-06, and 2006-2007
San Bernardino Community College District, Claimant

Dear Ms. Halsey:

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

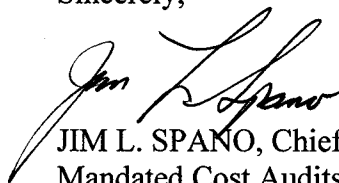
The district did not comply with the requirements of the claiming instructions in developing its indirect cost rates. The SCO's adjustment to the indirect cost rates based on the SCO's FAM-29C methodology is supported by the Commission's decisions on previous IRCs (e.g., statement of decision adopted 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 fees 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 2, 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, sweeping initial "J".

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

JS/kw

14822

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

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Note: References to Exhibits relate to the district's IRC filed on July 16, 2010 as follows:

- Exhibit A – PDF page 33
- Exhibit B – PDF page 38
- Exhibit C – PDF page 46
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- Exhibit E – PDF page 92
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Tab 1

1 **OFFICE OF THE STATE CONTROLLER**

Division of Audits

2 3301 C Street, Suite 725

Sacramento, CA 95816

3 Telephone No.: (916) 323-5849

4
5 BEFORE THE

6 COMMISSION ON STATE MANDATES

7 STATE OF CALIFORNIA

8
9
10 No.: CSM 10-4206-I-31

11 INCORRECT REDUCTION CLAIM ON:

12 *Health Fee Elimination Program*

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

14 AFFIDAVIT OF BUREAU CHIEF

15 SAN BERNARDINO COMMUNITY
COLLEGE DISTRICT, Claimant

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 San
- 23 Bernardino 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.

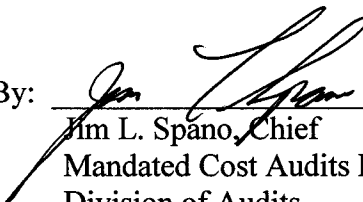
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7) A field audit of the claims for fiscal year (FY) 2003-04, FY 2004-05, FY 2005-06, and FY 2006-07 commenced on December 11, 2008, and ended on December 16, 2009.

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 2, 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
SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
For Fiscal Year (FY) 2003-04, FY 2004-05, FY 2005-06, and FY 2006-07**

Health Fee Elimination Program

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

SUMMARY

The following is the State Controller's Office's (SCO) response to the Incorrect Reduction Claim that the San Bernardino Community College District submitted on July 16, 2010. The SCO audited the district's claims for costs of the legislatively mandated Health Fee Elimination Program for the period of July 1, 2003, through June 30, 2007. The SCO issued its final report on March 18, 2010 (**Exhibit D**).

The district submitted reimbursement claims totaling \$2,204,917 (\$2,224,917 less a \$20,000 penalty for filing late claims)—\$532,188 for FY 2003-04, \$602,458 for FY 2004-05, \$611,086 for FY 2005-06 (\$621,086 less a \$10,000 penalty for filing a late claim), and \$459,185 for FY 2006-07 (\$469,185 less a \$10,000 penalty for filing a late claim) (**Exhibit F**). Subsequently, the SCO performed an audit for the period of July 1, 2003, through June 30, 2007, and determined that \$895,614 is unallowable. The costs are unallowable because the district claimed unallowable service and supply costs, understated authorized health service fees, and overstated indirect costs. The district contests unallowable health fair expenses identified in Finding 1, along with Finding 2 and Finding 4 of our final audit report issued March 18, 2010 (**Exhibit D**). 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, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries	\$ 356,228	\$ 356,228	\$ —
Benefits	60,631	60,631	—
Services and supplies	133,212	79,290	(53,922)
Total direct costs	550,071	496,149	(53,922)
Indirect costs	226,685	96,749	(129,936)
Total direct and indirect costs	776,756	592,898	(183,858)
Less authorized health service fees	(222,624)	(249,153)	(26,529)
Less offsetting savings/reimbursements	(21,944)	(21,944)	—
Total program costs	<u>\$ 532,188</u>	321,801	<u>\$ (210,387)</u>
Less amount paid by the State ¹		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 321,801</u>	
<u>July 1, 2004, through June 30, 2005</u>			
Direct costs:			
Salaries	\$ 351,288	\$ 351,288	\$ —
Benefits	72,578	72,578	—
Services and supplies	150,958	98,598	(52,360)
Total direct costs	574,824	522,464	(52,360)
Indirect costs	262,235	225,600	(36,635)

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>
<u>July 1, 2004, through June 30, 2005 (continued)</u>			
Total direct and indirect costs	837,059	748,064	(88,995)
Less authorized health service fees	(205,881)	(282,337)	(76,456)
Less offsetting savings/reimbursements	(28,720)	(28,720)	—
Total program costs	<u>\$ 602,458</u>	437,007	<u>\$ (165,451)</u>
Less amount paid by the State ¹		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 437,007</u>	
<u>July 1, 2005, through June 30, 2006</u>			
Direct costs:			
Salaries	\$ 367,883	\$ 367,883	\$ —
Benefits	74,169	74,169	—
Services and supplies	146,966	88,781	(58,185)
Total direct costs	589,018	530,833	(58,185)
Indirect costs	281,197	241,104	(40,093)
Total direct and indirect costs	870,215	771,937	(98,278)
Less authorized health service fees	(211,753)	(409,914)	(198,161)
Less offsetting savings/reimbursements	(37,376)	(37,376)	—
Less late filing penalty	(10,000)	(10,000)	—
Total program costs	<u>\$ 611,086</u>	314,647	<u>\$ (296,439)</u>
Less amount paid by the State ¹		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 314,647</u>	
<u>July 1, 2006, through June 30, 2007</u>			
Direct costs:			
Salaries	\$ 399,133	\$ 399,133	\$ —
Benefits	74,159	74,159	—
Services and supplies	158,236	137,043	(21,193)
Total direct costs	631,528	610,335	(21,193)
Indirect costs	340,582	294,669	(45,913)
Total direct and indirect costs	972,110	905,004	(67,106)
Less authorized health service fees	(458,938)	(619,719)	(160,781)
Less offsetting savings/reimbursements	(43,987)	(43,987)	—
Less late filing penalty ²	(10,000)	(5,450)	4,550
Total program costs	<u>\$ 459,185</u>	235,848	<u>\$ (223,337)</u>
Less amount paid by the State ¹		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 235,848</u>	

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>
Summary: July 1, 2003, through June 30, 2007			
Direct costs:			
Salaries	\$ 1,474,532	\$ 1,474,532	\$ —
Benefits	281,537	281,537	—
Services and supplies	589,372	403,712	(185,660)
Total direct costs	2,345,441	2,159,781	(185,660)
Indirect costs	1,110,699	858,122	(252,577)
Total direct and indirect costs	3,456,140	3,017,903	(438,237)
Less authorized health service fees	(1,099,196)	(1,561,123)	(461,927)
Less offsetting savings/reimbursements	(132,027)	(132,027)	—
Less late filing penalty	(20,000)	(15,450)	4,550
Total program costs	\$ 2,204,917	1,309,303	\$ (895,614)
Less amount paid by the State ¹		—	
Allowable costs claimed in excess of (less than) amount paid		\$ 1,309,303	

¹ Payment information current as of August 4, 2010.

² The district incorrectly self-assessed a \$10,000 late claim penalty. The correct penalty amount is \$5,450.

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, 2nd 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 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 December 2005 indirect cost claiming instructions are substantially similar to the version extant for FY 2005-06 and FY 2006-07. 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 CLAIMED UNALLOWABLE SERVICES AND SUPPLIES

Issue

The district claimed unallowable services and supplies totaling \$1,531. The district believes that the services and supplies are allowable for reimbursement under the mandated program.

SCO Analysis:

The unallowable services and supplies include gift certificates that the district distributed during a health services volleyball tournament and food and promotional items ("bargain bags") distributed during health fairs. These costs are not required to maintain health services at the level provided during the 1986-87 base year.

The district states that the intent of the promotional items is to induce attendance at the health fair in order for interested students to receive the information. However, the parameters and guidelines do not include a reimbursable activity for districts to "induce attendance" at health fairs.

We created a summary schedule for each fiscal year of the audit period (Analysis of Services and Supplies) to identify costs claimed that are not reimbursable under the mandated program. Included with these schedules is the supporting documentation (invoices and financial transaction print-outs). Each year's schedule and supporting documentation is shown separately (FY 2003-04 (**Tab 8**), FY 2005-06 (**Tab 9**), and FY 2006-07 (**Tab 10**)).

District's Response

The audit report cites Government Code Section 17514, operating somehow in "correlation" with Section 17561, as a reason to disallow the promotional item costs as not required. Since the Commission has determined that health fair activities are reimbursable, then they are necessary, which invalidates the Controller's reliance upon Section 17514. The audit report cites Government Code Section 17561 which allows the Controller to audit and reduce any excessive or unreasonable claims. The audit report concludes that the claimed promotional costs are not required "to complete the activity of providing health information to those who inquire." The conclusion is subjective because the Controller has not cited a published standard for the type and scope of allowable health fair activity costs. The audit report makes not factual claims to support the adjustment on the grounds that the claimed costs were excessive or unreasonable. The intent of the promotional items is to induce attendance at the health fair in order for interested students to receive the information. Disseminating information is the essential purpose of the health fair. Absent a fact-based finding that the food (purchased at a supermarket), for example, was too expensive or some similar finding, there is no basis for the adjustment on the grounds that the claimed costs were excessive.

SCO's Comment

The district believes that our reliance on Government Code section 17514 is invalid. In addition, the district states that there is no basis to conclude that the costs are excessive or unreasonable. We disagree with both points.

Government Code section 17514 defines costs mandated by the state as any increased costs that a local agency or school district is *required* to incur. Although the parameters and guidelines identify health fairs as a reimbursable activity, the district essentially asserts that *any* related expense is reimbursable, regardless of necessity or reasonableness.

The parameters and guidelines identify the reimbursable activity of health talks/fairs for the purpose of providing information on sexually transmitted diseases, drugs, AIDS, child abuse, birth control/family planning, and smoking cessation. The district is not required to purchase gift certificates, food, and promotional items to complete the activity of providing health information to those who inquire. Therefore, these are not costs that the district is *required* to incur (Government Code section 17514), nor are the costs reasonable (Government Code section 17561).

In addition, the district's own comments infer that the costs are non-mandate-related. The district states that it incurred these expenses with the intent "to induce attendance at the health fair." The parameters and guidelines do not include a reimbursable activity that requires the district to "induce attendance" at health fairs.

III. DISTRICT OVERSTATED INDIRECT COSTS CLAIMED

Issue

For FY 2003-04, the district claimed indirect costs based on an indirect cost rate that it calculated using the principles of Title 2, *Code of Federal Regulations*, Part 220 (Office of Management and Budget Circular(OMB) A-21). However, the district did not obtain federal approval of this rate.

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**). In addition, the district calculated its FY 2004-05 and FY 2005-06 rates based on costs that it reported in its CCFS-311 reports for FY 2003-04 and FY 2004-05, respectively.

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 2003-04, the SCO's claiming instructions (**Tab 4**) state:

A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21, "Cost Principles for Educational Institutions," or the Controller's [FAM-29C] methodology. . . .

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

Indirect Cost Rate-Reported and Audited

<u>Fiscal Year</u>	<u>Claimed</u>	<u>Audited</u>	<u>Difference</u>
FY 2003-04	41.21%	19.50%	(21.71)%
FY 2004-05	45.62%	43.18%	(2.44)%
FY 2005-06	47.74%	45.42%	(2.32)%
FY 2006-07 (amended)	53.93%	48.28%	(5.65)%

Regulatory Requirements

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. The audit report 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 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. . . .

The audit report suggests that the District request a review of the claiming instructions pursuant to Title 2, CCR, Section 1186, "(i)f the district believes that the SCO's claiming instructions are deficient." The efficacy of the content of the claiming instructions is not the issue. The claiming instructions are not properly adopted regulations or standards. There is no need for a claimant to request such review on this type of issue, even if the instructions are inconsistent with the parameters and guidelines, because the claiming instructions are not enforceable regulations. The fact that no review was requested does not mean the claiming instructions are not deficient, nor is that even the issue. The audit report also suggests that the District file a request to amend the parameters and guidelines for the same reason. The parameters and guidelines are quite clear on this issue, so no amendment is necessary. The problem arises from the Controller's staff exceeding the authority of the parameters and guidelines and ignoring the Administrative Procedure Act.

Sources of Differences

The District and the Controller utilize the same source document, the CCFS-311 annual financial and budget report required by the state. The difference in the claimed and audited methods is in the determination of which of those cost elements are direct costs and which are indirect costs and which fiscal year CCFS-311 was used. The District claims used the "capital costs" reported in the CCFS-311 until FY 2006-07 . . . The remaining few percentage points differences for FY 2004-05 and thereafter result from a different treatment of certain overhead accounts and which CCFS-311 was used for the calculation.

FEDERAL METHOD AND RATE: The most significant difference in the claimed and audited rates occurs for FY 2003-04. The Controller's policy allowed use of a federal rate until FY 2004-05, and thereafter only if it is a specified option in the parameters and guidelines. There was no amendment of the parameters and guidelines to support this change of policy . . . Contrary to the Controller's ministerial preferences, there is no requirement in law that the claimant's indirect cost rate must be "federally" approved. Neither the Commission nor the Controller has ever specified the federal agencies that have the authority to approve indirect cost rates. . . .

DEPRECIATION VS. CAPITAL COSTS: For FY 2003-04 through FY 2005-06, the District used the FAM-29C method including CCFS-311 capital costs . . . The Controller's policy was not to allow either capital costs or depreciation expense until FY 2004-05, at which time financial statement depreciation was included in the Controller's FAM-29C calculations. There was no amendment of the parameters and guidelines to support this change of policy. The Controller acted unilaterally with no stated justification or rationale. Accordingly, the auditor cannot rely upon the parameters and guidelines as a basis of disallowing CCFS-311 capital costs in FY 2003-04 through FY 2005-06.

PRIOR YEAR CCFS-311: The auditor used the contemporaneous fiscal year CCFS-311 information for the calculation of the indirect cost rate for each year that is the subject of this audit. The District used the prior year CCFS-311 for FY 2004-05 and FY 2005-06. The CCFS-311 is prepared based on annual costs from the prior fiscal year for use in the following budget year. As a practical matter, the CCFS-311 for the current year is often not available at the time that mandate reimbursement claims are being prepared. Therefore, the District is not always able to rely on that data and must determine its indirect cost rates based on the prior year CCFS-311.

Since the Controller prefers, at least for now, that claimants use audited district financial statement depreciation expenses, there is the later deadline of December 31 for the annual financial audit to be completed. This assumes that the District financial auditor publishes the audit report by that date, which is unlikely in practice. Some of the annual claims that are the subject of this audit were due on January 15, so it is unlikely that both the CCFS-311 data and financial statement audit report would have been timely available for the preparation of the annual claim. In response to this time constraint, the audit report suggests that claimants can delay or amend their annual claims and incur a 10% late-filing penalty for the perceived benefit of using the most recent CCFS-311 and financial statement depreciation expense. Since the Controller conducts its audits several years after the fact, it does not have to face the reality of when data is available to the claimant. The audit report recommendation that claimants penalize themselves by filing a late or amended claim in the pursuit of a perceived statistical distinction without a material difference, either in the short or long term, speaks for itself.

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" for the same fiscal year. Neither indirect costs or depreciation expenses are "actual costs." These are cost accounting mechanisms that seek to approximate administrative support costs to direct program activities in the case of indirect costs and in the case of depreciation, to amortize the current period cost of long term assets. 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 claiming instructions even accept the use of a default 7% rate, which has no relationship to reasonable indirect costs incurred or financial statement depreciation expense.

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 are established 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 audit report claims that this is "irrelevant" because the Controller is no longer accepting federally approved rates for this program. 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 can be used for several district programs, is relevant to the propriety of the Controller's methods and determining whether they comply with general cost accounting principles.

OTHER DIFFERENCES: In addition to differences caused by the previous stated reasons and choices, minor differences may remain from year-to-year as a result of different treatment of certain overhead accounts. The indirect cost rate pool calculated by the auditor is based on the claiming instructions that are not enforceable. The only standard is whether the District's choices are reasonable, and there are no audit findings to the contrary on the issue of reasonableness.

Unreasonable or Excessive

Government Code Section 17561(d)(2) requires the Controller to pay claims, provided that the Controller may audit the records of any school district to verify the actual amount of the mandated costs, and may reduce any claim that the Controller determines is excessive or unreasonable. The Controller is authorized to reduce a claim only if it determines the claim to be excessive or unreasonable. Here, the District has computed its indirect cost rates utilizing cost accounting principles from the Office of Management and Budget Circular A-21, or the Controller's own FAM-29C method, and the Controller has disallowed it without a determination of whether the product of the District's calculation would, or would not, be excessive, unreasonable, or inconsistent with cost accounting principles.

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

SCO's Comment

Regulatory Requirements

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 responds by stating:

The parameters and guidelines are quite clear on this issue, so no amendment is necessary. The problem arises from the Controller's staff exceeding the authority of the parameters and guidelines and ignoring the Administrative Procedures Act.

We agree that the parameters and guidelines are quite clear; the district must claim indirect costs in accordance with the SCO's claiming instructions. Therefore, the SCO has not exceeded the specific authority of the parameters and guidelines. In addition, neither the SCO nor the Commission has "ignored" the Administrative Procedure Act, as further discussed below.

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 2003-04 indirect cost rate using the principles of OMB Circular A-21; however, the district did not obtain federal approval of this rate. The district prepared its FY 2004-05, FY 2005-06, and FY 2006-07 indirect cost rate proposals (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 (**Tab 3**); however, the district quotes the Foreword section out of context. The Foreword section actually stated:

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.

Sources of Differences

The district states:

The difference in the claimed and audited methods is in the determination of which of those cost elements are direct costs and which are indirect costs and which fiscal year CCFS-311 was used. The District claims used "capital costs" reported in the CCFS-311 until FY 2006-07.

The district is incorrect; it did not include "capital costs" in its ICRP for FY 2003-04. We agree with the district's statement regarding the remaining differences in methodology; the district incorrectly allocated costs as direct or indirect and failed to use the correct CCFS-311 to prepare its FY 2003-04, FY 2004-05, and FY 2005-06 ICRPs.

Federal Method and Rate

The district contests a change in the SCO's claiming instructions regarding federally approved indirect cost rates, effective with FY 2004-05. The district's comments regarding federally approved rates are irrelevant to this Incorrect Reduction Claim for FY 2004-05, FY 2005-06, and FY 2006-07, because the district prepared its ICRPs using the SCO's FAM-29C methodology.

Regarding its FY 2003-04 ICRP, the district states "there is no requirement in law that the claimant's indirect cost rate must be 'federally' approved." We disagree. The parameters and guidelines clearly state that the district must claim indirect costs in accordance with the SCO's claiming instructions. For FY 2003-04 claims, the claiming instructions state that ICRPs prepared in accordance with OMB Circular A-21 must be federally approved. The district also states, "Neither the Commission nor the Controller has ever specified the federal agencies that have the authority to approve indirect cost rates." Neither the Commission nor the SCO is responsible for identifying the district's responsible federal agency. OMB Circular A-21 states:

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

Depreciation vs. Capital Costs

The district states, "For FY 2003-04 through FY 2005-06, the District used the FAM-29C method. . . ." The district is incorrect; it did not use the FAM-29C methodology for its FY 2003-04 ICRP, nor did it include capital costs in the ICRP it prepared using OMB Circular A-21 methodology.

Regarding its FY 2003-04 ICRP, the district states, "The Controller's policy was not to allow either capital costs or depreciation expense until FY 2004-05. . . ." We agree that the SCO's FY 2003-04 claiming instructions relative to the FAM-29C methodology did not allow capital costs or depreciation expense as an indirect cost. We calculated the allowable indirect cost rate using the FAM-29C methodology, based on the SCO's claiming instructions and the parameters and guidelines.

Regarding its FY 2004-05 and FY 2005-06 ICRPs, the district correctly states that the SCO's FY 2004-05 claiming instructions included depreciation expense as an allowable indirect cost. The district states:

There was no amendment of the parameters and guidelines to support this change of policy. The Controller acted unilaterally with no stated justification or rationale. Accordingly, the auditor cannot rely upon the parameters and guidelines as a basis of disallowing the CCFS-311 capital costs in FY 2003-04 through FY 2005-06.

The district's depreciation expense greatly exceeded its capital costs for FY 2004-05 and FY 2005-06. In addition, the district submitted its FY 2006-07 ICRP using depreciation expense rather than capital costs. Therefore, the district's objection to "disallowing the CCFS-311 capital costs" and what it terms a "change of policy" is unclear, because including depreciation expense increases the district's indirect cost rate. Nevertheless, no parameters and guidelines amendment was required. Further, the SCO *does* rely on the parameters and guidelines to allow depreciation expense, rather than capital costs, as indirect costs. The parameters and guidelines state, "Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions."

Prior Year CCFS-311

The district asserts as a finding of fact that "the CCFS-311 for the current year is often not available at the time that mandate reimbursement claims are 'being prepared.'" 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 failed to provide any documentation supporting its assertion.

The district also refers to when claims are "being prepared," a vague, meaningless timeframe. The only relevant date is the date that mandated cost claims are due to the SCO. Government Code section 17560 required that districts submit their annual reimbursement claims by January 15 of the following year for FY 2003-04 through FY 2005-06. It requires districts to submit their claims by February 15 of the following year for FY 2006-07 forward.

Title 5, CCR, Section 58305, subdivision (d), states:

On or before the 30th day of September, each district shall complete the preparation of its adopted annual financial and budget report . . . On or before the 10th day of October, each district shall submit a copy of its adopted annual financial and budget report to the Chancellor.

The following table shows the dates that the district submitted its CCFS-311 reports to the CCCCCO:

Fiscal Year	Date CCFS-311 Report Submitted to CCCCCO
2003-04	September 17, 2004
2004-05	September 15, 2005
2005-06	October 2, 2006
2006-07	September 14, 2007

The district also commented on the December 31 deadline for its annual financial audit. The district asserts as a finding of fact, "This assumes that the District financial auditor publishes the audit report by that date, which is unlikely in practice." Again, the district failed to provide any documentation supporting its assertion pursuant to Title 2, CCR, Section 1185, subdivision (e)(3).

Title 5, CCR, Section 59106, requires the district to file its annual audit report with CCCCCO "not later than December 31st." The district infers that its annual financial report must be "published" for the district to use depreciation expense in calculating its indirect costs rates. Our audit report makes no such statement. The district prepares its financial statements, and thus is aware of its depreciation expense, before its annual audit report is actually published. The following table shows the dates of the district's annual independent auditor's reports (the FY 2003-04 report was not available from the CCCCCO):

Fiscal Year	Date of Independent Auditor's Report
2004-05	December 13, 2005
2005-06	December 15, 2006
2006-07	December 18, 2007

The information above shows that the district's comments are without merit. The district completed both the CCFS-311 and the annual audit reports before the due date for mandated cost claims. Nevertheless, failure to comply with the CCFS-311 and annual audit report due dates is irrelevant to mandated cost claim requirements. 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 asserts that indirect costs and depreciation are not "actual costs." The district states:

These are cost accounting mechanisms that seek to approximate administrative support costs to direct program activities in the case of indirect costs and in the case of depreciation, to amortize the current period cost of long term assets.

Indirect cost rates are calculated from the district's *actual costs* for a fiscal year. Similarly, "actual" depreciation expense is the expense attributable to the current fiscal year, as identified in the district's audited financial statements. The district's comments are without merit.

The district states, "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." Again, the district infers that it may calculate indirect costs in any manner that it chooses. We disagree. The parameters and guidelines require the district to claim indirect costs according to the SCO's claiming instructions.

The district's response includes comments regarding a "default 7% rate" and federally approved indirect cost rates. These comments are irrelevant to this Incorrect Reduction Claim, because the district did not use the default 7% indirect cost rate and did not submit a federally approved indirect cost rate. In addition, the SCO's claiming instructions do not permit districts to use a federally approved rate in the Health Fee Elimination Program for FY 2004-05 and thereafter.

Other Differences

The district states:

. . . minor differences may remain from year-to-year as a result of different treatment of certain overhead accounts. The indirect cost rate pool calculated by the auditor is based on the claiming instructions that are not enforceable.

The district fails to disclose that no mandate-related authoritative criteria support its allocation of direct and indirect costs. We agree that the SCO calculated allowable indirect cost rates according to the SCO's claiming instructions. We disagree that the claiming instructions are "not enforceable." The Commission adopted the parameters and guidelines pursuant to Government Code section 17557. The parameters and guidelines require the district to claim indirect costs in accordance with the SCO's claiming instructions. The SCO issued its claiming instructions pursuant to Government Code section 17558, subdivision (b). If the district believes that the SCO's claiming instructions are deficient, it may request that the Commission review the claiming instructions pursuant to Title 2, CCR, section 1186. If the district believes that the program's parameters and guidelines are deficient, it may initiate a request to amend the parameters and guidelines pursuant to Government Code section 17557, subdivision (d). However, in either case, an amendment would not be applicable to this audit period.

Unreasonable or Excessive

The district states, "The Controller is authorized to reduce a claim only if it determines the claim to be excessive or unreasonable." We disagree. 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.

The district prepared its FY 2003-04 ICRP using the principles of OMB Circular A-21. However, the district failed to obtain federal approval of its ICRP in accordance with the SCO's claiming instructions. A determination of "excessive or unreasonable" is irrelevant for that fiscal year. The district failed to properly complete FAM-29C ICRPs for FY 2004-05, FY 2005-06, and FY 2006-07. The SCO did conclude that the district's claims were excessive for those fiscal years. Excessive is defined as "Exceeding what is usual, *proper, necessary*, [emphasis added] or normal."³ The district's indirect cost rates exceeded the proper amount based on the audited indirect cost rates that the SCO calculated according to the claiming instructions.

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

³ Merriam-Webster's Collegiate Dictionary, Tenth Edition © 2001.

IV. DISTRICT UNDERSTATED AUTHORIZED HEALTH SERVICE FEES

Issue

For the audit period, the district understated authorized health service fees by \$483,871. The audit adjustment resulted because:

- The district reported actual receipts rather than authorized health service fees.
- The district understated its actual receipts because it failed to report health services fee revenue totaling \$147,025 that it separately identified as "accident fees."
- The district did not charge students the authorized fee amount in the 2004, 2005, and 2006 summer sessions, and the 2004 and 2005 fall semesters.

- The district voluntarily waived the health service fee for students enrolled exclusively in Distributed Education classes.

The district believes that it is required to report only actual health service fees received.

SCO Analysis:

The parameters and guidelines require districts to deduct authorized health fees from costs claimed. For the period of July 1, 2003, 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
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 states that “authorized” student health service fee revenues were understated by \$483,871 for the audit period . . . The audit report calculated “authorized” student health service fee revenues, that is, the student health service fees collectible based on the highest student health service fee chargeable, rather than the full-time or part-time student health service fee actually charged to the student and actually collected. This means that the amounts claimed by the District, with or without the “accident fees,” is irrelevant to how the audit adjustment was calculated.

The audit report recommends that in the future the District essentially validate Chancellor’s Office data not available at the time of claim preparation, maintain new contemporaneous documentation on the number of students exempt for the student health service fee, charge students the fully authorized fee, and only excuse statutorily exempt students from payment of the fee. None of these duties is required by the Education Code or the parameters and guidelines.

Education Code Section 76355

Education Code Section 76355, subdivision (a), in relevant part, provides: “The governing board of a district maintaining a community college *may require* community college students to pay a fee . . . for health supervision and services. . . .” There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states “*If, pursuant to this Section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.*” The audit report states that the Controller agrees that districts may choose not to levy a fee or levy a fee amount less than the authorized amount, but since this code section grants the authority to levy a fee, that it is somehow integral to the Controller’s application of Government Code Section 17514.

Parameters and Guidelines

The parameters and guidelines state:

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

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

Government Code Section 17514

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

Government Code Section 17556

The Controller relies upon Government Code Section 17556 for the conclusion that “the Commission on State Mandates 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 . . .” The audit report misrepresents the law. Government Code Section 17556 prohibits the Commission on State Mandates from finding costs subject to reimbursement, that is, approving a test claim activity for reimbursement, where there is statutory authority in the mandate program legislation to levy fees in an amount sufficient to offset the entire mandated costs. Here, the Commission has already approved the test claim and made a finding of a new program or higher level of service for which the claimants do not have the ability to levy a fee in an amount sufficient to offset the entire mandated costs. The audit asserts as a finding of fact that “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.” The audit report appears to disagree with the findings of fact and law by the Commission, which at this point is moot. The audit report’s [sic] stated issue is the legal relationship between the authority to charge a fee and the factual issue of whether a cost is incurred.

The audit report cites two court cases for the conclusion that the term “costs” do [sic] not include “expenses that are recoverable from sources other than taxes.” This standard is not stated in Government Code Sections 17514 or 17556. Regardless, the two cases cited are not on point. 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 Commission has approved the Health Fee Elimination mandate, and therefore 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. 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).

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

The audit report asserts 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. That the Commission staff and the California Community Colleges Chancellor's Office agreed with Department of Finance's interpretation does not negate the fact that the Commission adopted parameters and guidelines that *did not* include the additional language. It would be ridiculous 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. It is evident that 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.

Student Health Services Fee Amount

The audit report asserts that the District should have collected a student health service fee each semester from non-exempt students in amounts of \$9 to \$15, depending whether the student is enrolled full time or part time and the fiscal year. Districts receive notice of these fee amounts from the Chancellor of the California Community Colleges. An example of one such notice is the letter dated March 5, 2001, attached as Exhibit "E." While Education Code Section 76355 provides for an increase in the student health service fee, it did not grant the Chancellor authority to establish mandatory fee amounts or mandatory fee increases. No state agency was granted that authority by the Education Code, and no state agency exercised its rulemaking authority to establish mandatory fee amounts. The Chancellor's letter properly states that increasing the amount of the fee is at the option of the district, and that the Chancellor is not asserting that authority. The audit report cannot rely upon the Chancellor's notice as a basis to adjust the claim for "collectible" student health services fees.

Fees Collected vs. Fees Collectible

This issue is whether student health fees revenue actually received, rather than student health fees which might be collected, is the appropriate amount for reducing total student health services program costs to determine the amount reimbursable by the state. The Commission determined, as stated in the parameters and guidelines, that the student fees "experienced" (*collected*) would reduce the amount subject to reimbursement. Student fees not collected are student fees not "experienced" and as such should not reduce reimbursement. Further, the amount "collectible" will never equal actual revenues collected due to changes in some students' BOGG eligibility, bad debt accounts, and refunds. . . .

SCO's Comment

The district states:

The audit report calculated "authorized" student health service fee revenues . . . [rather than fees] actually charged to the student and actually collected. This means that the amounts claimed by the District, with or without the "accident fees," is irrelevant to how the audit adjustment was calculated.

We agree that the actual "accident fee" revenue collected is irrelevant to the audit adjustment calculation. However, we disagree with the implication that the accident fees are irrelevant to the issue of student health fees. If the Commission resolves this Incorrect Reduction Claim by ruling that districts must report only actual fees collected, then the district must include accident fees as student health service fees collected. Therefore, our audit report correctly discloses that the district failed to identify actual fees collected, because it excluded the accident fees. The district has not disputed the fact that the accident fees are actually a portion of student health fees collected.

The district also states, "The audit report recommends that in the future the District essentially validate Chancellor's Office data. . . ." Our audit report does not recommend or infer that the district "validate CCCCCO data." The implication is erroneous because the data referenced does not originate with the CCCCCO; it originates with the district. Our audit report identifies the appropriate

parameters to identify the number of enrolled students, using CCCCCO's standardized reporting structure that all districts use to report enrollment information. The parameters and guidelines require districts to report authorized student health fees; therefore, the district must accurately report the number of enrolled students.

In addition, the district asserts that the enrollment information is "not available at the time of claim preparation." The district failed to provide any documentation supporting its assertion pursuant to Title 2, CCR, Section 1185, subdivision (e)(3). CCCCCO's Data Submission Guideline—Timelines states, "All term-end files are due within one month after the end of each term." The following table identifies the last date of the Spring Term (the last term for each fiscal year) and resulting data submission due date:

Fiscal Year	Last Date of Spring Term	Data Submission Due Date
2003-04	May 20, 2004	June 20, 2004
2004-05	May 19, 2005	June 19, 2005
2005-06	May 17, 2006	June 17, 2006
2006-07	May 24, 2007	June 24, 2007

The district's reference to the "time of claim preparation" is a vague, meaningless term. The only relevant date is the date that mandated costs claims are due to the SCO. The above table shows that the district's assertion has no merit; the district's enrollment information is available well before the due dates for its mandated cost claims.

The district also states that it is "not required by the Education Code or the parameters and guidelines" to charge students the fully authorized fee or exclude only statutorily exempt students from the fee. We agree that the district is not required to charge the full fee and may exclude any students that it chooses. Our recommendation is not a directive. Because the district must deduct authorized health service fees from its mandated cost claims, we provide our recommendation so that the district may manage its health service revenues effectively.

Education Code Section 76355

We agree that community college districts may choose not to levy a health service fee or to levy a fee less than the authorized amount. Regardless of the district's decision to levy or not levy the authorized health service fee, Education Code section 76355, subdivision (a), provides districts the *authority* to levy the fee. We also agree that because this Education Code section grants fee authority, it is directly related to Government Code Section 17514.

Government Code section 17514 defines mandated costs as costs the district is required to incur. To the extent Education Code section 76355, subdivision (a), authorizes the district to charge a fee, it is not required to incur a cost. If the district incurs a cost because it failed to charge the authorized fee to all students who are not statutorily exempt, that cost is not a mandated cost.

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 17514

Government Code section 17514 states, "'Costs mandated by the state' means any increased costs which a local agency or school district is *required [emphasis added]* to incur. . . ." If the district has authority to collect fees attributable to health service expenses, then it is not required to incur a cost. Therefore, mandated costs do not include those health service expenses that may be paid by authorized fees. The district's costs do not become mandated costs simply because the district failed to collect authorized health service fees.

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. The Commission adopted parameters and guidelines that clearly recognize an available funding source by identifying the health service fees as offsetting reimbursements. 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 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. 4th 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, costs that are recoverable from the authority to assess health service fees.

Student Health Services Fee Amount

The district states, "The audit report asserts that the District should have collected a . . . fee . . . in the amounts of \$9 to \$15, depending whether the student is enrolled full time or part time and the fiscal year." Our report makes no statement regarding full-time versus part-time students. The district is authorized to assess the authorized fee amount to *all* non-exempt students. Our audit report *notes* that the district did not assess the authorized fee amount during various academic sessions and *recommends* that the district assess the authorized fee amount. It is irrelevant whether the district does or does not assess the authorized fee amount; the district must deduct authorized fees from health service expenses on its mandated cost claims.

The district notes that neither the CCCCCO nor any other state agency has authority to establish "mandatory fee amounts." We agree; our audit report makes no such assertion. The district also states, "The audit report cannot rely upon the Chancellor's notice as a basis to adjust the claim for "collectible" student health services fees." We disagree. Neither statutory language nor the parameters and guidelines recognize the term "collectible" fees; therefore, it is irrelevant to this issue. Education Code section 76355 provides districts the authority to assess a health services fee and establishes the statutory basis to calculate the authorized fee amount. The CCCCCO *identifies* the authorized fee amount based on the statutory provision; therefore, we correctly rely upon the CCCCCO's notices to calculate total authorized health service fees attributable to each fiscal year.

Fees Collected vs. Fees Collectible

We disagree with the district's interpretation of the parameters and guidelines, as noted in our previous comments. The district states, "...the amount 'collectible' will never equal actual revenues collected due to changes in some students' BOGG eligibility, bad debt accounts, and refunds." The SCO calculated authorized health service fees based on BOGG recipient data (through December 31, 2005) and enrollment that the district reported to the CCCCCO *after* each school term ended. The

district is responsible for reporting accurate enrollment and BOGG recipient data, including any changes that result from BOGG eligibility or students who disenroll. If the district fails to collect authorized fees, it is not relieved from its responsibility to offset those fees from its mandated program claims, nor is it permitted to claim bad debt expenses.

We agree that (1) districts are not required to collect a fee from students, and (2) if such a fee is collected, the district determines the amount. However, those two points are irrelevant to the audit issue. The district is required to deduct authorized health service fees from its mandated program expenses.

V. STATUTE OF LIMITATIONS

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

District's Response

Statute of Limitations

January 12, 2005	FY 2003-04 claim filed by the District
January 12, 2008	FY 2003-04 statute of limitations to initiate an audit expires
December 11, 2008	Audit entrance conferences for all fiscal years

This is not an audit finding. The District's FY 2003-04 claim was mailed to the Controller on January 12, 2005. According to Government Code Section 17558.5, the Controller has three years to commence an audit of claims filed after January 1, 2005. The entrance conference for the audit was conducted December 11, 2008, which is after the expiration of the three-year period to commence the audit. Therefore, the proposed audit adjustments for FY 2003-04 are barred by the statute of limitations set forth in Government Code Section 17558.5. The audit report asserts that initiation of the audit was proper because the District received no payment on 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 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 that 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 version of Section 17558.5 applicable to the FY 2003-04 annual reimbursement claim provides that the time limitation to initiate an audit “if no funds are appropriate or no payment is made to the claimant. . . shall commence to run from the date of initial payment.” The audit report states that according to this “unambiguous statutory language, the SCO’s time limitation to initiate and [*sic*] audit has not yet commenced.” Rather, there are two mutually exclusive conditions precedent: either the absence of an appropriation or the absence of a payment. Appropriations are within the purview of the Legislature, but actual payment to claimants is an affirmative act of the Controller. The audit report does not indicate how *both* of these contingencies have been satisfied.

Neither condition precedent is under the control of the claimant. These conditions precedent are void because they are 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 \$4 billion-plus backlog in K-14 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 delaying 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 claim for FY 2003-04 was past this time period when the audit was commenced on December 11, 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. The district provided no evidence to validate its assertion, as required by Title 2, CCR, section 1185.

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].

It appears the district believes that there must be no appropriation *and* no payment for the SCO's statutory authority to extend beyond three years. We disagree. The statutory language clearly states that only one condition need exist.

The district also states, "Appropriations are within the purview of the Legislature, but actual payment to claimants is an affirmative act of the Controller . . . Neither condition precedent is under the control of the claimant . . . 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. . . ." All of these statements are irrelevant to the SCO's statutory time to initiate an audit of the district's claims. The district has not received a payment for its FY 2003-04 claim. The SCO initiated its audit on December 11, 2008. Therefore, the SCO met the requirements of Government Code section 17558.5, subdivision (a).

The district also states, "...it is possible for the Controller to unilaterally extend the audit period by delaying 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 delaying 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. . . .

VI. CONCLUSION

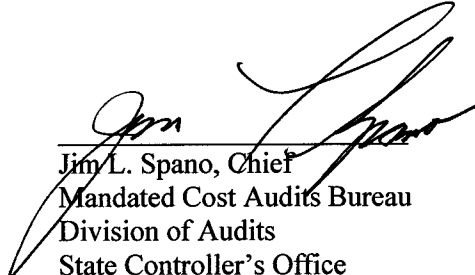
The State Controller's Office audited San Bernardino Community College District's claims for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session; and Chapter 1118, Statutes of 1987) for the period of July 1, 2003, through June 30, 2007. The district claimed unallowable costs totaling \$895,614. The costs are unallowable because the district claimed unallowable service and supply costs, overstated indirect costs, and understated authorized health service fees.

In conclusion, the Commission should find that: (1) the SCO initiated its audit of FY 2003-04 within the timeframe provided by Government Code section 17558.5, subdivision (a); (2) the SCO correctly reduced the district's FY 2003-04 claim by \$210,387; (3) the SCO correctly reduced the district's FY 2004-05 claim by \$165,451; (4) the SCO correctly reduced the district's FY 2005-06 claim by \$296,439; and (5) the SCO correctly reduced the district's FY 2006-07 claim by \$223,337.

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 2, 2014 at Sacramento, California, by:


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

Tab 3

FOREWORD

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, these instructions should not be construed in any manner to be statutes, regulations, or standards.

If you have any questions concerning the enclosed material, write to the address below or call the Local Reimbursements Section at (916) 324-5729, or email to lrsdar@sco.ca.gov.

State Controller's Office
Attn: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

Prepared by the State Controller's Office
Updated September 30, 2003

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.

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 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:

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 community 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						
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 INDIRECT COST RATE FOR COMMUNITY COLLEGE DISTRICTS					FORM 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 Adjusted Total	Indirect	Direct
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	
				-		
Totals		\$100,687,011	\$ (1,466,612)	\$ 99,220,399	\$26,752,087	\$ 76,795,449
					(A)	(B)
Indirect Cost Rate (A)/(B)					34.84%	

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 ✓

Executive Summary

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

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

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

Claimant

Rio Hondo Community College District

Requesting Party

California Community Colleges Chancellor's Office

Chronology

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

Summary of Mandate

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

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

Proposed Amendments

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

Recommendations

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

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

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

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

Staff Analysis

Issue 1: Eligible Claimants

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

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

Issue 2: Reimbursement Alternatives

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

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

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

Issue 3: Offsetting Savings and Other Reimbursements

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

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

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

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

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

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

Issue 4: Editorial Changes

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

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

Staff Recommendation

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

Adopted: 8/27/87

PARAMETERS AND GUIDELINES
Chapter 1118, Statutes of 1987 ~~11/2nd/11/13/~~
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 1983-84 ~~7~~ fiscal year and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs.

IV. PERIOD OF REIMBURSEMENT

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

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

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

V. REIMBURSABLE COSTS

A. Scope of Mandate

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

B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year ~~1986-87~~ 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. // *BY THE DATE OF THE MANDATE / DAY / DATE / COSTS / UNDER ONE / OF TWO ALTERNATIVES // THE / YEAR / AMOUNT / PREVIOUSLY / COLLECTED / BY STUDENT / AND / EMPLOYMENT / CONTROL / OF / THE / 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/

Y/ Fees/Collected/In/The/1983/84/Fiscal/Year/To/Support/The/Maintenance/Program/

2/ Total/Number/Of/Students/Under/Item/VI/K/Y//Through/4/ Above//Listing/This/Alternative//The/Total/Amount/Claimed/Will/Be/Item/VI/B/Y//Authorized/By/Item/VI/B/2//With/The/Total/Amount/Reimbursed/Increased/By/The/Applicable/Indirect/Rate/Detail/

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

1. Employee Salaries and Benefits

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

2. Services and Supplies

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

3. Allowable Overhead Cost

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

VII. SUPPORTING DATA

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

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount of \$7.50 per full-time student per semester, \$5.00 per full-time student for summer school, or \$5.00 per full-time student per quarter, as authorized by Education Code section 72246(a). This shall also include payments (fees) ~~now~~ received from individuals other than students who ~~were~~ are not covered by ~~for~~ 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) 445-8732 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 MERTES
Chancellor

DM:PR:mh

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

State of California

Memorandum

Date: March 22, 1989

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

From: Department of Finance


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

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

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

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

Any questions regarding this recommendation should be directed to James W. 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

SOLICITOR'S OFFICE

GEORGE DEUKMEJIAN, Governor

CALIFORNIA COMMUNITY COLLEGES

1000 N STREET
 SACRAMENTO, CALIFORNIA 95814
 916-8752 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

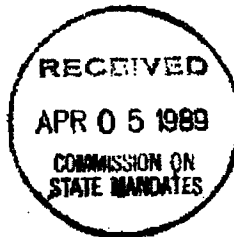
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cc: Jim Apps, Department of Finance
 Glen Beatie, State Controller's Office
 Richard Frank, Attorney General's Office
 Juliet Muso, Legislative Analyst's Office
 Douglas Burris
 Joseph Newmyer
 Gary Cook



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

April 3, 1989



Ms. Deborah Fraga-Decker
 Program Analyst
 Commission on State Mandates
 1130 K Street, Suite LLS0
 Sacramento, CA 95814

Re: Ms. Fraga-Decker:

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

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

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

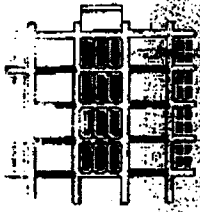
If you have any questions, please call Glen Beatie at 3-8137.

Sincerely,

Glenn Haas, Assistant Chief
 Division of Accounting

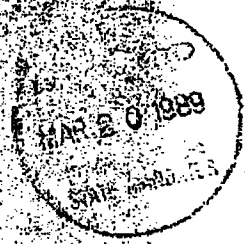
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SC81822



HR/BO

RIO HONDO COMMUNITY COLLEGE DISTRICT
8600 Workman Mill Road • Whittier, CA 90808 • Phone (213) 692-0921



March 16, 1989

Ms. Deborah Fraga-Decker
Program Analyst
Commission on State Mandates
1130 K Street, Suite 1150
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.

Minutes
Hearing of May 25, 1989
Page 4

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 on 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.

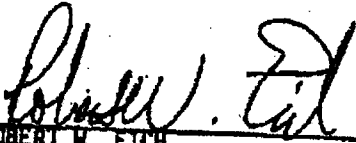
Clayton Parker, representing the Newport-Mesa Unified School District, submitted a late filing on the test claim rebutting the staff analysis. Member Creighton stated that he had not had an opportunity to review the late filing and inquired on whether the claim should be heard at this hearing. Staff 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

3E/4
CK 10/28/09

**San Bernardino Community College District
Legislatively Mandated Health Fee Elimination Program
Analysis of Services and Supplies
Audit Period from July 1, 2003 through June 30, 2007
S09-MCC-0010**

S17
11-03-09

FY 2003-04

Date	Account #	Reference	Description/Vendor	Amount Sampled	Allowed	Audit Adjustment
11/20/2003	01-14-02-8210-0000-443000-6440	PO 041864*	Wellsorce, Inc.	3E/5, 8-12 3,071	3,071	-
09/22/2003	01-14-02-8210-0000-444000-6440	PO 041294	ETR Associates	436	436	-
10/21/2003	01-14-02-8210-0000-444000-6440	PO 041031	Health Promotion Resources	240	240	-
08/15/2003	01-38-02-8210-0000-450000-6440	PO 040609	GlaxoSmithKline Pharmaceuticals	720	720	-
09/04/2003	01-38-02-8210-0000-450000-6440	PO 040608	Allscripts Healthcare Solutions	420	420	-
10/10/2003	01-38-01-8210-0000-450000-6440	PO 041671	Allscripts Healthcare Solutions	474	474	-
11/05/2003	01-00-01-8210-0310-450000-6440	PO 041670	Moore Medical Corporation	1,317	1,317	-
12/16/2003	01-14-02-8210-0000-450000-6440	PO 042567*	Compact Appliance	239	239	-
01/12/2004	01-14-02-8210-0000-450000-6440	PO 041040	Moore Medical Corporation	1,499	1,499	-
04/21/2004	01-38-02-8210-0000-450000-6440	PO 044045	Dixon-Shane Drug Co.	302	302	-
07/25/2003	01-14-02-8210-0000-511300-6440	PO 040613	Richard Hart, MD	500	500	-
10/06/2003	01-14-02-8210-0000-511300-6440	PO 040846	Daniel Casella	3E/6, B-15 1,200	1,200	-
10/17/2003	01-14-02-8210-0000-512000-6440	PO 041551	Health Line Clinical Laboratories, Inc.	317	317	-
02/10/2004	01-38-01-8210-0000-512000-6440	PO 042231	Stericycle, Inc.	102	102	-
06/03/2004	01-38-01-8210-0000-512000-6440	PO 041672	Health Line Clinical Laboratories, Inc.	284	284	-
04/29/2004	01-14-02-8210-0000-520000-6440	PO 044486	Crisis Prevention Institute, Inc.	1,199	1,199	-
10/03/2003	01-14-02-8210-0000-531000-6440	PO 041029	HSACCC Southern Section	75	75	-
10/21/2003	01-14-02-8210-0000-531000-6440	PO 041845	American College Health Association	421	421	-
08/01/2003	01-00-03-9011-0000-544000-6770	Inv 7206100 Inv 7207100	SBVC - Student Insurance & CHC - Student Insurance	3E/20-25, 71 74,652	21,452	2 from 3E/69 (53,200)
10/31/2003	01-14-02-8210-0000-563200-6440	PO 041550	Stericycle, Inc.	675	675	-
10/28/2003	01-14-02-8210-0000-563700-6440	PO 041686*	MWB Business Systems	367	367	-
12/08/2003	01-00-01-8210-0310-564000-6440	PO 042205	Best Golf Service	142	142	-
06/08/2004	01-14-02-8210-0000-580100-6440	PO 043083	The Vernon Company	3E/7, 16-19 722	-	(722)
Total Services & Supplies Sampled				89,374	35,453	(53,922) ID/1
3E/3 Total Services & Supplies Claimed				133,212		
Allowable Services & Supplies				79,290		3C/3, 3H/3
Total % Sampled				67.09%		3E/1

NOTE :

* = verified expenditures were on-site and used for health center purposes.

3E/7
OK 4/29/09

SBCCD - Financial Transactions FY 2003-04

						<u>Received/ Expended</u>	<u>Encumbered</u>
1402 -0- 8210	0 -000- 6440	PO-043998	03/29/2004	020726-01	A & W ELECTRIC		60
1402 -0- 8210	0 -000- 6440	PO-043998	04/05/2004	020726-01	A & W ELECTRIC	60	-60
					5640 - Repairs and Maintenance	<u>202</u>	<u>0</u>
1402 -0- 8210	0 -000- 6440	PO-043083	01/30/2004	015672-01	VERNON COMPANY,		722.01
1402 -0- 8210	0 -000- 6440	PO-043083	06/08/2004	015672-02	THE VERNON COMP	3E/16-19722.01	3E/4 -722.01
					5801 - Advertising	<u>722</u>	<u>0</u>
1402 -0- 8210	0 -000- 6440	PO-040610	07/17/2003	013298-02	CLIA LABORATORY		150
1402 -0- 8210	0 -000- 6440	PO-040610	07/25/2003	013298-02	CLIA LABORATORY	150	-150
					5809 - Other Expenses & Fees	<u>150</u>	<u>0</u>

INVOICE

vernon
SALES PROMOTION
Newton, Iowa 50208-2065
A Corporation FEI 42-0649215



SALES PROMOTION SINCE 1902
TELEPHONE 841-792-9000
FAX 641-781-7701

THANK YOU FOR CHOOSING TO DO BUSINESS WITH THE VERNON COMPANY. WE APPRECIATE YOUR TRUST AND HOPE YOU WILL GIVE US AN OPPORTUNITY TO FULFILL ALL OF YOUR PROMOTIONAL PRODUCT NEEDS.

P.01/01

Please detach and return this portion with your remittance to:

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Dept C
One Promotion Place
P. O. Box 600
Newton, Iowa 50208-2065

INVOICE

3E/16
CK 4/29/09

SAN BERNARDINO COMMUNITY COLLEGE DISTR
PURCHASING
ATTN MARTHA
114 S DEL ROSA AVE
SAN BERNARDINO CA 92408

VINVNEWS

6/07/04 RJB

INVOICE NO. 1170232 RI	INVOICE DATE 2-12-2004	SHIPPING DATE 2- 2-2004
CUSTOMER PURCHASE ORDER NO. 043083		BUYER NAME
SALESPERSON NO.	ORDER NO. 2060897SN	CUSTOMER NUMBER 00533982 9093824025

SAN BERNARDINO COMMUNITY COLLEGE 01
PURCHASING
ATTN MARTHA
114 S DEL ROSA AVE

SAN BERNARDINO CA 92408

QUANTITY	ITEM NUMBER	ITEM DESCRIPTION	AMOUNTS
306.00	1590	BARGAIN BAG	746.64
1.00		SET UP	45.00
.00		LESS ACCOMODATION DISC	12.91-
TERMS: NET 15 DAYS			
RECEIVED 1802		WARRANT # 15672-02	
FORM # 43083			
ADJ. # 01-			
TAXABLE AMT.			
NO-TAX OR TAX-INCL. AMT.		722.01	
WARRANT # 855 788		MAILED 6/9/03	

ONLY COPY AVAILABLE

N. Dominguez
Authorized Signature

INVOICE DATE	2-12-2004
CUST. NO.	00533982
ORDER NO.	2060897SN
INVOICE NO.	1170232 RI
CHECK NO.	
MA	778.73
PMT	350.00-
PO	231.93
ST	61.35
DSC	NET 15 DAYS
DUE	722.01

SHIPPED TO CRAFTON HILLS COLLEGE RECEIVING-PO# 043083 JUDY GIACONA RN/COORD HLTH & WELLNESS C 11711 SAND CANYON RD YUCAIPA CA 92399	MERCHANDISE AMOUNT	778.73
	SALES TAX	61.35
	SHIPPING CHARGE	231.93
	PAYMENT	350.00-
	AMOUNT NOW DUE	722.01

NOTICE: No deduction will be allowed for transportation charges.
 NOTICE: All amounts not paid when due shall bear interest at the highest lawful contract rate from time to time permitted under the laws of the State of Iowa, or, if Buyer is a corporation, then at the rate of 1 1/2% per month (18% per annum).

TOTAL P.01

3E/7

3E/17
 4/29/09



ADDRESS ALL INVOICES TO:

San Bernardino Community College Dist.
 114 So Del Rosa Drive
 San Bernardino, CA 92408
 Phone: (909) 384-4307

PURCHASE ORDER NUMBER
043083
 THIS NUMBER MUST APPEAR ON ALL
 INVOICES, PACKING SLIPS,
 PACKAGES & CORRESPONDENCE.

Date: 01/30/2004
 Description: Supplies

Vendor: 015672-01

Attn: Daul Moore

THE VERNON COMPANY *fax 793-0711*
 Attn: MARION BLACK
 P O BOX 600
 ONE PROMOTION PLACE DEPT C
1/30/04

Ship To:

Crafton Hills College Receiving
 11711 Sand Canyon Rd
 Yucaipa, CA 92399
 Phone: (909) 389-3379

FOB	SHIP VIA	BUYER	PAYMENT TERMS
-----	----------	-------	---------------

REQ. #	REQUESTOR	LOCATION	BLDG/DEPT	ROOM
403190	Judy Giacona	CHC	Student Health Services	SSB 101

#	Qty	Unit	Description	Unit Price	P/C	Ext. Total
1	300	EA	Vendor Item#: 1590-W Bargain Bag, natural cotton with red handles and Navy blue imprint (Vernon winter special pricing offer) (Special Rocket Ship 1-day production)	\$2.44	106.93	\$625.08
2	1	EA	Setup and imprinting screen	\$45.00		\$45.00
3	1	EA	UPS overnight air	\$235.00	235.00	\$0.00
VENDOR INSTRUCTIONS DIRECT PAYMENT INQUIRIES TO (909) 382-4025 PURCHASE ORDER NUMBER MUST BE NOTED ON ALL PACKAGES/BOXES AND PACKING SLIPS 01-14-02-8210-0000-5801.00-6440						\$722.01

ONLY COPY AVAILABLE
Mooringuz
 Authorized Signature

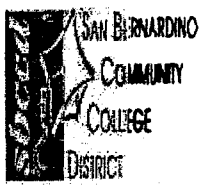
- IMPORTANT INSTRUCTIONS TO VENDOR**
- Invoices must be itemized and rendered in TRIPPLICATE.
 - Transportation charges must be prepaid, add freight charge to invoice and attach original receipted freight bill to invoice.
 - Sales tax must be shown separately.
 - Enclose packing slip with purchase order number listed.
 - No change or charge in excess on this order may be made without permission from the authorized agent.
 - This order is subject to terms and conditions printed on reverse hereof.

SUBTOTAL:	\$670.08
SALES TAX:	\$51.93
SHIPPING:	\$0.00
TOTAL:	\$722.01

PURCHASER DESIRES TO PAY ALL BILLS PROMPTLY. HOWEVER, INVOICES CANNOT BE PAID UNLESS THE VENDOR COMPLIES IN FULL WITH ALL INSTRUCTIONS HEREON.

[Signature]
 Authorized Signature

3E/18
 CK 4/29/09



ADDRESS ALL INVOICES TO:
 San Bernardino Community College Dist.
 114 So Del Rosa Drive
 San Bernardino, CA 92408
 Phone: (909) 384-4307

PURCHASE ORDER NUMBER
043083
 THIS NUMBER MUST APPEAR ON ALL
 INVOICES, PACKING SLIPS,
 PACKAGES & CORRESPONDENCE.

Date: 01/30/2004
 Description: Supplies

Vendor: 015672-01

THE VERNON COMPANY
 Attn: MARION BLACK
 P O BOX 600
 ONE PROMOTION PLACE DEPT C

Ship
 To:

Crafton Hills College Receiving
 11711 Sand Canyon Rd
 Yucaipa, CA 92399
 Phone: (909) 389-3379

FOB SHIP VIA BUYER PAYMENT TERMS

REQ. #	REQUESTOR	LOCATION	BLDG/DEPT	ROOM
403190	Judy Giacona	CHC	Student Health Services	SSB 101

#	Qty	Unit	Description	Unit Price	P/C	Ext. Total
1	300	EA	Vendor Item#: 1590-W Bargain Bag, natural cotton with red handles and Navy blue imprint(Vernon winter special pricing offer) (Special Rocket Ship 1-day production)	\$2.44	106.93	\$625.08
2	1	EA	Setup and imprinting screen	\$45.00		\$45.00
3	1	EA	UPS overnight air	\$235.00	235.00	\$0.00
VENDOR INSTRUCTIONS DIRECT PAYMENT INQUIRIES TO (909) 382-4025 PURCHASE ORDER NUMBER MUST BE NOTED ON ALL PACKAGES/BOXES AND PACKING SLIPS 01-14-02-8210-0000-5801.00-6440						\$722.01

Item	Qty	Desc.	Rec.Date	By	Item	Qty	Desc.	Rec.Date	By	SUBTOTAL:	\$670.08
										SALES TAX:	\$51.93
										SHIPPING:	\$0.00
										TOTAL:	\$722.01

FOR BUSINESS OFFICE USE

Batch _____ Date _____
 Item# _____ Amt. _____
 Partial _____ Complete _____



 Authorized Signature

PURCHASING COPY

STATEMENT

vernon
 SALES PROMOTION
 Newton, Iowa 50208-2065
 A Corporation FEI 42-0649215

SALES PROMOTION SINCE 1902
 TELEPHONE 641-792-9000
 FAX 641-791-7701

THANK YOU FOR CHOOSING TO DO BUSINESS WITH THE VERNON COMPANY. WE APPRECIATE YOUR TRUST AND HOPE YOU WILL GIVE US AN OPPORTUNITY TO FULFILL ALL OF YOUR PROMOTIONAL PRODUCT NEEDS.

IMPORTANT *3E/19* *4/29/06*

Please detach and return this portion with your remittance to:
 THE VERNON COMPANY
 Dept C
 One Promotion Place
 P. O. Box 600
 Newton, Iowa 50208-2065

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
 PURCHASING
 RAY EBERHART/PURCHASING AGENT
 114 S DEL ROSA AVE
 SAN BERNARDINO CA 92408

STATEMENT

Check # _____

Statement Date 4/20/04			Account # 533982			
Invoice #	Order #	Item Description	Invoice Date	Due Date	Amount Due	
1170232RI	2060897SN	BARGAIN BAG	2/12/2004	2/27/2004	722.01	
			<i>need copy of P.O.</i>			
			RECEIVED JUN 01 2004 ACCOUNTS PAYABLE			
			RECEIVED APR 29 2004 ACCOUNTS PAYABLE			
			Service Charges		10.83	
			Account Balance		732.84	
Account Summary						
Days Current	Days 000-030	Days 031-060	Days 061-090	Days 091-120	Days 121-150	Days 150+
0	0	722	0	0	0	0

Acct # 533982 4/20/04

1170232RI 2060897SN 722.01

OK TO PAY
Julia Giacoma
 Signature
 Date 5/27/04

pay \$ 722.01 only

Service Charges 10.83
 Account Balance 732.84

NOTICE: No deduction will be allowed for transportation charges.
 NOTICE: All amounts not paid when due shall bear interest at the highest lawful contract rate permitted under the laws of the State of Iowa, or, if Buyer is a corporation, then at the rate of 1 1/2% per month (18% per annum).

Tab 9

3E/35
 10/28/0

S12
 11-03-07

**San Bernardino Community College District
 Legislatively Mandated Health Fee Elimination Program
 Analysis of Services and Supplies
 Audit Period from July 1, 2003 through June 30, 2007
 S09-MCC-0010**

FY 2005-06

Date	Account #	Reference	Description/Vendor	Amount Sampled	Allowed	Audit Adjustment
10/17/2005	01-14-02-8210-0000-444000-6440	PO 061150	Bacchus Network Materials	399	399	-
05/15/2006	01-14-01-8210-0000-444000-6440	PO 064576	ETR Associates	532	532	-
08/24/2005	01-14-02-8210-0000-450000-6440	PO 060560	GlaxoSmithKline Pharmaceutical	905	905	-
08/31/2005	01-00-01-8210-0310-450000-6440	PO 060796	Moore Medical Corporation	1,404	1,404	-
11/23/2005	01-14-01-8210-0000-450000-6440	PO 051436	Allscripts, Inc.	612	612	-
12/05/2005	01-38-02-8210-0000-450000-6440	PO 062328	Office Depot	434	434	-
02/02/2006	01-38-02-8210-0000-450000-6440	PO 063101	R&S Sales LLC	343	343	-
03/23/2006	01-38-02-8210-0000-450000-6440	PO 063233	Organon, Inc.	192	192	-
05/26/2006	01-00-01-8210-0310-450000-6440	PO 064578*	BTS Office Seating	231	231	-
06/30/2006	01-14-01-8210-0000-450000-6440	EP 060612	Pharmedix	1,116	1,116	-
03/17/2006	01-00-01-8210-0310-511300-6440	PO 060799	Loma Linda University	1,787	1,787	-
03/17/2006	01-14-01-8210-0000-511300-6440	PO 060799	Loma Linda University	4,723	4,723	-
06/08/2006	01-00-01-8210-0310-511300-6440	PO 060810	Daniel Casella	1,050	1,050	-
06/30/2006	01-14-01-8210-0000-511300-6440	EP 060447	Loma Linda University	11,672	11,672	-
10/24/2005	01-00-01-8210-0310-512000-6440	PO 061126	Health Line Clinical Laboratories, Inc.	426	426	-
06/30/2006	01-14-01-8210-0000-512000-6440	EP 060547	Health Line Clinical Laboratories, Inc.	1,656	1,656	-
06/30/2006	01-38-02-8210-0000-512000-6440	EP 060375	Health Line Clinical Laboratories, Inc.	1,363	1,363	-
03/22/2006	01-14-02-8210-0000-520000-6440	PO 063874	Judy Giacona	761	761	-
08/01/2005	01-00-03-9011-0000-544000-6770	Inv 10709100	SBVC - Student Insurance & CHC - Student Insurance	3E/43-47, 72 64,757	7,262	from 3E/69 (57,495)
06/30/2006	01-14-02-8210-0000-563200-6440	EP 060730	Stericycle, Inc.	1,458	1,458	-
06/30/2006	01-14-01-8210-0000-580100-6440	EP 061404	Health Promotions Now	1,437	1,437	-
03/31/2006	01-14-01-8210-0000-580900-6440	PO 063969	Stater Bros Market	3E/36-39 249	-	(249)
06/09/2006	01-14-02-8210-0000-580900-6440	PO 065357	CHC Food Services	3E/40-42 441	-	(441) > \$690
02/08/2006	01-14-02-8210-0000-583000-6440	PO 063111*	SARS Software Products, Inc.	753	753	-
01/09/2006	01-14-01-8210-0000-641000-6440	PO 062726*	Edwards Medical Supply	1,564	1,564	-
12/14/2005	01-38-02-8210-0000-641000-6440	PO 062625*	Dell Marketing L.P.	228	228	-
Total Services & Supplies Sampled				100,491	41,907	(58,185) 10/1
3E/34 Total Services & Supplies Claimed				146,966		
Allowable Services & Supplies				88,781	3C/3, 3H/3	
Total % Sampled				68.38%	3E/1	

NOTE:

(*) = verified expenditures were on-site and used for health center purposes.

Financial Transactions

District 72 -- District 72 SBCC

Site 01 -- SAN BERNARDINO VALLEY COLLEGE

From 7/1/2005 to 6/30/2006

Post On	Fund	Life-Span	Site	Prog	Sub-Prog	Objt	Type	Rev./Exp. Amount	Debit Amount	Credit Amount	Type	Reference	Description/Vendor
Total REPAIRS AND MAINTENANCE								68.00	0.00	0.00			
Object 580100 -- ADVERTISING													
4/21/2006	01	14	01	8210	0000	580100	6440	504.00			A	PO 064018	HEALTH PROMOTIONS NOW
4/21/2006	01	14	01	8210	0000	580100	6440	39.06			A	PO 064018	STATE BOARD OF EQUALIZATION
4/21/2006	01	14	01	8210	0000	580100	6440	29.00			A	PO 064018	HEALTH PROMOTIONS NOW
6/30/2006	01	14	01	8210	0000	580100	6440	1,436.66			A	EP 061404	HEALTH PROMOTIONS NOW
Total ADVERTISING								2,008.72	0.00	0.00			
Object 580900 -- OTHER EXPENSES & FEES													
8/2/2005	01	14	01	8210	0000	580900	6440	-200.00			A	CL 050866	CASELLA, DANIEL
2/13/2006	01	14	01	8210	0000	580900	6440	200.00			A	JE 060246	TO JHS CLEARING/PY PCL'S
3/31/2006	01	14	01	8210	0000	580900	6440	248.80			A	PO 063969	STATER BROS MARKETS
6/30/2006	01	14	01	8210	0000	580900	6440	73.94			A	EP 060880	SMART & FINAL IRIS CO
6/30/2006	01	14	01	8210	0000	580900	6440	71.00			A	EP 060673	AMERICAN COLLEGE HEALTH ASSN
Total OTHER EXPENSES & FEES								393.74	0.00	0.00			
Object 640000 -- ADDITIONAL/IMPROVED EQUIPMENT													
9/2/2005	01	14	01	8210	0000	640000	6440	218.11			A	PO 060950	SCHOOL HEALTH CORPORATION
5/5/2006	01	14	01	8210	0000	640000	6440	225.95			A	PO 063910	OFFICE DEPOT
6/30/2006	01	14	01	8210	0000	640000	6440	323.20			A	EP 061405	INVERNESS MEDICAL
Total ADDITIONAL/IMPROVED EQUIPMENT								767.26	0.00	0.00			
Object 641000 -- ADDL EQUIP-\$1,000 OR MORE													
7/27/2005	01	14	01	8210	0000	641000	6440	-4.64			A	CL 051393	GATEWAY COMPANIES INC
1/9/2006	01	14	01	8210	0000	641000	6440	1,564.38			A	PO 062726	EDWARDS MEDICAL SUPPLY
2/13/2006	01	14	01	8210	0000	641000	6440	4.64			A	JE 060246	TO JHS CLEARING/PY PCL'S
Total ADDL EQUIP-\$1,000 OR MORE								1,564.38	0.00	0.00			
Total SAN BERNARDINO VALLEY COLLEGE								51,551.72	0.00	0.00			

Selection Criteria: District = 72; Fund = 01; Site = 01; Program = 8210; Object = 4*,5*,6*; Transaction Type = A Filtered By: 72.ssutorus.External 1

3E/36
06/11/29/09

3E/37
OK 4/29/09

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
114 S DEL ROSA DR
SAN BERNARDINO CA 92408
(909) 382-4024

ONLY COPY AVAILABLE
M. M. M. M. M.
Authorized Signature

PRO FORMA INVOICE

DATE: March 29, 2006
VENDOR #: 002652-01
VENDOR: STATER BROS MARKET
P.O. BOX 150
COLTON, CA 92324-0000

DESCRIPTION: American Express Gift Certificates for Health Services Volleyball
Tournament on 4/6/06. 1 ea \$100, 2 ea. \$50.00, 1 ea. \$25.00
Activation fee (per card) 4 ea \$5.95

PURCHASE ORDER #: 063969

BUDGET NUMBER: 01-14-01-8210-0000-5809.00-6440

AMOUNT: \$248.80

REQUESTED BY: Elaine Akers

BATCH # 1692 **VENDOR #** 2652-01
PYMT. # _____ **P** _____ **F**
P.O. # 63969
ACCT. # 01-

OK TO PAY


Signature

TAXABLE AMT: _____ **TAX:** _____

NO-TAX OR TAX-INCL. AMT.
248.80

WARRANT # 980647 **MAILED** 4-3-06

3E/38
CK 4/29/09



ADDRESS ALL INVOICES TO:
San Bernardino Community College Dist.
114 So Del Rosa Drive
San Bernardino, CA 92408
Phone: (909) 354-4307

PURCHASE ORDER NUMBER
063969
THIS NUMBER MUST APPEAR ON ALL
INVOICES, PACKING SLIPS,
PACKAGES & CORRESPONDENCE.

Date: 03/20/2006

Description: Awards

RECEIVED
MAR 27 2006
ACCOUNTS PAYABLE

Vendor: 002652-01

STATER BROS MARKETS
PO BOX 150
COLTON, CA 92324-0000
Phone: (909) 783-0515

Ship To:

Attn: Purchasing/Receiving
San Bernardino Valley College
1010 Grant Avenue
Colton, CA 92324

FOB	SHIP VIA	BUYER	PAYMENT TERMS

REQ. #	REQUESTOR	LOCATION	BLDG/DEPT	ROOM
604375	Elaine Akers	SBVC	Student Health Services	WG#9


#	Qty	Unit	Description	Unit Price	P/C	Ext. Total
1	1	EA	gift certificates for Health Services Volleyball Tournament on 4/06/06 1 ea \$100.00 2 ea \$ 50.00 1 ea \$ 25.00 To be board approved 4/13/06	\$225.00		\$225.00
2	4	EA	activation fee for cards 01-14-01-8210-0000-5809.00-6440	\$5.95		\$23.80
				\$248.80		

Item	Qty	Desc.	Rec.Date	By	Item	Qty	Desc.	Rec.Date	By		
										SUBTOTAL:	\$248.80
										SALES TAX:	\$0.00
										SHIPPING:	\$0.00
										TOTAL:	\$248.80

FOR BUSINESS OFFICE USE

3E/36

h _____ Date _____
 Item# _____ Amt _____
 Partial _____ Complete _____



 Authorized Signature

3E/39
CK 4/29/09

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
114 S DEL ROSA DR
SAN BERNARDINO CA 92408
(909) 382-4024

RECEIVED
APR 03 2006
ACCOUNTS PAYABLE

PRO FORMA INVOICE

DATE: March 29, 2006
VENDOR #: 002652-01
VENDOR: STATER BROS MARKET
P.O. BOX 150
COLTON, CA 92324-0000

DESCRIPTION: American Express Gift Certificates for Health Services Volleyball
Tournament on 4/6/06. 1 ea \$100, 2 ea. \$50.00, 1 ea. \$25.00
Activation fee (per card) 4 ea \$5.95

PURCHASE ORDER #: 063969
BUDGET NUMBER: 01-14-01-8210-0000-5809.00-6440
AMOUNT: \$248.80
REQUESTED BY: Elaine Akers

OK TO PAY



Signature

Financial Transactions

District 72 -- District 72 SBCC

Site 02 -- CRAFTON HILLS COLLEGE

From 7/1/2005 to 6/30/2006

Post On	Fund	Life-Span	Site	Prog	Sub- Prog	Objt	Type	Rev./Exp. Amount	Debit Amount	Credit Amount	Type	Reference	Description/Vendor
8/4/2005	01	14	02	8210	0000	580900	6440	150.00			A	PO 060554	CLIA LABORATORY PROGRAM
6/9/2006	01	14	02	8210	0000	580900	6440	3E/4-42441.00	3E/35		A	PO 065357	CHC FOOD SERVICES
Total OTHER EXPENSES & FEES								591.00	0.00	0.00			
Object 583000 -- SOFTWARE/ON-SITE/INTERNET SERV													
2/8/2006	01	14	02	8210	0000	583000	6440	752.58			A	PO 063111	SARS SOFTWARE PRODUCTS INC
Total SOFTWARE/ON-SITE/INTERNET SERV								752.58	0.00	0.00			
Object 641000 -- ADDL EQUIP-\$1,000 OR MORE													
12/14/2005	01	38	02	8210	0000	641000	6440	227.83			A	PO 062625	DELL MARKETING L.P.
12/27/2005	01	38	02	8210	0000	641000	6440	180.06			A	PO 062625	DELL MARKETING L.P.
Total ADDL EQUIP-\$1,000 OR MORE								407.89	0.00	0.00			
Total CRAFTON HILLS COLLEGE								30,656.25	0.00	0.00			

Selection Criteria: District = 72; Fund = 01; Site = 02; Program = 8210; Object = 4*,5*,6*; Transaction Type = A Filtered By: 72.ssutorus.External 1

3E/40
12/29/09

RECEIVED

JUN 08 2006

3E/41
CK 4/29/09

Food Service Department ACCOUNTS PAYABLE

Crafton Hills College
SPECIAL EVENTS

№ 0259

Date of Event 04/12/06

Date of Billing 04/07/06

What Civic Organization

or

What Student Body Organization

HEALTH FAIR

Address for Mailing Invoice:

JUDITH GLACONA

QUANTITY	ITEMS	UNIT COST	TOTAL
60	bottled water	1.00	\$ 60.00
60	cookies	.30	30.00
60	sandwiches	44500	270.00
60	apples/carrot sticks		50.00
BATCH # <u>2165</u> VENDOR # <u>517-02</u>			
PYMT # _____ P <input checked="" type="checkbox"/> E <input checked="" type="checkbox"/>			
P.O.# <u>065357</u>			
ACCT.# <u>01</u>			
TAXABLE AMT: _____ TAX: _____			
tax	NO-TAX OR TAX-INCL. AMT. <u>31.00</u>		31.00
WARRANT # <u>642588</u> MAILED <u>6-12-06</u>			

Grand Total \$441.00

Signature Beth Crooks, clerk

Food Service Manager

OK to pay
Judith Glacona
6/25/06



ADDRESS ALL INVOICES TO:

San Bernardino Community College Dist.
114 So Del Rosa Drive
San Bernardino, CA 92408
Phone: (909) 384-4307

PURCHASE ORDER NUMBER

065357

THIS NUMBER MUST APPEAR ON ALL
INVOICES, PACKING SLIPS,
PACKAGES & CORRESPONDENCE.

3E/42
CK 4/29/0

RECEIVED

MAY 16 2006

Date: 05/11/2006

ACCOUNTS PAYABLE Description: Lunches/Health Fair

Vendor: 000517-01

CHC FOOD SERVICES
11711 SAND CANYON RD
YUCAIPA, CA 92399-0000

Ship To:

Crafton Hills College Receiving
11711 Sand Canyon Rd
Yucaipa, CA 92399
Phone: (909) 389-3379

FOB

SHIP VIA

BUYER

PAYMENT TERMS

REQ. #	REQUESTOR	LOCATION	BLDG/DEPT	ROOM
604863	Judy Giacona	CHC	Student Health Services	SSB 101

#	Qty	Unit	Description	Unit Price	P/C	Ext. Total
1	60	EA	60 lunches for Health Fair vendors, April 12, 2006 Library Quad, 12:00pm	\$7.35		\$441.00
			01-14-02-8210-0000-5809.00-6440			\$441.00

Item	Qty	Desc.	Rec.Date	By	Item	Qty	Desc.	Rec.Date	By		
										SUBTOTAL:	\$441.00
										SALES TAX:	\$0.00
										SHIPPING:	\$0.00
										TOTAL:	\$441.00

FOR BUSINESS OFFICE USE

3E/40

Batch _____ Date _____
 # _____ Amt. _____
 Partial _____ Complete _____

Authorized Signature

Tab 10

3E/49
 10/28/09

SVZ
 11-03-09

**San Bernardino Community College District
 Legislatively Mandated Health Fee Elimination Program
 Analysis of Services and Supplies
 Audit Period from July 1, 2003 through June 30, 2007
 S09-MCC-010**

FY 2006-07

Date	Account #	Reference	Description/Vendor	Amount Sampled	Allowed	Audit Adjustment
08/03/2006	01-14-01-8210-0000-450000-6440	PO 070432	Pharmedix	502	502	-
09/20/2006	01-38-01-8210-0000-450000-6440	PO 070913	GlaxoSmithKline Pharmaceutical	1,268	1,268	-
11/17/2006	01-38-01-8210-0000-450000-6440	PO 072593	Allscripts, Inc.	728	728	-
11/17/2006	01-38-01-8210-0000-450000-6440	PO 070856	* Edwards Medical Supply	506	506	-
06/11/2007	01-00-01-8210-0310-450000-6440	PO 075679	Smart & Final Iris Co.	113	113	-
09/07/2006	01-14-02-8210-0000-450000-6440	PO 070172	GlaxoSmithKline Pharmaceutical	1,830	1,830	-
12/05/2006	01-38-02-8210-0000-450000-6440	PO 072342	ASD Healthcare <i>3E/55, 57-58</i>	851	851	-
04/09/2007	01-38-02-8210-0000-450000-6440	PO 070660	R&S Northeast, LLC	569	569	-
06/05/2007	01-38-02-8210-0000-450000-6440	PO 075256	Journeyworks Publishing	1,024	1,024	-
06/30/2007	01-38-02-8210-0000-450000-6440	EP 071344	Barr Laboratories, Inc.	670	670	-
12/20/2006	01-14-01-8210-0000-511300-6440	PO 070442	Loma Linda University	3,380	3,380	-
06/30/2007	01-00-01-8210-0310-511300-6440	EP 070285	Daniel Casella	2,950	2,950	-
06/30/2007	01-14-02-8210-0000-511300-6440	EP 070037	Daniel Casella	1,700	1,700	-
06/30/2007	01-14-01-8210-0000-512000-6440	EP 070897	Westcliff Medical Lab, Inc.	1,602	1,602	-
02/01/2007	01-38-02-8210-0000-512000-6440	PO 072696	Westcliff Medical Lab, Inc. <i>3E/56, 59-63</i>	680	680	-
06/30/2007	01-38-02-8210-0000-520000-6440	EP 071500	Judy Giacona	1,601	1,601	-
08/01/2006	01-00-03-9011-0000-544000-6770 01-00-03-9011-0310-544000-6770	Inv 12615100	SBVC - Student Insurance & CHC - Student Insurance <i>3E/64-68, 73</i>	69,477	<i>from 3E/90</i> 48,403	(21,074)
11/01/2006	01-14-02-8210-0000-563000-6440	PO 072265	* Wellsource, Inc.	404	404	-
09/21/2006	01-14-01-8210-0000-563700-6440	PO 070163	MWB Business Systems	204	204	-
05/25/2007	01-00-01-8210-0310-564000-6440	PO 075208	Cholestech Corporation	556	556	-
05/31/2007	01-14-02-8210-0000-580100-6440	PO 074103	Health Promotions Now	635	635	-
05/31/2007	01-00-01-8210-0310-580900-6440	PO 074624	SBVC Sun Room <i>3E/50-54</i>	119	-	(119)
12/19/2006	01-14-01-8210-0000-640000-6440	PO 072738	* Harlow's Kitchen Concepts	495	495	-
12/08/2006	01-38-02-8210-0000-640000-6440	PO 072644	* Headsets Direct, Inc.	305	305	-
06/15/2007	01-38-02-8210-0000-640000-6440	PO 075233	* Sehi Computer Products, Inc.	647	647	-
Total Services & Supplies Sampled				92,815	71,622	(21,193) ID/1
<i>3E/48</i> Total Services & Supplies Claimed				158,236		
Allowable Services & Supplies				137,043	<i>30/4, 31/3</i>	
Total % Sampled				58.66%	<i>3E/1</i>	

NOTE:

* = verified expenditures were on-site and used for health center purposes.

Financial Transactions

District 72 -- District 72 SBCC

Site 01 -- SAN BERNARDINO VALLEY COLLEGE

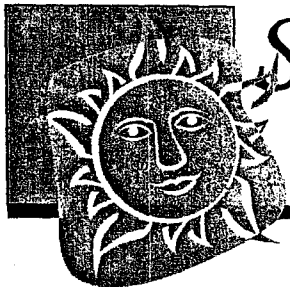
From 7/1/2006 to 6/30/2007

Post On	Fund	Life-Span	Site	Prog	Sub-Prog	Objt	Type	Rev./Exp. Amount	Debit Amount	Credit Amount	Type	Reference	Description/Vendor
Total REPAIRS AND MAINTENANCE								542.00	0.00	0.00			
Object 580900 -- OTHER EXPENSES & FEES													
5/3/2007	01	00	01	8210	0310	580900	6440	59.00			A	PO 074621	CALIFORNIA DEPT OF HEALTH
5/31/2007	01	00	01	8210	0310	580900	6440	118.80	3E/51-54	3E/49	A	PO 074624	SBVC SUN ROOM
6/30/2007	01	00	01	8210	0310	580900	6440	150.00			A	EP 071313	CLIA LABORATORY PROGRAM
Total OTHER EXPENSES & FEES								327.80	0.00	0.00			
Object 640000 -- ADDITIONAL/IMPROVED EQUIPMENT													
12/6/2006	01	14	01	8210	0000	640000	6440	333.84			A	PO 072733	OFFICE DEPOT
12/19/2006	01	14	01	8210	0000	640000	6440	494.56			A	PO 072738	HARLOWS KITCHEN CONCEPTS
Total ADDITIONAL/IMPROVED EQUIPMENT								828.40	0.00	0.00			
Total SAN BERNARDINO VALLEY COLLEGE								52,677.18	0.00	0.00			

Selection Criteria: District = 72; Fund = 01; Site = 01; Program = 8210; Object = 4*,5*,6*; Transaction Type = A Filtered By: 72.ssutorus.External 1

3E/50
4/29/08

ONLY COPY AVAILABLE
Noeminguiz
 Authorized Signature



SBVC-Sunroom--- Invoice

Thank You For Your Business!

Date: 4/4/2007

RECEIVED
 MAY 10 2007
 ACCOUNTS PAYABLE

Please pay no later than the 16th of the month.

Bill-to: Health Services

Please indicate if you are including a tip for the students.

Customer ID X 8273

Thank you!

email:

Elaine Akers @sbccd.cc.ca.us

Date	Description	Amount	Balance Due		
4/4/07	Light Refreshments 20 @ \$5.50 each	\$110.00	\$110.00		
	BATCH # <u>2381</u> VENDOR # <u>20944-01</u>				
	P.O. # <u>74624</u>				
	TAXABLE AMT: TAX:				
	118.80				
	TAX	\$8.80	\$118.80		
Current	1-30 Days Past Due	31-60 Days Past Due	61-90 Days Past Due	Over 90 Days Past Due	Amount Due

OK to pay
 Elaine Akers
 P.O. # 074624
 was approved by
 Black Party on April 4
 at the Board meeting
 3/8/07
 ATTACH TO A.O.
 3E/51
 5/10/07

					\$118.80
--	--	--	--	--	----------

Remittance	
Date	4/29/2007
Amount Due	\$118.80
Amount Enclosed	

RECEIVED
MAY 10 2007
ACCOUNT PAYABLE

Make all checks payable to The Sunroom

Thank you for your business!

SBVC Sunroom, 702 S. Mt. Vernon, San Bernardino, CA 909-384-8695

3E/52
CK 4/29/07

3E/53
CK 4/29/09



ADDRESS ALL INVOICES TO:

San Bernardino Community College District
114 So Del Rosa Drive
San Bernardino, CA 92408
Phone: (909) 384-4307

RECEIVED
APR 12 2007

PURCHASE ORDER NUMBER
074624
THIS NUMBER MUST APPEAR ON ALL
INVOICES, PACKING SLIPS,
PACKAGES & CORRESPONDENCE.

Date: 04/10/2007

Description: Other Expenses

ACCOUNTS PAYABLE

Vendor: 020944-01

SBVC SUN ROOM

Ship To:

Attn: Purchasing/Receiving
San Bernardino Valley College
1010 Grant Avenue
Colton, CA 92324

FOB SHIP VIA BUYER PAYMENT TERMS

--	--	--	--

REQ. #	REQUESTOR	LOCATION	BLDG/DEPT	ROOM
705240	Elaine Akers	SBVC	Student Health Services	WG-9

#	Qty	Unit	Description	Unit Price	P/C	Ext. Total
1	1	EA	Refreshments for Spring Health Fair/Alcohol Awareness Block Party on April 4, 2007. Board Approval date 3/8/07 ✓ 01-00-01-8210-0310-5809.00-6440	\$118.52		\$118.52
				\$118.52		

Item	Qty	Desc.	Rec.Date	By	Item	Qty	Desc.	Rec.Date	By		
										SUBTOTAL:	\$118.52
										SALES TAX:	\$0.00
										SHIPPING:	\$0.00
										TOTAL:	\$118.52

FOR BUSINESS OFFICE USE

n _____ Date _____
Item# _____ Amt. _____
Partial _____ Complete _____

[Signature]
Authorized Signature
3E/50
Should be 1117.80
CK 3E/51-52

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, 10-4206-I-31

Education Code Section 76355

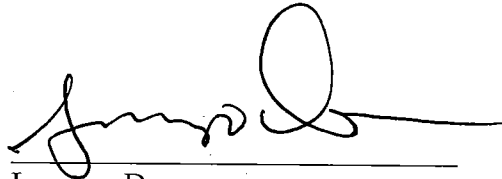
Statutes 1984, 2nd E.S.; Chapter 1; Statutes 1987, Chapter 1118;

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

San Bernardino 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: 12/3/14

Claim Number: 10-4206-I-31

Matter: Health Fee Elimination

Claimant: San Bernardino 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.)

Socorro Aquino, *State Controller's Office*

Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-7522

SAquino@sco.ca.gov

Marieta Delfin, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-4320

mdelfin@sco.ca.gov

Donna Ferebee, *Department of Finance*

915 L Street, Suite 1280, Sacramento, CA 95814

Phone: (916) 445-3274

donna.ferebee@dof.ca.gov

Susan Geanacou, *Department of Finance*

915 L Street, Suite 1280, Sacramento, CA 95814

Phone: (916) 445-3274

susan.geanacou@dof.ca.gov

Ed Hanson, *Department of Finance*

Education Systems Unit, 915 L Street, 7th Floor, 915 L Street, 7th Floor, Sacramento, CA 95814

Phone: (916) 445-0328

ed.hanson@dof.ca.gov

Cheryl Ide, Associate Finance Budget Analyst, *Department of Finance*

Education Systems Unit, 915 L Street, Sacramento, CA 95814

Phone: (916) 445-0328
Cheryl.ide@dof.ca.gov

Jill Kanemasu, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 322-9891
jkanemasu@sco.ca.gov

Jay Lal, *State Controller's Office (B-08)*

Division of Accounting & Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 324-0256
JLal@sco.ca.gov

Kathleen Lynch, *Department of Finance (A-15)*

915 L Street, Suite 1280, 17th Floor, Sacramento, CA 95814
Phone: (916) 445-3274
kathleen.lynch@dof.ca.gov

Yazmin Meza, *Department of Finance*

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