

SixTen and Associates

Mandate Reimbursement Services

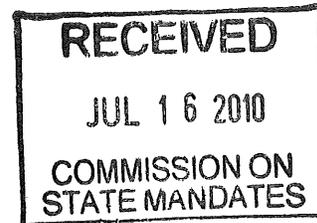
KEITH B. PETERSEN, President

San Diego
5252 Balboa Avenue, Suite 900
San Diego, CA 92117
Telephone: (858) 514-8605
Fax: (858) 514-8645
www.sixtenandassociates.com

Sacramento
3270 Arena Blvd., Suite 400-363
Sacramento, CA 95834
Telephone: (916) 419-7093
Fax: (916) 263-9701
E-Mail: kbpsixten@aol.com

July 14, 2010

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



RE: Health Fee Elimination #2
Fiscal Years: 2003-04 through 2006-07
Incorrect Reduction Claim

Dear Ms. Higashi:

Enclosed is the original and two copies of the above referenced incorrect reduction claim for San Bernardino Community College District. This is the second incorrect reduction claim filed by the District for this program.

SixTen and Associates has been appointed by the District as its representative for this matter and all interested parties should direct their inquiries to me, with a copy as follows:

Bruce Baron, Acting Chancellor
San Bernardino Community College District
114 South Del Rosa Drive
San Bernardino, CA 92408-0108

Thank-you.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith B. Petersen".

Keith B. Petersen

COMMISSION ON STATE MANDATES

1. INCORRECT REDUCTION CLAIM TITLE

1/84, 1118/87 Health Fee Elimination

This is the second incorrect reduction claim filed by the District for this program.

2. CLAIMANT INFORMATION

San Bernardino Community College District

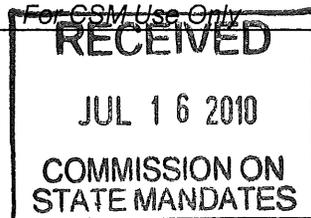
Bruce Baron, Acting Chancellor
San Bernardino Community College District
114 South Del Rosa Drive
San Bernardino, CA 92408-0108
Voice: 909-382-4021
Fax: 909-382-0116
E-Mail: bbaron@sbccd.cc.ca.us

3. CLAIMANT REPRESENTATIVE INFORMATION

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

Keith B. Petersen, President
SixTen and Associates
3270 Arena Blvd., Suite 400-363
Sacramento, CA 95834
Voice: (916) 419-7093
Fax: (916) 263-9701
E-mail: Kbpsixten@aol.com

Filing Date:



IRC #:

4. IDENTIFICATION OF STATUTES OR EXECUTIVE ORDERS

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

5. AMOUNT OF INCORRECT REDUCTION

<u>Fiscal Year</u>	<u>Amount of Reduction</u>
2003-04	\$210,387
2004-05	\$165,451
2005-06	\$296,439
2006-07	\$223,337
TOTAL:	\$895,614

6. NOTICE OF NO INTENT TO CONSOLIDATE

_____ This claim is not being filed with the intent to consolidate on behalf of other claimants.

Sections 7-13 are attached as follows:

7. Written Detailed Narrative:	Pages 1 to 30
8. SCO Results of Review Letters:	Exhibit <u>A</u>
9. Parameters and Guidelines:	Exhibit <u>B</u>
10. SCO Claiming Instructions:	Exhibit <u>C</u>
11. SCO Audit Report:	Exhibit <u>D</u>
12. Chancellor's Letter March 5, 2001	Exhibit <u>E</u>
13. Annual Reimbursement Claims:	Exhibit <u>F</u>

14. CLAIM CERTIFICATION

This claim alleges an incorrect reduction of a reimbursement claim filed with the State Controller's Office pursuant to Government Code section 17561. This incorrect reduction claim is filed pursuant to Government Code section 17551, subdivision (d). I hereby declare, under penalty of perjury under the laws of the State of California, that the information in this incorrect reduction claim submission is true and complete to the best of my own knowledge or information or belief.

Bruce Baron, Acting Chancellor



Signature

7/1/10

Date

1 Claim Prepared by:
2 Keith B. Petersen
3 SixTen and Associates
4 3270 Arena Blvd., Suite 400-363
5 Sacramento, CA 95834
6 Voice: (916) 419-7093
7 Fax: (916) 263-9701
8 E-mail: kbpsixten@aol.com

9 BEFORE THE
10 COMMISSION ON STATE MANDATES
11 STATE OF CALIFORNIA

12	INCORRECT REDUCTION CLAIM OF:)	
13)	No. CSM _____
14)	
15)	Chapter 1, Statutes of 1984, 2nd E.S.
16)	Chapter 1118, Statutes of 1987
17	SAN BERNARDINO)	
18	Community College District,)	Education Code Section 76355
19)	
20)	<u>Health Fee Elimination #2</u>
21	Claimant.)	
22)	Annual Reimbursement Claims:
23)	
24)	Fiscal Year 2003-04
25)	Fiscal Year 2004-05
26)	Fiscal Year 2005-06
27)	Fiscal Year 2006-07
28	_____)	

29 INCORRECT REDUCTION CLAIM FILING
30 PART I. AUTHORITY FOR THE CLAIM

31 The Commission on State Mandates has the authority pursuant to Government
32 Code Section 17551(d) " . . . to hear and decide upon a claim by a local agency or
33 school district filed on or after January 1, 1985, that the Controller has incorrectly
34 reduced payments to the local agency or school district pursuant to paragraph (2) of
35 subdivision (d) of Section 17561." San Bernardino Community College District

Incorrect Reduction Claim of San Bernardino Community College District
1/84; 1118/87 Health Fee Elimination #2

1 (hereafter “district” or “claimant”) is a school district as defined in Government Code
2 Section 17519.¹ Title 2, CCR, Section 1185 (a), requires the claimant to file an
3 incorrect reduction claim with the Commission.

4 This incorrect reduction claim is timely filed. Title 2, CCR, Section 1185(b),
5 requires incorrect reduction claims to be filed no later than three years following the date
6 of the Controller’s “written notice of adjustment notifying the claimant of a reduction.” A
7 Controller’s audit report dated March 18, 2010, has been issued. The audit report
8 constitutes a demand for repayment and adjudication of the claim. The Claimant also
9 received four “result of review” letters dated April 4, 2010. Copies of these letters are
10 attached as Exhibit “A.”

11 There is no alternative dispute resolution process available from the Controller’s
12 office. The audit report states that an incorrect reduction claim should be filed with the
13 Commission if the claimant disagrees with the findings.

14 PART II. SUMMARY OF THE CLAIM

15 The Controller conducted a field audit of District’s annual reimbursement claims
16 for the District’s actual costs of complying with the legislatively mandated Health Fee
17 Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session and
18 Chapter 1118, Statutes of 1987) for the period of July 1, 2003, through June 30, 2007.

¹ Government Code Section 17519, added by Chapter 1459, Statutes of 1984,
Section 1:

“‘School district’ means any school district, community college district, or county
superintendent of schools.”

Incorrect Reduction Claim of San Bernardino Community College District
1/84; 1118/87 Health Fee Elimination #2

1 As a result of the audit, the Controller determined that \$895,614 of the claimed costs
2 were unallowable:

3	Fiscal	Amount	Audit	SCO	Amount Due
4	<u>Year</u>	<u>Claimed</u>	<u>Adjustment</u>	<u>Payments</u>	<u><State> District</u>
5	2003-04	\$532,188 ²	\$210,387	\$ 0	\$321,801
6	2004-05	\$602,458	\$165,451	\$ 0	\$437,007
7	2005-06	\$611,086 ³	\$296,439	\$ 0	\$314,647
8	2006-07	<u>\$459,185⁴</u>	<u>\$223,337</u>	<u>\$ 0</u>	<u>\$235,848</u>
9	Totals	\$2,204,917	\$895,614	\$ 0	\$1,309,303

10 Since the District has not been paid for these claims, the audit report concludes that the
11 audited amount of \$1,309,303 should be paid to the District contingent on available
12 appropriations.

13 PART III. PREVIOUS INCORRECT REDUCTION CLAIMS

14 This is the second incorrect reduction claim filed by this District for this mandate
15 program. The District is not aware of any other incorrect reduction claims having been

² FY 2003-04: The filed claim amount is \$532,187. Stated in the audit report as \$532,188.

³ FY 2005-06: The total claimed cost is \$621,086 less the \$10,000 late-filing penalty.

⁴ FY 2006-07: This is an amended claim. The amended total claimed cost amount is \$469,185 less the \$10,000 late-filing penalty. The *audited* late-filing penalty is \$5,450 calculated as 10% of the increased claimed amount of the amended claim compared to the original claim.

1 adjudicated on the specific issues or subject matter raised by this incorrect reduction
2 claim.

3 PART IV. BASIS FOR REIMBURSEMENT

4 1. Mandate Legislation

5 Chapter 1, Statutes of 1984, 2nd Extraordinary Session, repealed Education
6 Code Section 72246 and added new Education Code Section 72246, which authorized
7 community college districts to charge a student health services fee for the purposes of
8 providing health supervision and services, and operating student health centers. This
9 statute also required that the scope of student health services provided by any
10 community college district during the 1983-84 fiscal year be maintained at that level in
11 the 1984-85 fiscal year and every year thereafter. The provisions of this statute were to
12 automatically repeal on December 31, 1987.

13 Chapter 1118, Statutes of 1987, amended Education Code Section 72246 to
14 require any community college district that provided student health services in fiscal year
15 1986-87 to maintain student health services at that level in 1987-88 and each fiscal year
16 thereafter.

17 Chapter 753, Statutes of 1992, amended Education Code Section 72246 to
18 increase the maximum fee that community college districts were permitted to charge for
19 student health services. This statute also provided for future increases in the amount of
20 the authorized fees that were linked to the Implicit Price Deflator for State and Local
21 Government Purchase of Goods and Services.

1 Chapter 8, Statutes of 1993, repealed Education Code Section 72246, and added
2 Education Code Section 76355⁵ containing substantially the same provisions as

⁵ Education Code Section 76355, added by Chapter 8, Statutes of 1993, effective April 15, 1993, as last amended by Chapter 758, Statutes of 1995:

(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 ten dollars (\$10) for each semester, seven dollars (\$7) for summer school, seven dollars (\$7) for each intersession of at least four weeks, or seven dollars (\$7) 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, or both.

The governing board of each community college district may increase this fee by the same percentage increase as the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar (\$1) above the existing fee, the fee may be increased by one dollar (\$1).

(b) 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.

(c) The governing board of a district maintaining a community college shall adopt rules and regulations that exempt the following students from any fee required pursuant to subdivision (a):

(1) Students who depend exclusively upon prayer for healing in accordance with the teachings of a bona fide religious sect, denomination, or organization.

(2) Students who are attending a community college under an approved apprenticeship training program.

(3) Low-income students, including students who demonstrate financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid and students who demonstrate eligibility according to income standards established by the board of governors and contained in Section 58620 of Title 5 of the California Code of Regulations.

(d) All fees collected pursuant to this section shall be deposited in the fund of the district designated by the California Community Colleges Budget and Accounting Manual. These fees shall be expended only to provide health services as specified in regulations adopted by the board of governors.

Authorized expenditures shall not include, among other things, athletic trainers'

1 former Section 72246, effective April 15, 1993. Chapter 320, Statutes of 2005, effective
2 January 1, 2006, amended Education Code Section 76355 to remove the fee exemption
3 for low-income students under 76355(c)(3).

4 2. Test Claim

5 On November 27, 1985, Rio Hondo Community College District filed a test claim
6 alleging that Chapter 1, Statutes of 1984, 2nd Extraordinary Session, mandated
7 increased costs within the meaning of California Constitution Article XIII B, Section 6, by
8 requiring the provision of student health services that were previously provided at the
9 discretion of the community college districts.

10 On November 20, 1986, the Commission on State Mandates determined that
11 Chapter 1, Statutes of 1984, 2nd Extraordinary Session, imposed a new program upon
12 community college districts by requiring any community college district that provided

salaries, athletic insurance, medical supplies for athletics, physical examinations for intercollegiate athletics, ambulance services, the salaries of health professionals for athletic events, any deductible portion of accident claims filed for athletic team members, or any other expense that is not available to all students. No student shall be denied a service supported by student health fees on account of participation in athletic programs.

(e) Any community college district that provided health services in the 1986-87 fiscal year shall maintain health services, at the level provided during the 1986-87 fiscal year, and each fiscal year thereafter. If the cost to maintain that level of service exceeds the limits specified in subdivision (a), the excess cost shall be borne by the district.

(f) A district that begins charging a health fee may use funds for startup costs from other district funds and may recover all or part of those funds from health fees collected within the first five years following the commencement of charging the fee.

(g) The board of governors shall adopt regulations that generally describe the types of health services included in the health service program.

Incorrect Reduction Claim of San Bernardino Community College District
1/84; 1118/87 Health Fee Elimination #2

1 student health services for which it was authorized to charge a fee pursuant to former
2 Section 72246 in the 1983-1984 fiscal year, to maintain student health services at that
3 level in the 1984-1985 fiscal year and each fiscal year thereafter.

4 At a hearing on April 27, 1989, the Commission on State Mandates determined
5 that Chapter 1118, Statutes of 1987, amended this requirement to apply to all
6 community college districts that provided student health services in fiscal year 1986-
7 1987, and required them to maintain that level of student health services in fiscal year
8 1987-1988 and each fiscal year thereafter.

9 3. Parameters and Guidelines

10 On August 27, 1987, the original parameters and guidelines were adopted. On
11 May 25, 1989, those parameters and guidelines were amended. A copy of the May 25,
12 1989, parameters and guidelines is attached as Exhibit "B."

13 4. Claiming Instructions

14 The Controller has periodically issued or revised claiming instructions for the
15 Health Fee Elimination mandate. A copy of the September 2003 revision of the claiming
16 instructions is attached as Exhibit "C." The September 2003 claiming instructions are
17 believed to be substantially similar to the version extant at the time the claims that are
18 the subject of this incorrect reduction claim were filed. However, because the
19 Controller's claim forms and instructions have not been adopted as regulations, they
20 have no force of law and no effect on the outcome of this claim.

21 /

1 PART V. STATE CONTROLLER CLAIM ADJUDICATION

2 The Controller conducted an audit of the District's annual reimbursement claims
3 for Fiscal Years 2003-04, 2004-05, 2005-06, and 2006-07. The audit concluded that
4 \$1,309,303 of the District's costs claimed are allowable, and \$895,614 was unallowable.
5 A copy of the March 18, 2010, audit report and the District's response is attached as
6 Exhibit "D."

7 PART VI. CLAIMANT'S RESPONSE TO THE STATE CONTROLLER

8 By letter dated February 5, 2010, the Controller transmitted a copy of its draft
9 audit report. The District objected to the proposed adjustments set forth in the draft audit
10 report by letter dated February 18, 2010. There was no change to the final audit
11 findings as a result of this response. A copy of District's response is included in Exhibit
12 "D," the final audit report.

13 PART VII. STATEMENT OF THE ISSUES

14 **Finding 1 - Unallowable services and supplies**

15 The audit report concludes that the District claimed \$185,660 of unallowable
16 services and supplies. This adjustment includes \$1,531 in unallowable health fair
17 expenses and \$184,129 in student athletic insurance premium costs.

18 Athletics Insurance

19 The District concurs that insurance premium costs for the athletics program are
20 not reimbursable. The issue is the allocation between student insurance and athletics
21 coverage premium costs. In the absence of more precise information that is

1 unfortunately not available from our insurance company, the auditor's allocation of the
2 portion of the insurance premiums applicable to the athletics program is satisfactory.

3 Health Fair Expenses

4 The audit report asserts that costs of \$1,531 incurred by the District to purchase
5 food and promotional items for the student health fair are unallowable costs because
6 these are not expenditures the District is required to make in order to maintain the base-
7 year level of health services.

8 The audit report cites Government Code Section 17514, operating somehow in
9 "correlation" with Section 17561, as a reason to disallow the promotional item costs as
10 not required. Since the Commission has determined that health fair activities are
11 reimbursable, then they are necessary, which invalidates the Controller's reliance upon
12 Section 17514. The audit report cites Government Code Section 17561 which allows
13 the Controller to audit and reduce any excessive or unreasonable claims. The audit
14 report concludes that the claimed promotional costs are not required "to complete the
15 activity of providing health information to those who inquire." The conclusion is
16 subjective because the Controller has not cited a published standard for the type and
17 scope of allowable health fair activity costs. The audit report makes no factual claims to
18 support the adjustment on the grounds that the claimed costs were excessive or
19 unreasonable. The intent of the promotional items is to induce attendance at the health
20 fair in order for interested students to receive the information. Disseminating information
21 is the essential purpose of the health fair. Absent a fact-based finding that the food

1 (purchased at a supermarket), for example, was too expensive or some similar finding,
2 there is no basis for the adjustment on the grounds that the claimed costs were
3 excessive.

4 Because there is no finding that the scope of the health fair program is
5 inappropriate, and no evidence that the promotional costs were excessive, the
6 adjustment should be withdrawn.

7 **Finding 2 - Overstated Indirect Costs**

8 The audit report concludes that the District overstated total indirect costs by
9 \$252,577 for the four fiscal years included in the audit. The audit report states that the
10 District overstated indirect costs for three reasons:

- 11 - The FY 2003-04 claim used an indirect cost rate based on the principles of OMB
12 Circular A-21, but that it was not a cost study approved by the federal
13 government as required by the Controller's claiming instructions.
- 14 - The claims for FY 2004-05, FY 2005-06, and FY 2006-07 utilized the Controller's
15 FAM -29C method, but that district did not properly allocate some direct and
16 indirect costs.
- 17 - The indirect cost rates calculated for FY 2004-05 and FY 2005-06 were based on
18 prior year CCFS-311 reports.

19 /
20 /
21 /

Incorrect Reduction Claim of San Bernardino Community College District
1/84; 1118/87 Health Fee Elimination #2

1 Indirect Cost Rate-Reported and Audited

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

7 Regulatory Requirements

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

21 The Controller’s interpretation of Section VI of the parameters and guidelines

1 would, in essence, subject claimants to underground rulemaking at the direction of the
2 Commission. The Controller's claiming instructions are unilaterally created and modified
3 without public notice or comment. The Commission would violate the Administrative
4 Procedure Act if it held that the Controller's claiming instructions are enforceable as
5 standards or regulations. In fact, until 2005, the Controller regularly included a "forward"
6 in the Mandated Cost Manual for Community Colleges that explicitly stated the claiming
7 instructions were "issued for the sole purpose of assisting claimants" and "should not be
8 construed in any manner to be statutes, regulations, or standards."

9 Neither state law nor the parameters and guidelines make compliance with the
10 Controller's claiming instructions a condition of reimbursement. The District has followed
11 the parameters and guidelines. Instead, the burden is on the Controller to show that the
12 indirect cost method used by the District is excessive or unreasonable, which is the only
13 mandated cost audit standard in statute (Government Code Section 17651(d)(2)), not to
14 recalculate the rate according to its unenforceable ministerial preferences.

15 The audit report suggests that the District request a review of the claiming
16 instructions pursuant to Title 2, CCR, Section 1186, "(i)f the district believes that the
17 SCO's claiming instructions are deficient." The efficacy of the content of the claiming
18 instructions is not the issue. The claiming instructions are not properly adopted
19 regulations or standards. There is no need for a claimant to request such review on this
20 type of issue, even if the instructions are inconsistent with the parameters and
21 guidelines, because the claiming instructions are not enforceable regulations. The fact

1 that no review was requested does not mean the claiming instructions are not deficient,
2 nor is that even the issue. The audit report also suggests that the District file a request
3 to amend the parameters and guidelines for the same reason. The parameters and
4 guidelines are quite clear on this issue, so no amendment is necessary. The problem
5 arises from the Controller's staff exceeding the authority of the parameters and
6 guidelines and ignoring the Administrative Procedure Act.

7 Sources of Differences

8 The District and the Controller utilize the same source document, the CCFS-311
9 annual financial and budget report required by the state. The difference in the claimed
10 and audited methods is in the determination of which of those cost elements are direct
11 costs and which are indirect costs and which fiscal year CCFS-311 was used. The
12 District claims used the "capital costs" reported in the CCFS-311 until FY 2006-07. The
13 District amended the FY 2006-07 claim after the audit fieldwork was completed, but
14 before the draft audit report was issued, to use financial statement depreciation in lieu of
15 capital costs to voluntarily follow the Controller's policy change. The remaining few
16 percentage points differences for FY 2004-05 and thereafter result from a different
17 treatment of certain overhead accounts and which CCFS-311 was used for the
18 calculation.

19 FEDERAL METHOD AND RATE: The most significant difference in the claimed and
20 audited rates occurs for FY 2003-04. The Controller's policy allowed use of a federal
21 rate until FY 2004-05, and thereafter only if it is a specified option in the parameters and

1 guidelines. There was no amendment of the parameters and guidelines to support this
2 change of policy. The Controller simply decided to stop accepting federally approved
3 rates, after years of accepting them, with no stated justification. Contrary to the
4 Controller's ministerial preferences, there is no requirement in law that the claimant's
5 indirect cost rate must be "federally" approved. Neither the Commission nor the
6 Controller has ever specified the federal agencies that have the authority to approve
7 indirect cost rates. The audit did not determine that the District's rate was excessive or
8 unreasonable, just that it wasn't federally approved.

9 DEPRECIATION VS. CAPITAL COSTS: For FY 2003-04 through FY 2005-06, the
10 District used the FAM-29C method including CCFS-311 capital costs. The amended
11 claim for FY 2006-07 used financial statement depreciation expense in lieu of CCFS-311
12 capital costs. The Controller's policy was not to allow either capital costs or depreciation
13 expense until FY 2004-05, at which time financial statement depreciation was included
14 in the Controller's FAM-29C calculations. There was no amendment of the parameters
15 and guidelines to support this change of policy. The Controller acted unilaterally with no
16 stated justification or rationale. Accordingly, the auditor cannot rely upon the
17 parameters and guidelines as a basis of disallowing CCFS-311 capital costs in FY 2003-
18 04 through FY 2005-06.

19 PRIOR YEAR CCFS-311: The auditor used the contemporaneous fiscal year CCFS-
20 311 information for the calculation of the indirect cost rate for each year that is the
21 subject of this audit. The District used the prior year CCFS-311 for FY 2004-05 and FY

Incorrect Reduction Claim of San Bernardino Community College District
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1 2005-06. The CCFS-311 is prepared based on annual costs from the prior fiscal year
2 for use in the following budget year. As a practical matter, the CCFS-311 for the current
3 year is often not available at the time that mandate reimbursement claims are being
4 prepared. Therefore, the District is not always able to rely on that data and must
5 determine its indirect cost rates based on the prior year CCFS-311.

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

21 The audit report asserts that the Controller's use of the most recent CCFS-311 is

1 supported by the need to claim only “actual costs” for the same fiscal year. Neither
2 indirect costs or depreciation expenses are “actual costs.” These are cost accounting
3 mechanisms that seek to approximate administrative support costs to direct program
4 activities in the case of indirect costs and in the case of depreciation, to amortize the
5 current period cost of long term assets. The parameters and guidelines do not specify
6 any particular method of calculating indirect costs, nor do they require any particular
7 source be used for the data used in the computation. The claiming instructions even
8 accept the use of a default 7% rate, which has no relationship to reasonable indirect
9 costs incurred or financial statement depreciation expense.

10 As a practical example of the baselessness of the Controller’s position on prior
11 year CCFS-311 reports, note that federally approved indirect cost rates are established
12 for periods of two to four years. This means the data from which the rates were
13 calculated can be from three to five years removed from the last fiscal year in which the
14 federal rate is used. The audit report claims that this is “irrelevant” because the
15 Controller is no longer accepting federally approved rates for this program. However, the
16 longstanding practice of the Controller prior to FY 2004-05 had been to accept federally
17 approved rates. Further, the development of these rates, which can be used for several
18 district programs, is relevant to the propriety of the Controller’s methods and determining
19 whether they comply with general cost accounting principles.

20 OTHER DIFFERENCES: In addition to differences caused by the previous stated
21 reasons and choices, minor differences may remain from year-to-year as a result of

1 different treatment of certain overhead accounts. The indirect cost rate pool calculated
2 by the auditor is based on the claiming instructions that are not enforceable. The only
3 standard is whether the District's choices are reasonable, and there are no audit findings
4 to the contrary on the issue of reasonableness.

5 Unreasonable or Excessive

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

16 Neither state law nor the parameters and guidelines made compliance with the
17 Controller's claiming instructions a condition of reimbursement. The District has followed
18 the parameters and guidelines. The burden of proof is on the Controller to prove that
19 the product of District's calculation is unreasonable, not to recalculate the rate according
20 to its unenforceable ministerial preferences. The audit report merely substituted the
21 Controller's FAM-29C method and account choices for the method and account choices

1 reported by the District. The substitution of the FAM-29C method is an arbitrary choice
2 of the Controller, not a “finding” enforceable either by fact or law.

3 **Finding 3 - Duplicate offsetting savings/reimbursement deductions claimed**

4 The District concurs with the adjustment.

5 **Finding 4 - Understated authorized health service fees**

6 The audit report states that “authorized” student health service fee revenues
7 were understated by \$483,871 for the audit period. This adjustment is due to the fact
8 that the District reported the actual student health service fees that it collected rather
9 than “authorized” student health service fees that could have been collected. In
10 addition, the audit report states that the reported amount collected did not include
11 “accident fees” in the amount of \$147,025 which are reported in a separate program
12 fund. The audit report calculated “authorized” student health service fee revenues, that
13 is, the student health service fees collectible based on the highest student health service
14 fee chargeable, rather than the full-time or part-time student health service fee actually
15 charged to the student and actually collected. This means that the amounts claimed by
16 the District, with or without the “accident fees,” is irrelevant to how the audit adjustment
17 was calculated.

18 The audit report recommends that in the future the District essentially validate
19 Chancellor’s Office data not available at the time of claim preparation, maintain new
20 contemporaneous documentation on the number of students exempt for the student
21 health service fee, charge students the fully authorized fee, and only excuse statutorily

1 exempt students from payment of the fee. None of these duties is required by the
2 Education Code or the parameters and guidelines.

3 Education Code Section 76355

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

16 Parameters and Guidelines

17 The parameters and guidelines state:

18 "Any offsetting savings the claimant experiences as a direct result of this
19 statute must be deducted from the costs claimed. In addition, reimbursement for
20 this mandate received from any source, e.g., federal, state, etc., shall be
21 identified and deducted from this claim. This shall include the amount of [student

1 fees] as authorized by Education Code Section 72246(a)⁶.”

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

6 Government Code Section 17514

7 The Controller relies upon Government Code Section 17514 for the conclusion
8 that “[t]o the extent community college districts can charge a fee, they are not required
9 to incur a cost.” Government Code Section 17514, as added by Chapter 1459, Statutes
10 of 1984, actually states:

11 “‘Costs mandated by the state’ means any increased costs which a local
12 agency or school district is required to incur after July 1, 1980, as a result of any
13 statute enacted on or after January 1, 1975, or any executive order implementing
14 any statute enacted on or after January 1, 1975, which mandates a new program
15 or higher level of service of an existing program within the meaning of Section 6
16 of Article XIII B of the California Constitution.”

17 There is nothing in the language of the statute regarding the authority to charge a fee,
18 any nexus of fee revenue to increased cost, nor any language which describes the legal
19 effect of fees collected or collectible.

20 Government Code Section 17556

21 The Controller relies upon Government Code Section 17556 for the conclusion
22 that “the Commission on State Mandates shall not find costs mandated by the State if

⁶ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

1 the school district has the authority to levy fees to pay for the mandated program or
2 increased level of service.” Government Code Section 17556 as last amended by
3 Chapter 538, Statutes of 2006 actually states:

4 “The commission shall not find costs mandated by the state, as defined in
5 Section 17514, in any claim submitted by a local agency or school district, if, after
6 a hearing, the commission finds . . . : . . .

7 (d) The local agency or school district has the authority to levy service
8 charges, fees, or assessments sufficient to pay for the mandated program or
9 increased level of service. . . .”

10 The audit report misrepresents the law. Government Code Section 17556 prohibits the
11 Commission on State Mandates from finding costs subject to reimbursement, that is,
12 approving a test claim activity for reimbursement, where there is statutory authority in
13 the mandate program legislation to levy fees in an amount sufficient to offset the entire
14 mandated costs. Here, the Commission has already approved the test claim and made
15 a finding of a new program or higher level of service for which the claimants do not have
16 the ability to levy a fee in an amount sufficient to offset the entire mandated costs. The
17 audit asserts as a finding of fact that “the fee authority may be sufficient to pay for some
18 districts’ mandated program costs, while it is insufficient to pay the ‘entire’ costs of other
19 districts.” The audit report appears to disagree with the findings of fact and law by the
20 Commission, which at this point is moot. The audit report’s stated issue is the legal
21 relationship between the authority to charge a fee and the factual issue of whether a
22 cost is incurred.

23 The audit report cites two court cases for the conclusion that the term “costs” do
24 not include “expenses that are recoverable from sources other than taxes.” This

1 standard is not stated in Government Code Sections 17514 or 17556. Regardless, the
2 two cases cited are not on point. In *County of Fresno*, the Commission had specifically
3 found that the fee authority was sufficient to fully fund the test claim activities and denied
4 the test claim. The court simply agreed to uphold this determination because
5 Government Code Section 17556(d) was consistent with the California Constitution. The
6 Commission has approved the Health Fee Elimination mandate, and therefore found
7 that the fee authority is not sufficient to fully fund the mandate. Thus, *County of Fresno*
8 is not applicable because it concerns the activity of approving or denying a test claim
9 and has no bearing on the annual claim reimbursement process. Similarly, although a
10 test claim had been approved and parameters and guidelines were adopted, the court in
11 *Connell* focused its determination on whether the initial approval of the test claim had
12 been proper. It did not evaluate the parameters and guidelines or the reimbursement
13 process because it found that the initial approval of the test claim had been in violation
14 of Section 17556(d).

15 The audit report asserts that the Commission's intent was for claimed costs to be
16 reduced by fees *authorized*, rather than fees received as stated in the parameters and
17 guidelines. It is true that the Department of Finance proposed, as part of the
18 amendments that were adopted on May 25, 1989, that a sentence be added to the
19 offsetting savings section expressly stating that if no health service fee was charged, the
20 claimant would be required to deduct the amount authorized. However, the
21 Commission declined to add this requirement and adopted the parameters and

1 guidelines without this language. That the Commission staff and the California
2 Community Colleges Chancellor's Office agreed with Department of Finance's
3 interpretation does not negate the fact that the Commission adopted parameters and
4 guidelines that *did not* include the additional language. It would be ridiculous if the
5 Commission held that every proposal that is discussed was somehow implied into the
6 adopted document because the proposals of the various parties are often contradictory.
7 It is evident that the Commission intends the language of the parameters and guidelines
8 to be construed as written and only those savings that are *experienced* are to be
9 deducted.

10 Student Health Services Fee Amount

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

1 Chancellor is not asserting that authority. The audit report cannot rely upon the
2 Chancellor's notice as a basis to adjust the claim for "collectible" student health services
3 fees.

4 Fees Collected vs. Fees Collectible

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

14 Because districts are not required to collect a fee from students for student health
15 services, and if such a fee is collected, the amount is to be determined by the District
16 and not the Controller, the audit adjustment is without legal basis. What claimants are
17 required by the parameters and guidelines to do is to reduce the amount of their claimed
18 costs by the amount of student health services fee revenue actually received.
19 Therefore, student health fees are merely potentially collectible, they are not mandatory,
20 and it is inappropriate to reduce claim amounts by revenues not received.

21 /

1 **Statute of Limitations**

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

5 This is not an audit finding. The District's FY 2003-04 claim was mailed to the
6 Controller on January 12, 2005. According to Government Code Section 17558.5, the
7 Controller has three years to commence an audit of claims filed after January 1, 2005.
8 The entrance conference for the audit was conducted December 11, 2008, which is after
9 the expiration of the three-year period to commence the audit. Therefore, the proposed
10 audit adjustments for FY 2003-04 are barred by the statute of limitations set forth in
11 Government Code Section 17558.5. The audit report asserts that initiation of the audit
12 was proper because the District received no payment on FY 2003-04 claim. However,
13 the clause in Government Code Section 17558.5 that delays the commencement of the
14 time for the Controller to audit to the date of initial payment is void because it is
15 impermissibly vague.

16 Applicable Time Limitation for Audit

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

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

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

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

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

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

20 “(a) A reimbursement claim for actual costs filed by a local agency or school
21 district pursuant to this chapter is subject to the initiation of an audit by the
22 Controller no later than three years after the ~~end of the calendar year in which the~~
23 date that the actual reimbursement claim is filed or last amended, whichever is
24 later. However, if no funds are appropriated or no payment is made to a claimant
25 for the program for the fiscal year for which the claim is ~~made~~ filed, the time for
26 the Controller to initiate an audit shall commence to run from the date of initial
27 payment of the claim.”

28 The amendment is pertinent because this is the first time that the factual issue of
29 the date the audit is “initiated” is introduced for mandate programs for which funds are
30 appropriated. This amendment also means that it is impossible for the claimant to know

1 when the statute of limitations will expire at the time the claim is filed, which is contrary
2 to the purpose of a statute of limitations. It allows the Controller's own unilateral delay,
3 or failure to make payments from funds appropriated for the purpose of paying the
4 claims, to control the tolling of the statute of limitations, which is also contrary to the
5 purpose of a statute of limitations.

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

8 "(a) A reimbursement claim for actual costs filed by a local agency or school
9 district pursuant to this chapter is subject to the initiation of an audit by the
10 Controller no later than three years after the date that the actual reimbursement
11 claim is filed or last amended, whichever is later. However, if no funds are
12 appropriated or no payment is made to a claimant for the program for the fiscal
13 year for which the claim is filed, the time for the Controller to initiate an audit shall
14 commence to run from the date of initial payment of the claim. In any case, an
15 audit shall be completed not later than two years after the date that the audit is
16 commenced."

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

21 Vagueness

22 The version of Section 17558.5 applicable to the FY 2003-04 annual
23 reimbursement claim provides that the time limitation to initiate an audit "if no funds are
24 appropriated or no payment is made to a claimant . . . shall commence to run from the
25 date of initial payment." The audit report states that according to this "unambiguous

1 statutory language, the SCO's time limitation to initiate and audit has not yet
2 commenced." Rather, there are two mutually exclusive conditions precedent: either the
3 absence of an appropriation or the absence of a payment. Appropriations are within the
4 purview of the Legislature, but actual payment to claimants is an affirmative act of the
5 Controller. The audit report does not indicate how *both* of these contingencies have
6 been satisfied.

7 Neither condition precedent is under the control of the claimant. These
8 conditions precedent are void because they are impermissibly vague. At the time a claim
9 is filed, the claimant has no way of knowing when payment will be made or how long the
10 records applicable to that claim must be maintained. The current \$4 billion-plus backlog
11 in K-14 mandate payments, which continues to grow every year, could potentially
12 require claimants to maintain detailed supporting documentation for decades.
13 Additionally, it is possible for the Controller to unilaterally extend the audit period by
14 delaying payment or directing appropriated funds only to those claims that have already
15 been audited.

16 Therefore, the only specific and enforceable time limitation to commence an audit
17 is three years from the date the claim was filed, and the annual reimbursement claim for
18 FY 2003-04 was past this time period when the audit was commenced on December 11,
19 2008. All adjustments to this fiscal year are void and should be withdrawn.

20 /

21 /

PART VIII. RELIEF REQUESTED

1
2 The District filed its annual reimbursement claims within the time limits prescribed
3 by the Government Code. The amounts claimed by the District for reimbursement of the
4 costs of implementing the program imposed by Chapter 1, Statutes of 1984, 2nd E.S.,
5 Chapter 1118, Statutes of 1987, and Education Code Section 76355 represent the
6 actual costs incurred by the District to carry out this program. These costs were properly
7 claimed pursuant to the Commission's Parameters and guidelines. Reimbursement of
8 these costs is required under Article XIII B, Section 6 of the California Constitution. The
9 Controller denied reimbursement without any basis in law or fact. The District has met its
10 burden of going forward on this claim by complying with the requirements of Section
11 1185, Title 2, California Code of Regulations. Because the Controller has enforced and
12 is seeking to enforce these adjustments without benefit of statute or regulation, the
13 burden of proof is now upon the Controller to establish a legal basis for its actions.

14 The District requests that the Commission make findings of fact and law on each
15 and every adjustment made by the Controller and each and every procedural and
16 jurisdictional issue raised in this claim, and order the Controller to correct its audit report
17 findings therefrom,

18 /

19 /

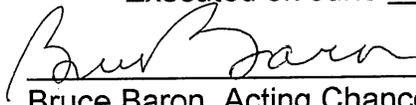
20 /

21 /

PART IX. CERTIFICATION

By my signature below, I hereby declare, under penalty of perjury under the laws of the State of California, that the information in this incorrect reduction claim submission is true and complete to the best of my own knowledge or information or belief, and that the attached documents are true and correct copies of documents received from or sent by the state agency which originated the document.

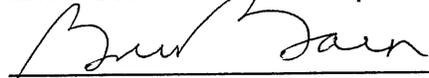
Executed on ^{July 1} June _____, 2010, at San Bernardino, California, by



Bruce Baron, Acting Chancellor
San Bernardino Community College District
114 South Del Rosa Drive
San Bernardino, CA 92408-0108
Voice: 909-382-4021
Fax: 909-382-0116
E-Mail: bbaron@sbccd.cc.ca.us

APPOINTMENT OF REPRESENTATIVE

San Bernardino Community College District appoints Keith B. Petersen, SixTen and Associates, as its representative for this incorrect reduction claim.



Bruce Baron, Acting Chancellor
San Bernardino Community College District

7/1/10

Date

Attachments:

- Exhibit "A" Results of Review letters dated April 4, 2010
- Exhibit "B" Parameters and Guidelines as amended May 25, 1989
- Exhibit "C" Controller's Claiming Instructions, September 2003
- Exhibit "D" Controller's Audit Report dated March 18, 2010
- Exhibit "E" Community College Chancellor's Office letter dated March 5, 2001
- Exhibit "F" Annual Reimbursement Claims



JOHN CHIANG
 California State Controller
 Division of Accounting and Reporting
 APRIL 4, 2010

CC36150
 00234
 2010/04/04

BOARD OF TRUSTEES
 SAN BERNARDINO COMM COLL DIST
 SAN BERNARDINO COUNTY
 114 S DEL ROSA DR
 SAN BERNARDINO CA 92408

DEAR CLAIMANT:

RE: HEALTH FEE ELIMINATION (CC)

WE HAVE REVIEWED YOUR 2003/2004 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED		532,188.00
ADJUSTMENT TO CLAIM:		
FIELD AUDIT FINDINGS	-	210,387.00
TOTAL ADJUSTMENTS	-	<u>210,387.00</u>
AMOUNT DUE CLAIMANT		<u><u>\$ 321,801.00</u></u>

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT FRAN STUART AT (916) 323-0766 OR IN WRITING AT THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875. DUE TO INSUFFICIENT APPROPRIATION, THE BALANCE DUE WILL BE FORTHCOMING WHEN ADDITIONAL FUNDS ARE MADE AVAILABLE.

RECEIVED
 APR 13 2010

SINCERELY,

Ginny Brummels
 GINNY BRUMMELS, MANAGER

LOCAL REIMBURSEMENT SECTION
 P.O. BOX 942850 SACRAMENTO, CA 94250-5875



JOHN CHIANG
 California State Controller
 Division of Accounting and Reporting
 APRIL 4, 2010

CC36150
 00234
 2010/04/04

BOARD OF TRUSTEES
 SAN BERNARDINO COMM COLL DIST
 SAN BERNARDINO COUNTY
 114 S DEL ROSA DR
 SAN BERNARDINO CA 92408

DEAR CLAIMANT:

RE: HEALTH FEE ELIMINATION (CC)

WE HAVE REVIEWED YOUR 2004/2005 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED		602,458.00
ADJUSTMENT TO CLAIM:		
FIELD AUDIT FINDINGS	-	165,451.00
TOTAL ADJUSTMENTS	-	<u>165,451.00</u>
AMOUNT DUE CLAIMANT		<u><u>\$ 437,007.00</u></u>

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT FRAN STUART AT (916) 323-0766 OR IN WRITING AT THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875. DUE TO INSUFFICIENT APPROPRIATION, THE BALANCE DUE WILL BE FORTHCOMING WHEN ADDITIONAL FUNDS ARE MADE AVAILABLE.

RECEIVED
 APR 13 2010

SINCERELY,

Ginny Brummels
 GINNY BRUMMELS, MANAGER

LOCAL REIMBURSEMENT SECTION
 P.O. BOX 942850 SACRAMENTO, CA 94250-5875



JOHN CHIANG
 California State Controller
 Division of Accounting and Reporting
 APRIL 4, 2010

CC36150
 00234
 2010/04/04

BOARD OF TRUSTEES
 SAN BERNARDINO COMM COLL DIST
 SAN BERNARDINO COUNTY
 114 S DEL ROSA DR
 SAN BERNARDINO CA 92408

DEAR CLAIMANT:

RE: HEALTH FEE ELIMINATION (CC)

WE HAVE REVIEWED YOUR 2005/2006 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED		621,086.00
ADJUSTMENT TO CLAIM:		
FIELD AUDIT FINDINGS	-	296,439.00
LATE CLAIM PENALTY	-	10,000.00
TOTAL ADJUSTMENTS	-	<u>306,439.00</u>
AMOUNT DUE CLAIMANT,		<u>\$ 314,647.00</u>

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT FRAN STUART AT (916) 323-0766 OR IN WRITING AT THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875. DUE TO INSUFFICIENT APPROPRIATION, THE BALANCE DUE WILL BE FORTHCOMING WHEN ADDITIONAL FUNDS ARE MADE AVAILABLE.

RECEIVED
 APR 13 2010

SINCERELY,

Ginny Brummels
 GINNY BRUMMELS, MANAGER

LOCAL REIMBURSEMENT SECTION
 P.O. BOX 942850 SACRAMENTO, CA 94250-5875



JOHN CHIANG
 California State Controller
 Division of Accounting and Reporting
 APRIL 4, 2010

CC36150
 00234
 2010/04/04

BOARD OF TRUSTEES
 SAN BERNARDINO COMM COLL DIST
 SAN BERNARDINO COUNTY
 114 S DEL ROSA DR
 SAN BERNARDINO CA 92408

DEAR CLAIMANT:

RE: HEALTH FEE ELIMINATION (CC)

WE HAVE REVIEWED YOUR 2006/2007 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED 469,185.00

ADJUSTMENT TO CLAIM:

FIELD AUDIT FINDINGS	-	223,337.00
LATE CLAIM PENALTY	-	10,000.00
TOTAL ADJUSTMENTS	-	<u>233,337.00</u>
AMOUNT DUE CLAIMANT		<u>\$ 235,848.00</u>

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT FRAN STUART AT (916) 323-0766 OR IN WRITING AT THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875. DUE TO INSUFFICIENT APPROPRIATION, THE BALANCE DUE WILL BE FORTHCOMING WHEN ADDITIONAL FUNDS ARE MADE AVAILABLE.

RECEIVED
 APR 13 2010

FISCAL SERVICES

SINCERELY,

Ginny Brummels
 GINNY BRUMMELS, MANAGER

LOCAL REIMBURSEMENT SECTION
 P.O. BOX 942850 SACRAMENTO, CA 94250-5875

Adopted: 8/27/87
Amended: 5/25/89

PARAMETERS AND GUIDELINES
Chapter 1, Statutes of 1984, 2nd E.S. .
Chapter 1118, Statutes of 1987
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 in 1986-87 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. Only services provided 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:

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 81 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.

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. 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.

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no

less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

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

HEALTH FEE ELIMINATION

1. Summary of Chapters 1/84, 2nd E.S., and Chapter 1118/87

Chapter 1, Statutes of 1984, 2nd E.S., repealed Education Code § 72246 which authorized community college districts to charge a 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 community college districts that charged a fee in the 1983/84 fiscal year to maintain that level of health services in the 1984/85 fiscal year and each fiscal year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community college districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987 amended Education Code § 72246 to require any community college district that provided health services in the 1986/87 fiscal year to maintain health services at that level in the 1986/87 fiscal year and each fiscal year thereafter. Chapter 8, Statutes of 1993, has revised the numbering of § 72246 to § 76355.

2. Eligible Claimants

Any community college district incurring increased costs as a result of this mandate is eligible to claim reimbursement of these costs.

3. Appropriations

To determine if current funding is available for this program, refer to the schedule "Appropriations for State Mandated Cost Programs" in the "Annual Claiming Instructions for State Mandated Costs" issued in mid-September of each year to community college presidents.

4. Types of Claims

A. Reimbursement and Estimated Claims

A claimant may file a reimbursement claim and/or an estimated claim. A reimbursement claim details the costs actually incurred for a prior fiscal year. An estimated claim shows the costs to be incurred for the current fiscal year.

B. Minimum Claim

Section 17554(a), Government Code, provides that no claim shall be filed pursuant to Section 17561 unless such a claim exceeds \$200 per program per fiscal year.

5. Filing Deadline

- (1) Refer to item 3 "Appropriations" to determine if the program is funded for the current fiscal year. If funding is available, an estimated claim must be filed with the State Controller's Office and postmarked by November 30, of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30, of the following fiscal year regardless whether the payment was more or less than the actual costs. If the local agency fails to file a reimbursement claim, monies received must be returned to the State. If no estimated claim was filed, the local agency may file a reimbursement

claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. (See item 3 above).

- (2) A reimbursement claim detailing the actual costs must be filed with the State Controller's Office and postmarked by November 30 following the fiscal year in which costs were incurred. If the claim is filed after the deadline but by November 30 of the succeeding fiscal year, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.

6. Reimbursable Components

Eligible claimants will be reimbursed for health service costs at the level of service provided in the 1986/87 fiscal year. The reimbursement will be reduced by the amount of student health fees authorized per the Education Code § 76355.

After January 1, 1993, pursuant to Chapter 8, Statutes of 1993, the fees students were required to pay for health supervision and services were not more than:

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

The district may increase fees by the same percentage increase as the Implicit Price Deflator (IPD) for the state and local government purchase of goods and services. Whenever the IPD calculates an increase of one dollar (\$1) above the existing amount, the fees may be increased by one dollar (\$1).

7. Reimbursement Limitations

- A. If the level at which health services were provided during the fiscal year of reimbursement is less than the level of health services that were provided in the 1986/87 fiscal year, no reimbursement is forthcoming.
- B. Any offsetting savings or reimbursement the claimant received from any source (e.g. federal, state grants, foundations, etc.) as a result of this mandate, shall be identified and deducted so only net local costs are claimed.

8. Claiming Forms and Instructions

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms HFE-1.0, HFE-1.1, and form HFE-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated and reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

A. Form HFE- 2, Health Services

This form is used to list the health services the community college provided during the 1986/87 fiscal year and the fiscal year of the reimbursement claim.

B. Form HFE-1.1, Claim Summary

This form is used to compute the allowable increased costs an individual college of the community college district has incurred to comply with the state mandate. The level of health services reported on this form must be supported by official financial records of the community college district. A copy of the document must be submitted with the claim. The amount shown on line (13) of this form is carried to form HFE-1.0.

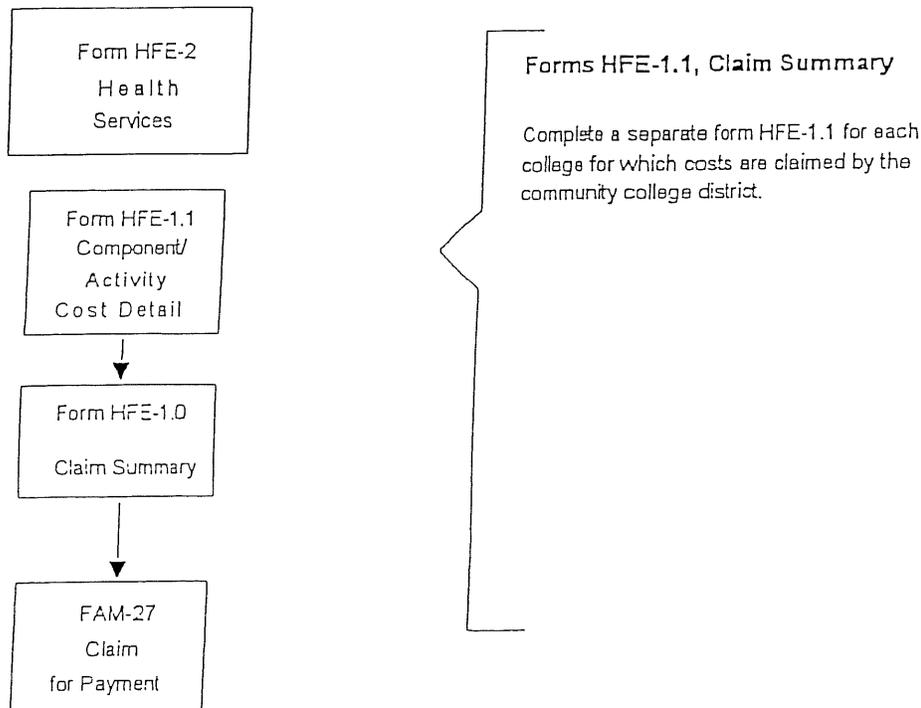
C. Form HFE-1.0, Claim Summary

This form is used to list the individual colleges that had increased costs due to the state mandate and to compute a total claimable cost for the district. The "Total Amount Claimed", line (04) on this form is carried forward to form FAM-27, line 13, for the reimbursement claim, or line (07) for the estimated claim.

D. Form FAM-27, Claim for Payment

This form contains a certification that must be signed by an authorized representative of the local agency. All applicable information from form HFE-1.0 and HFE 1.1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

Illustration of Claim Forms



CLAIM FOR PAYMENT
Pursuant to Government Code Section 17561

HEALTH FEE ELIMINATION

For State Controller Use Only	Program
(19) Program Number 00234	234
(20) Date Filed ___/___/___	
(21) LRS Input ___/___/___	

L
A
B
E
L

H
E
R
E

(01) Claimant Identification Number		Reimbursement Claim Data	
(02) Claimant Name		(22) HFE-1 0, (04)(b)	
County of Location		(23)	
Street Address or P O Box		(24)	
City State Zip Code		(25)	
Type of Claim	Estimated Claim	Reimbursement Claim	(26)
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(27)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29)
Fiscal Year of Cost	(05) 20___/20___	(12) 20___/20___	(30)
Total Claimed Amount	(07)	(13)	(31)
Less: 10% Late Penalty, not to exceed \$1,000		(14)	(32)
Less: Prior Claim Payment Received		(15)	(33)
Net Claimed Amount		(16)	(34)
Due from State	(08)	(17)	(35)
Due to State		(18)	(36)

(37) CERTIFICATION OF CLAIM
In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer _____ Date _____

_____ Title _____

(38) Name of Contact Person for Claim _____ Telephone Number () - Ext. _____

E-Mail Address _____



HEALTH FEE ELIMINATION
 Certification Claim Form
 Instructions

FORM
 FAM-27

- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) Leave blank.
- (05) If filing an amended estimated claim, enter an "X" in the box on line (05) Amended.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form HFE-1.1 and enter the amount from line (13).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) Leave blank.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form HFE-1.1, line (13). The total claimed amount must exceed \$1,000.
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter the product of multiplying line (13) by the factor 0.10 (10% penalty), or \$1,000, whichever is less.
- (15) If filing an actual reimbursement claim and an estimated claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.
- (18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., HFE-1.0, (04)(b), means the information is located on form HFE-1.0, block (04), column (b). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. Completion of this data block will expedite the payment process.
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)
- (38) Enter the name, telephone number, and e-mail address of the person whom this office should contact if additional information is required.

Claims should be rounded to the nearest dollar. Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents. (To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.) Use the following mailing addresses:

Address, if delivered by U.S. Postal Service:

OFFICE OF THE STATE CONTROLLER
 ATTN: Local Reimbursements Section
 Division of Accounting and Reporting
 P.O. Box 942850
 Sacramento, CA 94250

Address, if delivered by other delivery service:

OFFICE OF THE STATE CONTROLLER
 ATTN: Local Reimbursements Section
 Division of Accounting and Reporting
 3301 C Street, Suite 500
 Sacramento, CA 95816

MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY

FORM
HFE-1.0

(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/19__
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(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)

(a) Name of College	(b) Claimed Amount
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
20.	
21.	

(c) Total Amount Claimed	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]
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HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions	FORM HFE-1.0
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(01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.

(02) Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which the expenses were/are to be incurred. A separate claim must be filed for each fiscal year.

Form HFE-1.0 must be filed for a reimbursement claim. Do not complete form HFE-1.0 if you are filing an estimated claim and the estimate is not more than 110% of the previous fiscal year's actual costs. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, forms HFE-1.0 and HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.

(03) List all the colleges of the community college district which have increased costs. A separate form HFE-1.1 must be completed for each college showing how costs were derived.

(04) Enter the total claimed amount of all colleges by adding the Claimed Amount, line (3.1b) + line (3.2b) ...+ (3.21b).

Program 234	MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
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(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 20__/20__
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(03) Name of College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986-87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim			
(06) Cost of providing current fiscal year health services in excess of 1986-87			
(07) Cost of providing current fiscal year health services at 1986-87 level [Line (05) - line (06)]			

(08) Complete columns (a) through (g) to provide detail data for health fees

Collection Period	(a) Number of Students Enrolled	(b) Students Exempt per EC 76355(c)(1)	(c) Students Exempt per EC 76355(c)(2)	(d) Students Exempt per EC 76355(c)(3)	(e) Number of Students Subject to Health Fee (a)-(b)-(c)-(d)	(f) Unit Cost Per Student Per EC 76355	(g) Student Health Fees (e) x (f)
1. Per Fall Semester							
2. Per Spring Semester							
3. Per Summer Session							
4. Per First Quarter							
5. Per Second Quarter							
6. Per third Quarter							

(09) Total health fee that could have been collected: The sum of (Line (08)(1)(c) through line (08)(6)(c))

(10) Subtotal [Line (07) - line (09)]

Cost Reduction

(11) Less: Offsetting Savings

(12) Less: Other Reimbursements

() Total Claimed Amount [Line (10) - (line (11) + line (12))]

Program 234	HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions	FORM HFE-1.1
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- (01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office (SCO) on behalf of its colleges.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.
- Form HFE-1.1 must be filed for a reimbursement claim. Do not complete form HFE-1.1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Enter the name of the college or community college district that provided student health services in the 1986-87 fiscal year and continue to provide the same services during the fiscal year of claim.
- (04) Compare the level of services provided during the fiscal year of reimbursement to the 1986-87 fiscal year and indicate the result by marking a check in the appropriate box. If the "Less" box is checked, STOP and do not complete the remaining part of this claim form. No reimbursement is forthcoming.
- (05) Enter the direct cost, indirect cost, and total cost of health services for the fiscal year of claim on line (05). Direct cost of health services is identified on the college expenditure report authorized by Education Code §76355 and included in the Community College Annual Financial and Budget Report CCFs-311, EDP Code 6440, column 5. If the amount of direct costs claimed is different than that shown on the expenditure report, provide a schedule listing those community college costs that are in addition to, or a reduction to expenditures shown on the report. For claiming indirect costs, college districts have the option of using a federally approved rate from the Office of Management and Budget Circular A-21, form FAM-29C, or a 7% indirect cost rate.
- (06) Enter the direct cost, indirect cost, and total cost of health services that are in excess of the level provided in the 1986-87 fiscal year.
- (07) Enter the difference of the cost of health services for the fiscal year of claim, line (05) and the cost of providing current fiscal year services that are in excess of the level provided in the 1986-87 fiscal year line (06).
- (08) Complete columns (a) through (g) to provide details on the number of students enrolled, the number of students exempt per EC Section 76355(c)(1), (2), and (3), and the amount of health service fees that could have been collected. After 05/01/01, the student fees for health supervision and services are \$12.00 per semester, \$9.00 for summer school, and \$9 for each quarter.
- (09) Enter the sum of student health fees that could have been collected, other than exempt students.
- (10) Enter the difference of the cost of providing health services at the 1986-87 level, line (07) and the total health fee that could have been collected, line (09). If line (09) is greater than line (07), no claim shall be filed.
- (11) Enter the total savings experienced by the school identified in line (03) as a direct cost of this mandate. Submit a detailed schedule of savings with the claim.
- (12) Enter the total of other reimbursements received from any source, (i.e., federal, other state programs, etc..) Submit a detailed schedule of reimbursements with the claim.
- (13) Subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12), from Total 1986-87 Health Service Cost excluding Student Health Fees.

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		FORM HFE-2	
(01) Claimant:	(02) Fiscal Year costs were incurred:		
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
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 Registered Nurse Check Appointments			
Assessment, Intervention and Counseling Birth Control Lab Reports Nutrition Test Results, office Venereal Disease Communicable Disease Upper Respiratory Infection Eyes, Nose and Throat Eye/Vision Dermatology/Allergy Gynecology/Pregnancy Service Neuralgic Orthopedic Genito/Urinary Dental Gastro-Intestinal Stress Counseling Crisis Intervention Child Abuse Reporting and Counseling Substance Abuse Identification and Counseling Acquired Immune Deficiency Syndrome Eating Disorders Weight Control Personal Hygiene Burnout Other Medical Problems, list			
Examinations, minor illnesses Recheck Minor Injury			
Health Talks or Fairs, Information Sexually Transmitted Disease Drugs Acquired Immune Deficiency Syndrome			

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES	FORM HFE-2
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(01) Claimant:	(02) Fiscal Year costs were incurred:
----------------	---------------------------------------

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.	(a) FY 1986/87	(b) FY of Claim
Child Abuse Birth Control/Family Planning Stop Smoking 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		
Physical Examinations Employees Students Athletes		
Medications Antacids Antidiarrheal Aspirin, Tylenol, Etc Skin Rash Preparations Eye Drops Ear Drops Toothache, oil cloves Stingkill Midol, Menstrual Cramps Other, list		
Parking Cards/Elevator Keys Tokens Return Card/Key Parking Inquiry Elevator Passes Temporary Handicapped Parking Permits		

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		FORM HFE-2	
(01) Claimant:	(02) Fiscal Year costs were incurred:		
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
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 EKG Strep A testing PG Testing Monospot Hemacult Others, list			
Miscellaneous Absence Excuses/PE Waiver Allergy Injections Band-aids Booklets/Pamphlets Dressing Change Rest Suture Removal Temperature Weigh Information Report/Form Wart Removal Others, list			
Committees Safety Environmental Disaster Planning			

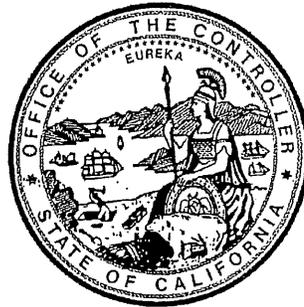
SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

Audit Report

HEALTH FEE ELIMINATION PROGRAM

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

July 1, 2003, through June 30, 2007



JOHN CHIANG
California State Controller

March 2010



JOHN CHIANG
California State Controller

March 18, 2010

James C. Ramos, President
Board of Trustees
San Bernardino Community College District
114 South Del Rosa Drive
San Bernardino, CA 92408

Dear Mr. Ramos:

The State Controller's Office audited the costs claimed by San Bernardino Community College District for 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 \$2,204,916 (\$2,224,916 less a \$20,000 penalty for filing late claims) for the mandated program. Our audit disclosed that \$1,309,302 is allowable and \$895,614 is unallowable. The costs are unallowable because the district claimed unallowable service and supply costs, overstated indirect costs, and understated authorized health service fees. The State made no payment to the district. The State will pay allowable costs claimed that exceed the amount paid, contingent upon available appropriations.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's Web site at www.csm.ca.gov/docs/IRCFORM.pdf.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/vb

cc: Bruce Baron, Acting Chancellor
 San Bernardino Community College District
Steve Sutorus, Director, Internal Audits
 San Bernardino Community College District
Christine Atalig, Auditor
 Fiscal Services Unit
 California Community Colleges Chancellor's Office
Thomas Todd, Principal Program Budget Analyst
 Education Systems Unit
 Department of Finance
Ginny Brummels, Section Manager
 Division of Accounting and Reporting
 State Controller's Office

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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by San Bernardino Community College District for 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 \$2,204,916 (\$2,224,916 less a \$20,000 penalty for filing late claims) for the mandated program. Our audit disclosed that \$1,309,302 is allowable and \$895,614 is unallowable. The costs are unallowable because the district claimed unallowable service and supply costs, overstated indirect costs, and understated authorized health service fees. The State made no payment to the district. The State will pay allowable costs claimed that exceed the amount paid, contingent upon available appropriations.

Background

Chapter 1, Statutes of 1984, 2nd Extraordinary Session (E.S.) repealed Education Code section 72246 which authorized community college districts to charge a health fee for providing health supervision and services, providing medical and hospitalization services, and operating student health centers. This statute also required that health services for which a community college district charged a fee during fiscal year (FY) 1983-84 had to be maintained at that level in FY 1984-85 and every year thereafter. The provisions of this statute would automatically sunset on December 31, 1987, reinstating the community college districts' authority to charge a health service fee as specified.

Chapter 1118, Statutes of 1987, amended Education Code section 72246 (subsequently renumbered as section 76355 by Chapter 8, Statutes of 1993). The law requires any community college district that provided health services in FY 1986-87 to maintain health services at the level provided during that year for FY 1987-88 and for each fiscal year thereafter.

On November 20, 1986, the Commission on State Mandates (CSM) determined that Chapter 1, Statutes of 1984, 2nd Extraordinary Session imposed a "new program" upon community college districts by requiring specified community college districts that provided health services in FY 1983-84 to maintain health services at the level provided during that year for FY 1984-85 and for each fiscal year thereafter. This maintenance-of-effort requirement applied to all community college districts that levied a health service fee in FY 1983-84.

On April 27, 1989, the CSM determined that Chapter 1118, Statutes of 1987, amended this maintenance-of-effort requirement to apply to all community college districts that provided health services in FY 1986-87, requiring them to maintain that level in FY 1987-88 and for each fiscal year thereafter.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. CSM adopted parameters and guidelines on August 27, 1987, and amended them on May 25, 1989. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist school districts in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Health Fee Elimination Program for the period of July 1, 2003, through June 30, 2007.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

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

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

We asked the district's representative to submit a written representation letter regarding the district's accounting procedures, financial records, and mandated cost claiming procedures as recommended by generally accepted government auditing standards. However, the district declined our request.

Conclusion

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

For the audit period, San Bernardino Community College District claimed \$2,204,916 (\$2,224,916 less a \$20,000 penalty for filing late claims) for costs of the Health Fee Elimination Program. Our audit disclosed that \$1,309,302 is allowable and \$895,614 is unallowable. The State made no payment to the district. The State will pay \$1,309,302 to the district, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a draft audit report on February 10, 2010. Bruce Baron, Acting Chancellor, responded by letter dated February 18, 2010 (Attachment). The district disagreed with Finding 2 and Finding 4, partially disagreed with Finding 1, and agreed with Finding 3. This final audit report includes the district's response.

Restricted Use

This report is solely for the information and use of San Bernardino Community College District, the California Community Colleges Chancellor's Office, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

March 18, 2010

**Schedule 1—
Summary of Program Costs
July 1, 2003, through June 30, 2007**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<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)	Finding 1
Total direct costs	550,071	496,149	(53,922)	
Indirect costs	226,685	96,749	(129,936)	Finding 2
Total direct and indirect costs	776,756	592,898	(183,858)	
Less authorized health service fees	(222,624)	(249,153)	(26,529)	Findings 3, 4
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		—		
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)	Finding 1
Total direct costs	574,824	522,464	(52,360)	
Indirect costs	262,235	225,600	(36,635)	Finding 2
Total direct and indirect costs	837,059	748,064	(88,995)	
Less authorized health service fees	(205,881)	(282,337)	(76,456)	Finding 4
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		—		
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)	Finding 1
Total direct costs	589,018	530,833	(58,185)	
Indirect costs	281,197	241,104	(40,093)	Finding 2
Total direct and indirect costs	870,215	771,937	(98,278)	
Less authorized health service fees	(211,753)	(409,914)	(198,161)	Finding 4
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		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 314,647</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<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)	Finding 1
Total direct costs	631,528	610,335	(21,193)	
Indirect costs	340,582	294,669	(45,913)	Finding 2
Total direct and indirect costs	972,110	905,004	(67,106)	
Less authorized health service fees	(458,938)	(619,719)	(160,781)	Finding 4
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		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 235,848</u>		
<u>Summary: July 1, 2003, through June 30, 2007</u>				
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	<u>\$ 2,204,917</u>	1,309,303	<u>\$ (895,614)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,309,303</u>		

¹ See the Findings and Recommendations section.

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

Findings and Recommendations

**FINDING 1—
Unallowable services
and supplies**

The district claimed unallowable services and supplies totaling \$185,660. The district claimed unallowable student athletic insurance costs totaling \$184,129. In addition, the district claimed \$1,531 for gift certificates that it distributed during a health services volleyball tournament and for health fair food and promotional items (bargain bags).

The following table summarizes the audit adjustment:

	Fiscal Year				Total
	2003-04	2004-05	2005-06	2006-07	
Athletic insurance	\$ (53,200)	\$ (52,360)	\$ (57,495)	\$ (21,074)	\$ (184,129)
Gift certificates, food, and promotional items	(722)	—	(690)	(119)	(1,531)
Audit adjustment	<u>\$ (53,922)</u>	<u>\$ (52,360)</u>	<u>\$ (58,185)</u>	<u>\$ (21,193)</u>	<u>\$ (185,660)</u>

The program’s parameters and guidelines state that all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs.

Education Code section 76355, subdivision (d)(2), states that authorized expenditures shall not include athletic insurance.

Government Code section 17514 defines “mandated costs” as any increased costs that the district is *required* to incur. In addition, Government Code section 17561 states that the Controller may reduce any excessive or unreasonable claim. Food and promotional item expenditures are not required to maintain health services at the level that the district provided during fiscal year (FY) 1986-87.

Recommendation

We recommend that the district claim only those services and supplies supported by its accounting records, allowable under the mandated program, and required to maintain health services at the level provided in FY 1986-87.

District’s Response

The district concurred with the unallowable athletic insurance costs. The district had the following comments regarding unallowable costs for gift certificates, food, and promotional items:

Health Fair Expenses

The Controller asserts that costs incurred by the District to purchase food and promotional items for the student health fair are unallowable costs because these are not expenditures the District is required to make in order to maintain the base-year level of health services.

The draft audit report cites Government Code Section 17514 as a reason to disallow the health fair costs as not required. This conclusion directly contradicts the parameters and guidelines which include health

fairs as reimbursable activities in Section V. 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 draft audit report also cites Government Code Section 17561 which allows the Controller to audit and reduce any excessive or unreasonable claims. Since the parameters and guidelines allow reimbursement for the health fair activities, the costs associated with the activity cannot be unreasonable per se. The draft audit report concludes that the claimed health fair costs are "not required," thus any health fair cost would be ostensibly excessive. 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 no factual claims to support the adjustment on the grounds that the claimed costs were excessive. 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

Our finding and recommendation are unchanged. The district concludes that we contradicted the parameters and guidelines by citing Government Code section 17514. We disagree. The district did not recognize the correlation between Government Code sections 17514 and 17561. 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 food and promotional items, nor is it required to distribute gift certificates at a volleyball tournament, to complete the activity of providing health information to those who inquire. Therefore, these are not costs the district is *required* to incur (Government Code section 17514), nor are the costs reasonable (Government Code section 17561).

**FINDING 2—
Overstated indirect costs**

The district overstated indirect costs by \$252,577 for the audit period.

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

To claim FY 2004-05, FY 2005-06, and FY 2006-07 indirect costs, the district used indirect cost rates that it calculated based on the SCO’s FAM-29C methodology. However, the district did not allocate direct and indirect costs as specified in the SCO’s claiming instructions. 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.

We calculated each fiscal year’s allowable indirect cost rate using the SCO’s FAM-29C methodology and the corresponding CCFS-311 report. We allocated costs as specified in the SCO’s claiming instructions and applied each fiscal year’s rate to the corresponding allowable direct costs.

The following table summarizes the audit adjustment:

	Fiscal Year				Total
	2003-04	2004-05	2005-06	2006-07	
Allowable direct costs	\$ 496,149	\$ 522,464	\$ 530,833	\$ 610,334	
Allowable indirect cost rate	× 19.50%	× 43.18%	× 45.42%	× 48.28%	
Allowable indirect costs	96,749	225,600	241,104	294,669	
Less indirect costs claimed	(226,685)	(262,235)	(281,197)	(340,582)	
Audit adjustment	<u>\$ (129,936)</u>	<u>\$ (36,635)</u>	<u>\$ (40,093)</u>	<u>\$ (45,913)</u>	<u>\$ (252,577)</u>

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 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 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.

Recommendation

We recommend that the district claim Health Fee Elimination Program indirect costs based on indirect cost rates computed in accordance with the SCO's FAM-29C methodology.

District's Response

The draft audit report concludes that the District overstated indirect costs. . . .

The most significant difference in the claimed and audited rates is for FY 2003-04. At that time, the Controller policy was not to include depreciation or capital costs in the indirect cost rate calculation. The Controller's policy excluded the capital costs every year until FY 2004-05 when financial statement depreciation was included. The District claims used the "capital costs" reported in the 311 until FY 2005-06. The District amended the FY 2006-07 claim after the audit fieldwork was completed, but before the draft audit report was issued, to use financial statement depreciation in lieu of capital costs in compliance with the Controller's policy change. The remaining few percentage points differences for FY 2004-05 and thereafter result from a different treatment of certain overhead accounts and which 311 was used for the calculation.

The Controller's claiming instructions relevant to these fiscal years state that when claiming indirect costs, college districts have the option of using a federally approved rate from the Office of Management and Budget Circular A-21, a rate calculated using form FAM-29C, or a 7% indirect cost rate. However, the Controller's claiming instructions were never adopted as rules or regulations, so they have no force of law.

The parameters and guidelines . . . state that: "Indirect costs *may be claimed* in the manner described by the Controller in his claiming instructions" (Emphasis added). Therefore, the parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the Controller. Instead, the burden is on the Controller to show that the indirect cost method used by the District is excessive or unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d)(2)). If the Controller wishes to enforce different audit standards for mandated cost reimbursement, the Controller should comply with the Administrative Procedure Act.

For each fiscal year the District used the prior year CCFS-311, prepared based on annual costs from the prior fiscal year for use in the current budget year. The Controller appears to believe that because the CCFS-311 is due to the state by October 15 each year, because audited district annual financial statements (the source of depreciation information for a method used in later fiscal years by the Controller) are due December 31 each year, and because the annual claims that are the subject of this audit were due January 15 each year, the District had adequate time to utilize the current CCFS-311 report rather than the report from the prior year. The audit report assumes that districts receive the audited financial statements on time, which is a conclusion of fact without foundation.

Regardless of the factual issue of when the necessary supporting documentation is available to districts, the audit report does not indicate an enforceable legal requirement to use the most current CCFS-311. In

fact, the Controller accepts indirect cost rates based on older data. Federally approved indirect cost rates are allowed by the Controller for some mandate programs and some fiscal years. Federally approved rates are approved for periods of two or more years. This means the data from the fiscal year from which the federal rates were calculated would be at least three years prior to the last year in which the federal rate is used. . . .

SCO's Comment

Our finding and recommendation are unchanged.

The district misstates the SCO's claiming instructions. In particular, the district incorrectly concludes that both a federally approved rate and a flat 7% rate are options available for FY 2004-05 through FY 2006-07. Our audit finding specifies the actual claiming instructions applicable to each fiscal year. The district also states, ". . . the Controller's claiming instructions were never adopted as rules or regulations, so they have no force of law." We disagree. The parameters and guidelines state, "Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions."

The Commission on State Mandates (CSM) adopted the parameters and guidelines pursuant to Government Code section 17557. 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 should request that the CSM review the claiming instructions pursuant to Title 2, *California Code of Regulations* (CCR), section 1186. 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, in either case, any amendment would not be applicable to this audit period.

The district infers that it need not comply with the SCO's claiming instructions. The district misconstrues the language of the parameters and guidelines. Using the district's interpretation, districts would be allowed to claim indirect costs in whatever manner they choose. "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.

The district states that it is required to submit its CCFS-311 to the State by October 15 each year. The correct due date is October 10 each year (Title 5, CCR, section 58305, subdivision (d)). The district correctly states that it is required to complete audited annual financial statements by December 31 each year (Title 5, CCR, section 59106). The district infers that it might not meet one or both due dates and implies that this is sufficient reason to use a prior year's CCFS-311 to calculate its current-year indirect cost rate. We disagree. The district's failure to comply with one or both due dates is irrelevant to its 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]." Government Code section 17560 requires the district

to submit its reimbursement claim by February 15 (previously January 15) following the fiscal year for which costs are claimed. Government Code section 17561, subdivision (d)(3), allows the district to submit an amended or late claim up to one year after the filing deadline specified in Government Code section 17560. Therefore, the district has ample time to calculate its indirect cost rate using the current-year CCFS-311.

The district’s response includes comments regarding federally approved indirect cost rates. Those comments are irrelevant to this audit. The district did not claim costs based on a federally approved rate. In addition, the SCO’s claiming instructions do not permit districts to use a federally approved rate for FY 2004-05 and thereafter.

**FINDING 3—
Duplicate offsetting
savings/reimbursements
deductions claimed**

For FY 2003-04, the district claimed duplicate deductions for hepatitis immunization revenue and other local revenue. This district properly claimed \$21,944 as offsetting savings/reimbursements. However, the district also included this revenue in the amount that it reported for authorized health service fees.

The following table summarizes the audit adjustment and the adjusted authorized health service fees claimed:

	Fiscal Year 2003-04
Other local revenues (object code 8890)	\$ 17,366
Hepatitis immunizations (object code 8896)	4,578
Audit adjustment	21,944
Authorized health service fees claimed	<u>(222,624)</u>
Adjusted authorized health service fees claimed	<u>\$ (200,680)</u>

The parameters and guidelines state, “Reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim.” The SCO’s claiming instructions direct claimants to separately report authorized health service fees and other reimbursements.

Recommendation

We recommend that the district properly claim revenue as offsetting savings/reimbursements when the revenue is unrelated to the authorized student health fee.

District’s Response

The district concurred with the audit finding.

**FINDING 4—
Understated
authorized health
service fees**

The district understated authorized health service fees by \$483,871. The district understated these fees because it reported actual receipts rather than authorized fees. The district believes that it is required to report only actual receipts. However, the district also understated its actual receipts because it did not report health service fee revenue totaling \$147,025 that it separately identified as “accident fees.” In addition, we noted that the district did not charge students the authorized fee amount for the 2004, 2005, and 2006 summer sessions and the 2004 and 2005 fall semesters. Also, the district voluntarily waived the health service fee for students enrolled exclusively in Distributed Education classes.

Mandated costs do not include costs that are reimbursable from authorized fees. Government Code section 17514 states that “costs mandated by the state” means 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 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.

For the period July 1, 2002, through December 31, 2005, Education Code section 76355, subdivision (c), states that health fees are authorized for all students except those who: (1) depend exclusively on prayer for healing; (2) are attending 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 California Community Colleges Chancellor’s Office (CCCCO) identified the fees authorized by Education Code section 76355, subdivision (a). The following table summarizes the authorized fees:

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

We obtained student enrollment and Board of Governors Grant (BOGG) recipient data from the CCCCCO. The CCCCCO identified enrollment and BOGG recipient data from its management information system (MIS) based on student data that the district reported. CCCCCO identified the district’s enrollment based on CCCCCO’s MIS data element STD7, codes A through G. CCCCCO eliminated any duplicate students based on their social security numbers. From the district enrollment, CCCCCO identified the number of BOGG recipients based on MIS data element SF21, all codes with first letter of B or F. The district does not have an apprenticeship program and it did not identify any students that it excluded from the health service fee pursuant to Education Code section 76355, subdivision (c)(1).

The following table shows the authorized health service fee calculation and audit adjustment:

	Period			Total
	Summer Session	Fall Semester	Spring Semester	
Fiscal Year 2003-04:				
Number of enrolled students	3,865	17,785	17,470	
Less number of BOGG recipients	(2,060)	(7,926)	(7,920)	
Subtotal	1,805	9,859	9,550	
Authorized health fee rate	× \$ (9)	× \$(12)	× \$(12)	
Authorized health service fees	<u>\$ (16,245)</u>	<u>\$ (118,308)</u>	<u>\$ (114,600)</u>	\$ (249,153)
Less adjusted authorized health service fees claimed (Finding 3)				200,680
Audit adjustment, FY 2003-04				<u>(48,473)</u>
Fiscal Year 2004-05:				
Number of enrolled students	6,727	18,225	17,845	
Less number of BOGG recipients	(3,647)	(8,359)	(8,362)	
Subtotal	3,080	9,866	9,483	
Authorized health fee rate	× \$(10)	× \$(13)	× \$(13)	
Authorized health service fees	<u>\$ (30,800)</u>	<u>\$ (128,258)</u>	<u>\$ (123,279)</u>	(282,337)
Less authorized health service fees claimed				205,881
Audit adjustment, FY 2004-05				<u>(76,456)</u>
Fiscal Year 2005-06:				
Number of enrolled students	7,321	17,366	17,114	
Less number of BOGG recipients	(3,805)	(7,963)	—	
Subtotal	3,516	9,403	17,114	
Authorized health fee rate	× \$(11)	× \$(14)	× \$(14)	
Authorized health service fees	<u>\$ (38,676)</u>	<u>\$ (131,642)</u>	<u>\$ (239,596)</u>	(409,914)
Less authorized health service fees claimed				211,753
Audit adjustment, FY 2005-06				<u>(198,161)</u>
Fiscal Year 2006-07:				
Number of enrolled students	6,897	17,317	18,480	
Authorized health fee rate	× \$(12)	× \$(15)	× \$(15)	
Authorized health service fees	<u>\$ (82,764)</u>	<u>\$ (259,755)</u>	<u>\$ (277,200)</u>	(619,719)
Less authorized health service fees claimed				458,938
Audit adjustment, FY 2006-07				<u>(160,781)</u>
Total audit adjustment				<u>\$ (483,871)</u>

Recommendation

We recommend that the district:

- Deduct authorized health service fees from mandate-related costs claimed. To properly calculate authorized health service fees, we recommend that the district identify the number of enrolled students based on CCCC data element STD7, codes A through G.
- Eliminate duplicate entries for students who attend more than one college within the district.

- Maintain documentation that identifies the number of students excluded from the health service fee based on Education Code section 76355, subdivision (c)(1). If the district denies health services to any portion of its student population, it should maintain contemporaneous documentation of a district policy that excludes those students from receiving health services and documentation identifying the number of students excluded. The district must also provide documentation that it excluded the same student population from receiving health services during the 1986-87 base year.
- Charge students the authorized fee amount for each school term. California community colleges routinely publish fee schedules noting that the fees are subject to change.
- Waive the health service fee only for those students specified in Education Code section 76355, subdivision (c).

District's Response

"Authorized" Fee Amount

The draft audit report asserts that claimants must compute the total student health service fees collectible based on the highest "authorized" rate. The draft audit report does not provide the statutory basis for the calculation of the "authorized" rate, nor the source of the legal right of any state entity to "authorize" student health service fee amounts absent rulemaking or compliance with the Administrative Procedure Act by the "authorizing" state agency. The fee amounts "identified" by the State Chancellor's office referenced in the draft audit report merely informs, by form letter to the local districts, that the Implicit Price Deflator has increased and that the districts may increase their student health service fee if the district so chooses. The State Chancellor is not authorized by statute to direct the local districts to increase the student health service fee.

Education Code Section 76355

Education Code Section 76355, subdivision (a)(1), states that "[t]he governing board of a district maintaining a community college *may require* community college students to pay a fee . . . for health supervision and services. . . ." (Emphasis added). 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.* (Emphasis added).

Government Code Section 17514

The draft audit report relies upon Government Code Section 17514 for the conclusion that "[t]o the extent that community college districts can charge a fee, they are not required to incur a cost." First, charging a fee has no relationship to whether costs are incurred to provide the student health services program. . . .

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 that describes the legal effect of fees collected.

Government Code Section 17556

The draft audit report 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 draft audit report misrepresents the law. Government Code Section 17556 prohibits the Commission from finding costs subject to reimbursement, that is, approving a test claim activity for reimbursement where the authority exists 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.

Parameters and Guidelines

The parameters and guidelines, as amended on May 25, 1989, state, in relevant part: “Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. . . . This shall include the amount of [student fees] . . . as authorized by Education Code Section 72246 (a).” Therefore, the student fees actually collected must be used to offset costs, but not student fees that could have been collected and were not, because uncollected fees are “offsetting savings” that were not “experienced.”

SCO’s Comment

Our finding remains unchanged. We made non-substantive changes to our recommendation. Our comments are as follows:

Authorized Fee Amount

The district states, “The draft audit report does not provide the statutory basis for the calculation of the “authorized” rate, nor the source of the legal right of any state entity to “authorize” student health service fee amounts. . . .” The audit finding specifies Education Code section 76355, subdivision (a), as the statutory basis to calculate authorized health service fees. Our report does not state or infer that any state agency “authorizes” the health service fee amount.

The district also states, “The State Chancellor is not authorized by statute to direct the local districts to increase the student health service fee.” We agree that the CCCCO is not authorized to direct districts to increase fees. Our finding states that the CCCCO *identified* the fees authorized by Education Code section 76355, subdivision (a).

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.

Government Code Section 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.

Government Code Section 17556

The district believes that the statutory language applies only when the fee authority is sufficient to offset the "entire" mandated costs. We disagree. The CSM 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. Meanwhile, Education Code section 76355 (formerly section 72246) established a uniform health service fee assessment for students statewide. Therefore, the CSM 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 cost.

Two court cases addressed the issue of fee authority.¹ Both cases concluded that "costs" as used in the constitutional provision, exclude "expenses that are recoverable from sources other than taxes." In both cases, the source other than taxes was fee authority.

¹ *County of Fresno v. California* (1991) 53 Cal. 3d 482; *Connell v. Santa Margarita* (1997) 59 Cal. App. 4th 382.

Parameters and Guidelines

The CSM recognized the *availability* of another funding source by including the fees as offsetting savings in the parameters and guidelines. The CSM's staff analysis of May 25, 1989, states the following regarding the proposed parameters and guidelines amendments that the CSM 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.

The CSM 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 CSM regarding authorized health service fees.

The CSM did not revise the proposed parameters and guidelines amendments further, since the CSM's staff concluded that DOF's proposed language did not substantively change the scope of staff's proposed language. The CSM's meeting minutes of May 25, 1989, show that the CSM adopted the proposed parameters and guidelines on consent, with no additional discussion. Therefore, no community college districts objected and there was no change to the CSM's interpretation regarding authorized health service fees.

OTHER ISSUES

The district's response included other comments related to the mandated cost claims. The district's comments and SCO's responses are presented below.

Statute of Limitations

The district's response included comments related to the statute of limitations applicable to the district's FY 2003-04 mandated cost claim. The district's comment and SCO's response are as follows:

District's Response

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.

SCO's Comment

Our findings and recommendations are unchanged. The district paraphrased only a portion of Government Code section 17558.5, subdivision (a), which states:

A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later.

However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim [emphasis added].

For its FY 2003-04 claim, the district received no payment as of February 26, 2010. Pursuant to the unambiguous statutory language, the SCO's time limitation to initiate an audit has not yet commenced. Therefore, the SCO properly initiated its audit within the statutory time allowed.

Public Records Request

The district's response included a public records request. The district's comment and SCO's response are as follows:

District's Response

The District requests that the Controller provide the District any and all written instructions, memorandums, or other writings in effect and applicable during the claiming period to Finding 1 (regarding student health fair expenditures), Finding 2 (indirect cost rate calculation standards), and Finding 4 (calculation of the student health services fees offset).

SCO's Response

The SCO provided the district the requested records by separate letter dated March 1, 2010.

**Attachment—
District's Response to
Draft Audit Report**



SAN BERNARDINO
COMMUNITY
COLLEGE
DISTRICT

400 East 9th Street • San Bernardino, CA 92406 • Phone: (909) 389-4000

February 18, 2010

Mr. Jim L. Spano, Chief
Mandated Costs Audits Bureau
Division of Audits
California State Controller
P.O. Box 942850
Sacramento, CA 94250-5874

Re: Chapter 1, Statutes of 1984, 2nd E. S.
Chapter 1118, Statutes of 1987
Health Fee Elimination Program
Annual Claim Fiscal Years: 2003-04 through 2006-07
San Bernardino Community College District

Dear Mr. Spano:

This letter is the response of the San Bernardino Community College District to the draft audit report for the above referenced program and fiscal years transmitted by the letter from Jeffrey V. Brownfield, Chief, Division of Audits, State Controller's Office, dated February 5, 2010, and received by the District on February 10, 2010.

Finding 1 - Unallowable services and supplies

The draft audit report concludes that the District claimed \$185,660 of unallowable services and supplies. This adjustment includes \$1,531 in unallowable student health fair expenses and \$184,129 in student athletic insurance.

Athletics Insurance

The District concurs that insurance costs for the athletics program are not reimbursable. In the absence of more precise information that is unfortunately not available from our insurance company, the auditor's allocation of the portion of the insurance premiums applicable to the athletics program is satisfactory.

Health Fair Expenses

The Controller asserts that costs incurred by the District to purchase food and promotional items for the student health fair are unallowable costs because these

are not expenditures the District is required to make in order to maintain the base-year level of health services.

The draft audit report cites Government Code Section 17514 as a reason to disallow the health fair costs as not required. This conclusion directly contradicts the parameters and guidelines which include health fairs as reimbursable activities in Section V. 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 draft audit report also cites Government Code Section 17561 which allows the Controller to audit and reduce any excessive or unreasonable claims. Since the parameters and guidelines allow reimbursement for the health fair activities, the costs associated with the activity cannot be unreasonable per se. The draft audit report concludes that the claimed health fair costs are "not required," thus any health fair cost would be ostensibly excessive. 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 no factual claims to support the adjustment on the grounds that the claimed costs were excessive. 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.

Because there is no question that the health fair activity is appropriate, and no evidence that the costs were excessive, the adjustment should be withdrawn.

Finding 2 - Overstated indirect costs

The draft audit report concludes that the District overstated indirect costs by \$252,577 for the four fiscal years included in the audit. The draft audit report states that the District overstated indirect costs for three reasons:

- The FY 2003-04 claim used an indirect cost rate based on the principles of OMB Circular A-21, but that it was not a cost study approved by the federal government as required by the Controller's claiming instructions.
- The claims for FY 2004-05, FY 2005-06, and FY 2006-07 utilized the Controller's FAM -29C method, but that district did not properly allocate some direct and indirect costs.
- The indirect cost rates calculated for FY 2004-05 and FY 2005-06 were based on prior year CCFS-311 reports.

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%>

The most significant difference in the claimed and audited rates is for FY 2003-04. At that time, the Controller policy was not to include depreciation or capital costs in the indirect cost rate calculation. The Controller's policy excluded the capital costs every year until FY 2004-05 when financial statement depreciation was included. The District claims used the "capital costs" reported in the 311 until FY 2005-06. The District amended the FY 2006-07 claim after the audit fieldwork was completed, but before the draft audit report was issued, to use financial statement depreciation in lieu of capital costs in compliance with the Controller's policy change. The remaining few percentage points differences for FY 2004-05 and thereafter result from a different treatment of certain overhead accounts and which 311 was used for the calculation.

The Controller's claiming instructions relevant to these fiscal years state that when claiming indirect costs, college districts have the option of using a federally approved rate from the Office of Management and Budget Circular A-21, a rate calculated using form FAM-29C, or a 7% indirect cost rate. However, the Controller's claiming instructions were never adopted as rules or regulations, so they have no force of law.

The parameters and guidelines for the Health Fee Elimination program (as amended on May 25, 1989), which are the legally enforceable standards for claiming costs, state that: "Indirect costs *may be claimed* in the manner described by the Controller in his claiming instructions" (Emphasis added). Therefore, the parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the Controller. Instead, the burden is on the Controller to show that the indirect cost method used by the District is excessive or unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d)(2)). If the Controller wishes to enforce different audit standards for mandated cost reimbursement, the Controller should comply with the Administrative Procedure Act.

For each fiscal year the District used the prior year CCFS-311, prepared based on annual costs from the prior fiscal year for use in the current budget year. The Controller appears to believe that because the CCFS-311 is due to the state by October 15 each year, because audited district annual financial statements (the source of depreciation information for a method used in later fiscal years by the Controller) are due December 31 each year, and because the annual claims that

are the subject of this audit were due January 15 each year, the District had adequate time to utilize the current CCFS-311 report rather than the report from the prior year. The audit report assumes that districts receive the audited financial statements on time, which is a conclusion of fact without foundation.

Regardless of the factual issue of when the necessary supporting documentation is available to districts, the audit report does not indicate an enforceable legal requirement to use the most current CCFS-311. In fact, the Controller accepts indirect cost rates based on older data. Federally approved indirect cost rates are allowed by the Controller for some mandate programs and some fiscal years. Federally approved rates are approved for periods of two or more years. This means the data from the fiscal year from which the federal rates were calculated would be at least three years prior to the last year in which the federal rate is used.

Since the draft audit report has stated no legal basis to disallow the indirect cost rate calculation method used by the District, and has not shown a factual basis to reject the District's rates as unreasonable or excessive, the adjustment should be withdrawn.

Finding 3 - Duplicate offsetting savings/reimbursement deductions claimed

The draft audit report concludes that the District claimed duplicate deductions for hepatitis immunizations in FY 2003-04 in the amount of \$21,944. The District claims included the following amounts as reductions ("offsetting savings/reimbursements") to the general ledger student health services costs:

<u>Fiscal Year</u>	<u>SBVC</u>	<u>Crafton Hills</u>	<u>Description</u>
FY 2003-04	\$ 5,431	\$11,935	Other local revenues
	\$ 2,306	\$ 2,272	Hepatitis B Immunizations
FY 2004-05	\$ 7,101	\$16,091	Other local revenues
	\$ 2,346	\$ 3,182	Hepatitis B Immunizations
FY 2005-06	\$10,181	\$21,181	Other local revenues
	\$ 2,964	\$ 3,050	Hepatitis B Immunizations
FY 2006-07	\$14,816	\$23,041	Other local revenues
	\$ 3,220	\$ 2,910	Hepatitis B Immunizations

The audit determined that the FY 2003-04 revenue was deducted twice because the amounts were also included as student health fee revenue collected. We concur with the adjustment.

Finding 4 - Understated authorized health service fees

The draft audit report states that "authorized" student health service fee revenues were understated by \$483,871 for the audit period. This adjustment is due to the fact that the District reported the actual student health service fees that it collected rather than "authorized" student health service fees that could have been collected. In addition, the draft audit report states that the reported amount collected did not include "accident fees" in the amount of \$147,025 which are reported in a separate program fund.

The auditor 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," are irrelevant to audit adjustment.

"Authorized" Fee Amount

The draft audit report asserts that claimants must compute the total student health service fees collectible based on the highest "authorized" rate. The draft audit report does not provide the statutory basis for the calculation of the "authorized" rate, nor the source of the legal right of any state entity to "authorize" student health service fee amounts absent rulemaking or compliance with the Administrative Procedure Act by the "authorizing" state agency. The fee amounts "identified" by the State Chancellor's office referenced in the draft audit report merely informs, by form letter to the local districts, that the Implicit Price Deflator has increased and that the districts may increase their student health service fee if the district so chooses. The State Chancellor is not authorized by statute to direct the local districts to increase the student health service fee.

Education Code Section 76355

Education Code Section 76355, subdivision (a)(1), states that "[t]he governing board of a district maintaining a community college *may require* community college students to pay a fee . . . for health supervision and services . . ." (Emphasis added). 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. (Emphasis added).

Government Code Section 17514

The draft audit report relies upon Government Code Section 17514 for the conclusion that "[t]o the extent that community college districts can charge a fee, they are not required to incur a cost." First, charging a fee has no relationship to whether costs are incurred to provide the student health services program. Second, Government Code Section 17514, as added by Chapter 1459, Statutes of 1984, actually states:

"Costs mandated by the state" means any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute enacted on or after January 1, 1975, or any executive order implementing any statute enacted on or after January 1, 1975, which mandates a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution.

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 that describes the legal effect of fees collected.

Government Code Section 17556

The draft audit report 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." Government Code Section 17556 as last amended by Statutes of 2006, Chapter 538, actually states:

The commission shall not find costs mandated by the state, as defined in Section 17514, in any claim submitted by a local agency or school district, if after a hearing, the commission finds any one of the following: . . .

(d) The local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the mandated program or increased level of service.

The draft audit report misrepresents the law. Government Code Section 17556 prohibits the Commission from finding costs subject to reimbursement, that is, approving a test claim activity for reimbursement where the authority exists 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.

Parameters and Guidelines

The parameters and guidelines, as amended on May 25, 1989, state, in relevant part: "Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed This shall include the amount of [student fees] ... as authorized by Education Code Section 72246(a)." Therefore, the student fees actually collected must be used to offset costs, but not student fees that could have been collected and were not, because uncollected fees are "offsetting savings" that were not "experienced."

The audit report should be changed to comply with the appropriate application of the parameters and guidelines and the Government Code concerning audits of mandate claims.

OTHER MATTERS

Statute of Limitations

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 should be changed to exclude findings for the FY 2003-04 annual claim.

Public Records Request

The District requests that the Controller provide the District any and all written instructions, memorandums, or other writings in effect and applicable during the claiming period to Finding 1 (regarding student health fair expenditures), Finding 2 (indirect cost rate calculation standards), and Finding 4 (calculation of the student health services fees offset).

Government Code section 6253, subdivision (c), requires the state agency that is the subject of the request, within ten days from receipt of a request for a copy of records, to determine whether the request, in whole or in part, seeks copies of disclosable public records in possession of the agency and promptly notify the requesting party of that determination and the reasons therefore. Also, as

required, when so notifying the District, the agency must state the estimated date and time when the records will be made available.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bruce Baron".

Bruce Baron, Acting Chancellor
San Bernardino Community College District

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

<http://www.sco.ca.gov>

**CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE**

1102 Q STREET
SACRAMENTO, CA 95814-6511
916) 445-8752
HTTP://WWW.CCCCO.EDU



March 5, 2001

To: Superintendents/Presidents
Chief Business Officers
Chief Student Services Officers
Health Services Program Directors
Financial Aid Officers
Admissions and Records Officers
Extended Opportunity Program Directors

From: Thomas J. Nussbaum
Chancellor

Subject: Student Health Fee Increase

Education Code Section 76355 provides the governing board of a community college district the option of increasing the student health services fee by the same percentage as the increase in the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar above the existing fee, the fee may be increased by \$1.00.

Based on calculations by the Financial, Economic, and Demographic Unit in the Department of Finance, the Implicit Price Deflator Index has now increased enough since the last fee increase of March 1997 to support a one dollar increase in the student health fees. Effective with the Summer Session of 2001, districts may begin charging a maximum fee of \$12.00 per semester, \$9.00 for summer session, \$9.00 for each intersession of at least four weeks, or \$9.00 for each quarter.

For part-time students, the governing board shall decide the amount of the fee, if any, that the student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.

The governing board operating a health services program must have rules that exempt the following students from any health services fee:

- Students who depend exclusively upon prayer for healing in accordance with the teachings of a bona fide religious sect, denomination, or organization.

- Students who are attending a community college under an approved apprenticeship training program.
- Students who receive Board of Governors Enrollment Fee Waivers, including students who demonstrate financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid and students who demonstrate eligibility according to income standards established by the board of governors and contained in Section 58620 of Title 5 of the California Code of Regulations.

All fees collected pursuant to this section shall be deposited in the Student Health Fee Account in the Restricted General Fund of the district. These fees shall be expended only to provide health services as specified in regulations adopted by the board of governors. Allowable expenditures include health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both. Allowable expenditures exclude athletic-related salaries, services, insurance, insurance deductibles, or any other expense that is not available to all students. No student shall be denied a service supported by student health fee on account of participation in athletic programs.

If you have any questions about this memo or about student health services, please contact Mary Gill, Dean, Enrollment Management Unit at 916.323.5951. If you have any questions about the fee increase or the underlying calculations, please contact Patrick Ryan in Fiscal Services Unit at 916.327.6223.

CC: Patrick J. Lenz
Ralph Black
Judith R. James
Frederick E. Harris

I:\Fisc\FiscUnit\01StudentHealthFees\011StuHealthFees.doc

Fiscal Year

2003 - 2004

SixTen and Associates

Mandate Reimbursement Services

KEITH B. PETERSEN, MPA, JD, President
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Telephone: (858) 514-8605
Fax: (858) 514-8645
E-Mail: Kbpsixten@aol.com

January 12, 2005

Claim File Copy

CERTIFIED MAIL # 7003 1010 0003 2876 5476

Ms. Virginia Brummels, Section Manager
Local Reimbursement Section
Division of Accounting and Reporting
Office of the State Controller
P.O. Box 942850
Sacramento, CA 94250

Dear Ms. Brummels:

Re: Annual Reimbursement Claim
San Bernardino Community College District CC36150

Enclosed please find the original claim and an extra copy of the FAM-27 for San Bernardino Community College District's reimbursement claim listed below:

1/84

Health Fee Elimination

2003-2004

If you have any questions regarding this claim, please contact me at (858) 514-8605.

Sincerely,



Keith B. Petersen

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 HEALTH FEE ELIMINATION	For State Controller Use only	Program 234
	(19) Program Number 00234	
	(20) Date Filed ___/___/___	
	(21) LRS Input ___/___/___	

LABEL HERE	(01) Claimant Identification Number: CC36150		Reimbursement Claim Data		
	(02) Claimant Name San Bernardino Community College District		(22) HFE-1.0, (04)(b)	532,187	
	(03) County of Location San Bernardino		(23)		
	(04) Street Address 114 S. Del Rosa Drive		(24)		
	(05) City	(06) State	(07) Zip Code		
	San Bernardino	CA	92408		
	Type of Claim		Estimated Claim		Reimbursement Claim
	(08) Estimated	<input checked="" type="checkbox"/>	(09) Reimbursement	<input checked="" type="checkbox"/>	(26)
	(10) Combined	<input type="checkbox"/>	(11) Combined	<input type="checkbox"/>	(27)
	(12) Amended	<input type="checkbox"/>	(13) Amended	<input type="checkbox"/>	(28)
Fiscal Year of Cost		(14) 2004-2005	(15) 2003-2004	(29)	(30)
Total Claimed Amount		(16) \$ 585,000	(17) \$ 532,187	(31)	(32)
Less: 10% Late Penalty		(18) \$ -	(19) \$ -	(33)	(34)
Less: Prior Claim Payment Received		(20) \$ -	(21) \$ -	(35)	(36)
Net Claimed Amount		(22) \$ 585,000	(23) \$ 532,187	(37)	(38)
Due from State	(24) \$ 585,000	(25) \$ 532,187	(26)	(27)	(28)
Due to State		(29)	(30)	(31)	(32)

(37) CERTIFICATION OF CLAIM

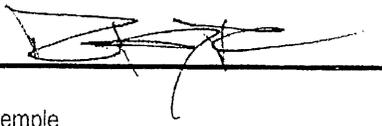
In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer (USE BLUE INK)

Date



1-6-05

Robert Temple

Vice Chancellor, Fiscal Services

Type or Print Name

Title

(38) Name of Contact Person for Claim

SixTen and Associates

Telephone Number: (858) 514-8605

E-mail Address: kbpsixten@aol.com

MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY

FORM
HFE-1.0

(01) Claimant:

San Bernardino Community College District

(02) Type of Claim: Fiscal Year
Reimbursement 2003-2004
Estimated

(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)

(a) Name of College	(b) Claimed Amount
1. San Bernardino Valley College	\$228,450.73
2. Crafton Hills College	\$303,736.53
3.	
4.	
5.	
6.	
7.	
8.	
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10.	
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21.	
(04) Total Amount Claimed	[Line (3.1b) + line (3.2b) + line (3.3b) + ... line (3.21b)] \$ 532,187

PROGRAM 234	MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
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(01) Claimant: San Bernardino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2003-2004
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(03) Name of College: San Bernardino Valley College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 41.21%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 253,746	\$ 104,569	\$ 358,315
(06) Cost of providing current fiscal year health services in excess of 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 253,746	\$ 104,569	\$ 358,315

(08) Complete Columns (a) through (g) to provide detail data for health fees

Collection Period	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code §76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code §76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per Fall Semester				\$ -		\$ -	\$ -
2. Per Spring Semester				\$ -		\$ -	\$ -
3. Per Summer Session				\$ -		\$ -	\$ -
4. Per First Quarter				\$ -		\$ -	\$ -
5. Per Second Quarter				\$ -		\$ -	\$ -
6. Per Third Quarter				\$ -		\$ -	\$ -

(09) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c)	\$ 122,127
(10) Subtotal	[Line (07) - line (09)]	\$ 236,188

Cost Reduction

(11) Less: Offsetting Savings, if applicable	\$ 5,431.00
(12) Less: Other Reimbursements, if applicable	\$ 2,306.00
(13) Total Amount Claimed	\$ 228,451

PROGRAM 234	MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.2
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(01)	Claimant: San Bernardino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2003-2004
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(03) Name of College: Crafton Hills College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 41.21%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 296,325	\$ 122,116	\$ 418,441
(06) Cost of providing current fiscal year health services in excess of 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 296,325	\$ 122,116	\$ 418,441

(08) Complete Columns (a) through (g) to provide detail data for health fees

Collection Period	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code §76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code §76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per Fall Semester				\$ -		\$ -	\$ -
2. Per Spring Semester				\$ -		\$ -	\$ -
3. Per Summer Session				\$ -		\$ -	\$ -
4. Per First Quarter				\$ -		\$ -	\$ -
5. Per Second Quarter				\$ -		\$ -	\$ -
6. Per Third Quarter				\$ -		\$ -	\$ -

(09) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c))	\$ 100,497
(10) Subtotal	[Line (07) - line (09)]	\$ 317,944

Cost Reduction

(11) Less: Offsetting Savings, if applicable	\$ 11,935.00
(12) Less: Other Reimbursements, if applicable	\$ 2,272.00
(13) Total Amount Claimed	\$ 303,737

Program 029	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2
------------------------------	--	-----------------------------

(01) Claimant San Bernardino Community College District	(02) Fiscal Year costs were incurred: 2003-2004
--	--

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Accident Reports	X	X
Appointments		
College Physician, surgeon	X	X
Dermatology, Family practice	X	X
Internal Medicine	X	X
Outside Physician	X	X
Dental Services	X	X
Outside Labs, (X-ray, etc.,)		
Psychologist, full services	X	X
Cancel/Change Appointments	X	X
Registered Nurse	X	X
Check Appointments		
Assessment, Intervention and Counseling		
Birth Control	X	X
Lab Reports		
Nutrition	X	X
Test Results, office	X	X
Venereal Disease	X	X
Communicable Disease	X	X
Upper Respiratory Infection	X	X
Eyes, Nose and Throat	X	X
Eye/Vision	X	X
Dermatology/Allergy	X	X
Gynecology/Pregnancy Service		
Neuralgic	X	X
Orthopedic	X	X
Genito/Urinary	X	X
Dental	X	X
Gastro-Intestinal	X	X
Stress Counseling	X	X
Crisis Intervention	X	X
Child Abuse Reporting and Counseling	X	X
Substance Abuse Identification and Counseling	X	X
Eating Disorders	X	X
Weight Control	X	X
Personal Hygiene	X	X
Burnout	X	X
Other Medical Problems, list	X	X
Examinations, minor illnesses		
Recheck Minor Injury	X	X
Health Talks or Fairs, Information		
Sexually Transmitted Disease	X	X
Drugs	X	X
Acquired Immune Deficiency Syndrome	X	X
Child Abuse	X	X

Program 029	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL		FORM HFE-2	
(01) Claimant San Bernardino Community College District		(02) Fiscal Year costs were incurred: 2003-2004		
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.		(a) FY 1986/87	(b) FY of Claim	
Birth Control/Family Planning		X	X	
Stop Smoking		X	X	
Library, Videos and Cassettes		X	X	
First Aid, Major Emergencies		X	X	
First Aid, Minor Emergencies		X	X	
First Aid Kits, Filled		X	X	
Immunizations				
Diphtheria/Tetanus				
Measles/Rubella				
Influenza				
Information		X	X	
Insurance				
On Campus Accident		X	X	
Voluntary		X	X	
Insurance Inquiry/Claim Administration		X	X	
Laboratory Tests Done				
Inquiry/Interpretation		X	X	
Pap Smears				
Physical Examinations				
Employees				
Students				
Athletes				
Medications				
Antacids		X	X	
Antidiarrheal		X	X	
Aspirin, Tylenol, etc.,		X	X	
Skin Rash Preparations		X	X	
Eye Drops		X	X	
Ear Drops		X	X	
Toothache, oil cloves		X	X	
Stingkill		X	X	
Midol, Menstrual Cramps		X	X	
Other, list--->				
Parking Cards/Elevator Keys				
Tokens				
Return Card/Key				
Parking Inquiry				
Elevator Passes				
Temporary Handicapped Parking Permits				

Program 029	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2
------------------------------	--	-----------------------------

(01) Claimant San Bernardino Community College District	(02) Fiscal Year costs were incurred: 2003-2004
--	--

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
--	----------------------	-----------------------

Referrals to Outside Agencies		
Private Medical Doctor	X	X
Health Department	X	X
Clinic	X	X
Dental	X	X
Counseling Centers	X	X
Crisis Centers	X	X
Transitional Living Facilities, battered/homeless women	X	X
Family Planning Facilities	X	X
Other Health Agencies	X	X
Tests		
Blood Pressure	X	X
Hearing	X	X
Tuberculosis		
Reading	X	X
Information	X	X
Vision	X	X
Glucometer	X	X
Urinalysis	X	X
Hemoglobin	X	X
EKG	X	
Strep A Testing	X	X
PG Testing	X	X
Monospot	X	X
Hemacult		
Others, list		
Miscellaneous		
Absence Excuses/PE Waiver	X	X
Allergy Injections	X	X
Band-aids	X	X
Booklets/Pamphlets	X	X
Dressing Change	X	X
Rest	X	X
Suture Removal	X	X
Temperature	X	X
Weigh	X	X
Information	X	X
Report/Form	X	X
Wart Removal	X	X
Others, list		
Committees		
Safety	X	X
Environmental	X	X
Disaster Planning	X	X

Fiscal Year

2004 - 2005

SixTen and Associates

Mandate Reimbursement Services

Claim File Copy

KEITH B. PETERSEN, MPA, JD, President
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Telephone: (858) 514-8605
Fax: (858) 514-8645
E-Mail: Kbpsixten@aol.com

January 11, 2006

CERTIFIED MAIL # 7004 2510 0004 4007 0633

Ms. Virginia Brummels, Section Manager
Local Reimbursement Section
Division of Accounting and Reporting
Office of the State Controller
P.O. Box 942850
Sacramento, CA 94250

RE: Annual Reimbursement Claims
San Bernardino Community College District CC36150

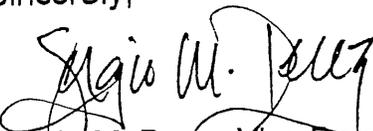
Dear Ms. Brummels:

Enclosed please find the original claims and extra copies of the FAM-27 for San Bernardino Community College District's reimbursement claims listed below:

1/84	Health Fee Elimination	2004-2005
641/86	Open Meetings Act/Brown Act Reform	2004-2005

If you have any questions regarding these claims, please contact me at (858) 514-8605.

Sincerely,


Sergio M. Perez, Vice-President
Claims Processing Manager

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 HEALTH FEE ELIMINATION	For State Controller Use only	Program 234
	(19) Program Number 00234	
	(20) Date Filed ___/___/___	
	(21) LRS Input ___/___/___	

LABEL HERE	(01) Claimant Identification Number: CC 36150		Reimbursement Claim Data	
	(02) Claimant Name: San Bernardino Community College District		(22) HFE-1.0, (04)(b)	602,458
	(03) County of Location: San Bernardino		(23)	
	(04) Street Address: 114 S. Del Rosa Drive		(24)	
	(05) City: San Bernardino	(06) State: CA	(07) Zip Code: 92408	(25)
	Type of Claim	Estimated Claim	Reimbursement Claim	(26)
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(27)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29)	
Fiscal Year of Cost	(06) 2005-2006	(12) 2004-2005	(30)	
Total Claimed Amount	(07) \$ 662,000	(13) \$ 602,458	(31)	
Less: 10% Late Penalty		(14) \$ -	(32)	
Less: Prior Claim Payment Received		(15) \$ -	(33)	
Net Claimed Amount		(16) \$ 602,458	(34)	
Due from State	(08) \$ 662,000	(17) \$ 602,458	(35)	
Due to State		(18)	(36)	

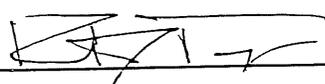
(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer (USE BLUE INK)



Robert Temple
Type or Print Name

Date

1/4/06

Vice Chancellor, Fiscal Services
Title

(38) Name of Contact Person for Claim: SixTen and Associates
 Telephone Number: (858) 514-8605
 E-mail Address: kbpsixten@aol.com

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.0
--	-------------------------

(01) Claimant: San Bernardino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Fiscal Year Estimated <input type="checkbox"/> 2004-2005
---	--

(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)

(a) Name of College	(b) Claimed Amount
1. San Bernardino Valley College	\$276,151.64
2. Crafton Hills College	\$326,306.07
3.	
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20.	
21.	

(04) Total Amount Claimed	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	\$ 602,458
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PROGRAM 234	MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
------------------------------	--	-------------------------------

(01) Claimant: San Bernardino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2004-2005
---	--	--------------------------

(03) Name of College: San Bernardino Valley College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 45.62%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 277,531	\$ 126,610	\$ 404,141
(06) Cost of providing current fiscal year health services in excess of 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 277,531	\$ 126,610	\$ 404,141

(08) Complete Columns (a) through (g) to provide detail data for health fees

Collection Period	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code §76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code §76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per Fall Semester				\$ -		\$ -	\$ -
2. Per Spring Semester				\$ -		\$ -	\$ -
3. Per Summer Session				\$ -		\$ -	\$ -
4. Per First Quarter				\$ -		\$ -	\$ -
5. Per Second Quarter				\$ -		\$ -	\$ -
6. Per Third Quarter				\$ -		\$ -	\$ -

(09) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c)	\$ 118,542
(10) Subtotal	[Line (07) - line (09)]	\$ 285,599

Cost Reduction

(11) Less: Offsetting Savings, if applicable	\$ 7,101.00
(12) Less: Other Reimbursements, if applicable	\$ 2,346.00
(13) Total Amount Claimed	\$ 276,152

PROGRAM 234	MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.2
------------------------------	--	-------------------------------

(01) Claimant: San Bernardino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2004-2005
---	--	--------------------------

(03) Name of College: Crafton Hills College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 45.62%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 297,293	\$ 135,625	\$ 432,918
(06) Cost of providing current fiscal year health services in excess of 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 297,293	\$ 135,625	\$ 432,918

(08) Complete Columns (a) through (g) to provide detail data for health fees

Collection Period	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code §76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code §76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Have Been Collected (d) + (f)
1. Per Fall Semester				\$ -		\$ -	\$ -
2. Per Spring Semester				\$ -		\$ -	\$ -
3. Per Summer Session				\$ -		\$ -	\$ -
4. Per First Quarter				\$ -		\$ -	\$ -
5. Per Second Quarter				\$ -		\$ -	\$ -
6. Per Third Quarter				\$ -		\$ -	\$ -

(09) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c)	\$ 87,339
(10) Subtotal	[Line (07) - line (09)]	\$ 345,579

Cost Reduction

(11) Less: Offsetting Savings, if applicable	\$ 16,091.00
(12) Less: Other Reimbursements, if applicable	\$ 3,182.00
(13) Total Amount Claimed	[Line (10) - {(line (11) + line (12))}] \$ 326,306

Program 029	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2
------------------------------	--	-----------------------------

(01) Claimant San Bernardino Community College District	(02) Fiscal Year costs were incurred: 2004-2005
--	--

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Accident Reports	X	X
Appointments		
College Physician, surgeon	X	X
Dermatology, Family practice	X	X
Internal Medicine	X	X
Outside Physician	X	X
Dental Services	X	X
Outside Labs, (X-ray, etc..)		
Psychologist, full services	X	X
Cancel/Change Appointments	X	X
Registered Nurse	X	X
Check Appointments		
Assessment, Intervention and Counseling		
Birth Control	X	X
Lab Reports		
Nutrition	X	X
Test Results, office	X	X
Venereal Disease	X	X
Communicable Disease	X	X
Upper Respiratory Infection	X	X
Eyes, Nose and Throat	X	X
Eye/Vision	X	X
Dermatology/Allergy	X	X
Gynecology/Pregnancy Service		
Neuralgic	X	X
Orthopedic	X	X
Genito/Urinary	X	X
Dental	X	X
Gastro-Intestinal	X	X
Stress Counseling	X	X
Crisis Intervention	X	X
Child Abuse Reporting and Counseling	X	X
Substance Abuse Identification and Counseling	X	X
Acquired Immune Deficiency Syndrome	X	X
Eating Disorders	X	X
Weight Control	X	X
Personal Hygiene	X	X
Burnout	X	X
Other Medical Problems, list		
Examinations, minor illnesses	X	X
Recheck Minor Injury		
Health Talks or Fairs, Information		
Sexually Transmitted Disease	X	X
Drugs	X	X
Acquired Immune Deficiency Syndrome	X	X
Child Abuse		

Program 029	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2	
(01) Claimant San Bernardino Community College District		(02) Fiscal Year costs were incurred: 2004-2005	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.		(a) FY 1986/87	(b) FY of Claim
Referrals to Outside Agencies			
Private Medical Doctor		X	X
Health Department		X	X
Clinic		X	X
Dental		X	X
Counseling Centers		X	X
Crisis Centers		X	X
Transitional Living Facilities, battered/homeless women		X	X
Family Planning Facilities		X	X
Other Health Agencies			
Tests			
Blood Pressure		X	X
Hearing		X	X
Tuberculosis			
Reading		X	X
Information		X	X
Vision		X	X
Glucometer		X	X
Urinalysis		X	X
Hemoglobin		X	
EKG			
Strep A Testing		X	X
PG Testing		X	X
Monospot		X	X
Hemacult			
Others, list			
Miscellaneous			
Absence Excuses/PE Waiver		X	X
Allergy Injections		X	X
Band-aids		X	X
Booklets/Pamphlets		X	X
Dressing Change		X	X
Rest		X	X
Suture Removal		X	X
Temperature		X	X
Weigh		X	X
Information		X	X
Report/Form		X	X
Wart Removal			
Others, list			
Committees			
Safety		X	X
Environmental		X	X
Disaster Planning		X	X

Fiscal Year

2005 - 2006

SixTen and Associates Mandate Reimbursement Services

KEITH B. PETERSEN, MPA, JD, President
E-Mail: Kbpsixten@aol.com

San Diego
5252 Balboa Avenue, Suite 900
San Diego, CA 92117
Telephone: (858) 514-8605
Fax: (858) 514-8645

Sacramento
3841 North Freeway Blvd., Suite 170
Sacramento, CA 95834
Telephone: (916) 565-6104
Fax: (916) 564-6103

November 20, 2007

CERTIFIED MAIL # 7006 3450 0000 3941 8628

Claim File Copy

Ms. Virginia Brummels, Section Manager
Local Reimbursement Section
Division of Accounting and Reporting
Office of the State Controller
P.O. Box 942850
Sacramento, CA 94250

RE: Annual Reimbursement Claims
San Bernardino Community College District CC 36150

Dear Ms. Brummels:

Enclosed please find the original claims and extra copies of the FAM-27 for San Bernardino Community College District's reimbursement claims listed below:

1/84	Health Fee Elimination	2005-2006
1/84	Health Fee Elimination	2006-2007

If you have any questions regarding these claims, please contact me at (858) 514-8605.

Sincerely,


Keith B. Petersen, President

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 HEALTH FEE ELIMINATION	For State Controller Use only	Program 234
	(19) Program Number 00234	
	(20) Date Filed ___/___/___	
	(21) LRS Input ___/___/___	

L A B E L H E R E	(01) Claimant Identification Number: CC 36150	Reimbursement Claim Data	
	(02) Claimant Name: San Bernardino Community College District	(22) HFE-1.0, (04)(b)	621,086
	County of Location: San Bernardino	(23)	
	Street Address: 114 South Del Rosa Drive	(24)	
	City: San Bernardino State: CA Zip Code: 92408	(25)	
	Type of Claim	Estimated Claim	Reimbursement Claim
		(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>
		(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>
		(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>
	Fiscal Year of Cost	(06)	(12) 2005-2006
	Total Claimed Amount	(07)	(13) \$ 621,086
	Less: 10% Late Penalty, not to exceed \$1,000	(14)	\$ 10,000
	Less: Prior Claim Payment Received	(15)	\$ -
	Net Claimed Amount	(16)	\$ 611,086
	Due from State	(08)	(17) \$ 611,086
	Due to State	(18)	(36)

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer (USE BLUE INK)



Robert Temple

Type or Print Name

Date

11-14-07

Vice Chancellor, Fiscal Services

Title

(38) Name of Contact Person for Claim	Telephone Number: (858) 514-8605
SixTen and Associates	E-mail Address: kbpsixten@aol.com

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.0
--	-------------------------

(01) Claimant: San Bernardino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2005-2006
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(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)

(a) Name of College	(b) Claimed Amount
1. San Bernardino Valley College	\$ 272,838
2. Crafton Hills College	\$ 348,248
3.	
4.	
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21.	

(04) Total Amount Claimed	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	\$ 621,086
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PROGRAM 234	MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
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(01) Claimant: San Bernardino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2005-2006
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(03) Name of College: San Bernardino Valley College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 47.74%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 279,537	\$ 133,451	\$ 412,988
(06) Cost of providing current fiscal year health services in excess of 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 279,537	\$ 133,451	\$ 412,988

(08) Complete Columns (a) through (g) to provide detail data for health fees

Collection Period	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code §76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code §76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Have Been Collected (d) + (f)
1. Per Fall Semester				\$ -		\$ -	\$ -
2. Per Spring Semester				\$ -		\$ -	\$ -
3. Per Summer Session				\$ -		\$ -	\$ -
4. Per First Quarter				\$ -		\$ -	\$ -
5. Per Second Quarter				\$ -		\$ -	\$ -
6. Per Third Quarter				\$ -		\$ -	\$ -

(09) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c)	\$ 127,005
(10) Subtotal	[Line (07) - line (09)]	\$ 285,983

Cost Reduction

(11) Less: Offsetting Savings, if applicable	\$ 10,181
(12) Less: Other Reimbursements, if applicable	\$ 2,964
(13) Total Amount Claimed	\$ 272,838

PROGRAM 234	MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
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(01) Claimant: San Bernardino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2005-2006
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(03) Name of College: Crafton Hills College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 47.74%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 309,481	\$ 147,746	\$ 457,227
(06) Cost of providing current fiscal year health services in excess of 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 309,481	\$ 147,746	\$ 457,227

(08) Complete Columns (a) through (g) to provide detail data for health fees

Collection Period	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code §76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code §76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Have Been Collected (d) + (f)
1. Per Fall Semester				\$ -		\$ -	\$ -
2. Per Spring Semester				\$ -		\$ -	\$ -
3. Per Summer Session				\$ -		\$ -	\$ -
4. Per First Quarter				\$ -		\$ -	\$ -
5. Per Second Quarter				\$ -		\$ -	\$ -
6. Per Third Quarter				\$ -		\$ -	\$ -

(09) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c))	\$ 84,748
(10) Subtotal	[Line (07) - line (09)]	\$ 372,479

Cost Reduction

(11) Less: Offsetting Savings, if applicable	\$ 21,181
(12) Less: Other Reimbursements, if applicable	\$ 3,050
(13) Total Amount Claimed	\$ 348,248

Program 234	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2	
(01) Claimant San Bernardino Community College District		(02) Fiscal Year costs were incurred: 2005-2006	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.		(a) FY 1986/87	(b) FY of Claim
Accident Reports		X	X
Appointments			
College Physician, surgeon		X	X
Dermatology, Family practice		X	X
Internal Medicine		X	X
Outside Physician		X	X
Dental Services		X	X
Outside Labs, (X-ray, etc.)			
Psychologist, full services		X	X
Cancel/Change Appointments		X	X
Registered Nurse		X	X
Check Appointments			
Assessment, Intervention and Counseling			
Birth Control		X	X
Lab Reports			
Nutrition		X	X
Test Results, office		X	X
Venereal Disease		X	X
Communicable Disease		X	X
Upper Respiratory Infection		X	X
Eyes, Nose and Throat		X	X
Eye/Vision		X	X
Dermatology/Allergy		X	X
Gynecology/Pregnancy Service			
Neuralgic		X	X
Orthopedic		X	X
Genito/Urinary		X	X
Dental		X	X
Gastro-Intestinal		X	X
Stress Counseling		X	X
Crisis Intervention		X	X
Child Abuse Reporting and Counseling		X	X
Substance Abuse Identification and Counseling		X	X
Acquired Immune Deficiency Syndrome		X	X
Eating Disorders		X	X
Weight Control		X	X
Personal Hygiene		X	X
Burnout		X	X
Other Medical Problems, list			
Examinations, minor illnesses			
Recheck Minor Injury		X	X
Health Talks or Fairs, Information		X	X
Sexually Transmitted Disease		X	X
Drugs		X	X
Acquired Immune Deficiency Syndrome		X	X
Child Abuse			

Program 234	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2	
(01) Claimant San Bernardino Community College District		(02) Fiscal Year costs were incurred: 2005-2006	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.		(a) FY 1986/87	(b) FY of Claim
Birth Control/Family Planning		X	X
Stop Smoking		X	X
Library, Videos and Cassettes		X	X
First Aid, Major Emergencies		X	X
First Aid, Minor Emergencies		X	X
First Aid Kits, Filled		X	X
Immunizations			
Diphtheria/Tetanus			
Measles/Rubella			
Influenza			
Information		X	X
Insurance			
On Campus Accident		X	X
Voluntary		X	X
Insurance Inquiry/Claim Administration		X	X
Laboratory Tests Done			
Inquiry/Interpretation		X	X
Pap Smears			
Physical Examinations			
Employees			
Students			
Athletes			
Medications			
Antacids		X	X
Antidiarrheal		X	X
Aspirin, Tylenol, etc.,		X	X
Skin Rash Preparations		X	X
Eye Drops		X	X
Ear Drops		X	X
Toothache, oil cloves		X	X
Stingkill		X	X
Midol, Menstrual Cramps		X	X
Other, list--->			
Parking Cards/Elevator Keys			
Tokens			
Return Card/Key			
Parking Inquiry			
Elevator Passes			
Temporary Handicapped Parking Permits			

Program 234	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2
------------------------	--	-----------------------

(01) Claimant San Bernardino Community College District	(02) Fiscal Year costs were incurred: 2005-2006
--	--

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Referrals to Outside Agencies		
Private Medical Doctor	X	X
Health Department	X	X
Clinic	X	X
Dental	X	X
Counseling Centers	X	X
Crisis Centers	X	X
Transitional Living Facilities, battered/homeless women	X	X
Family Planning Facilities	X	X
Other Health Agencies		
Tests		
Blood Pressure	X	X
Hearing	X	X
Tuberculosis		
Reading	X	X
Information	X	X
Vision	X	X
Glucometer	X	X
Urinalysis	X	X
Hemoglobin	X	X
EKG		
Strep A Testing	X	X
PG Testing	X	X
Monospot	X	X
Hemacult		
Others, list		
Miscellaneous		
Absence Excuses/PE Waiver	X	X
Allergy Injections	X	X
Band-aids	X	X
Booklets/Pamphlets	X	X
Dressing Change	X	X
Rest	X	X
Suture Removal	X	X
Temperature	X	X
Weigh	X	X
Information	X	X
Report/Form	X	X
Wart Removal		
Others, list		
Committees		
Safety	X	X
Environmental	X	X
Disaster Planning	X	X

Fiscal Year

2006 - 2007

Sixten and Associates Mandate Reimbursement Services

KEITH B. PETERSEN, MPA, JD, President
E-Mail: Kbpsixten@aol.com

San Diego
5252 Balboa Avenue, Suite 900
San Diego, CA 92117
Telephone: (858) 514-8605
Fax: (858) 514-8645

Sacramento
3841 North Freeway Blvd., Suite 170
Sacramento, CA 95834
Telephone: (916) 565-6104
Fax: (916) 564-6103

January 29, 2009

CERTIFIED MAIL #7006 3450 0000 3941 8895

Ms. Virginia Brummels, Section Manager
Local Reimbursement Section
Division of Accounting and Reporting
Office of the State Controller
P.O. Box 942850
Sacramento, CA 94250

Claim File Copy

RE: Annual Reimbursement Claims
San Bernardino Community College District CC 36150

Dear Ms. Brummels:

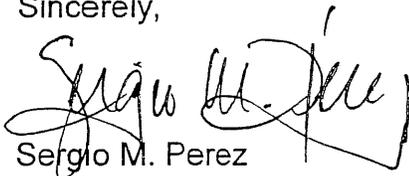
Enclosed please find the original claims and extra copies of the FAM-27 for San Bernardino Community College District's reimbursement claim listed below:

1/84	Health Fee Elimination	2006-2007
308/95	Enrollment Fee Collection and Waivers	2006-2007
764/99	Integrated Waste Management	2007-2008

amended

If you have any questions regarding these claims, please contact me at (858) 514-8605.

Sincerely,


Sergio M. Perez

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 HEALTH FEE ELIMINATION	For State Controller Use Only	Program 234
	(19) Program Number 00234	
	(20) Date Filed <u> </u> / <u> </u> / <u> </u>	
	(21) LRS Input <u> </u> / <u> </u> / <u> </u>	

LABEL HERE	(01) Claimant Identification Number: CC 36150		Reimbursement Claim Data	
	(02) Claimant Name: San Bernardino Community College District		(22) HFE-1.0, (04)(b)	469,185
	(03) County of Location: San Bernardino		(23)	
	(04) Street Address: 114 South Del Rosa Drive		(24)	
	(05) City: San Bernardino	(06) State: CA	(07) Zip Code: 92408	(25)
	Type of Claim	Estimated Claim	Reimbursement Claim	(26)
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(27)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input checked="" type="checkbox"/>	(29)	
Fiscal Year of Cost	(06)	(12) 2006-2007	(30)	
Total Claimed Amount	(07)	(13) \$ 469,185	(31)	
Less: 10% Late Penalty, not to exceed \$1,000		(14) \$ 10,000	(32)	
Less: Prior Claim Payment Received		(15) \$ -	(33)	
Net Claimed Amount		(16) \$ 459,185	(34)	
Due from State	(08)	(17) \$ 459,185	(35)	
Due to State		(18)	(36)	

(37) CERTIFICATION OF CLAIM

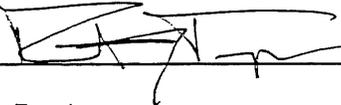
In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer (USE BLUE INK)

Date



1/28/07

Robert Temple

Vice Chancellor, Fiscal Services

Type or Print Name

Title

(38) Name of Contact Person for Claim

Telephone Number: (858) 514-8605

SixTen and Associates

E-mail Address: kbsixten@aol.com

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.0
--	-------------------------

(01) Claimant: San Bernardino Community College District	(02) Type of Claim: <table style="width: 100%; border: none;"> <tr> <td style="padding: 2px;">Reimbursement</td> <td style="text-align: center; padding: 2px;"><input checked="" type="checkbox"/></td> <td style="padding: 2px;">Fiscal Year</td> </tr> <tr> <td style="padding: 2px;">Estimated</td> <td style="text-align: center; padding: 2px;"><input type="checkbox"/></td> <td style="padding: 2px;">2006-2007</td> </tr> </table>	Reimbursement	<input checked="" type="checkbox"/>	Fiscal Year	Estimated	<input type="checkbox"/>	2006-2007
Reimbursement	<input checked="" type="checkbox"/>	Fiscal Year					
Estimated	<input type="checkbox"/>	2006-2007					

(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)

(a) Name of College	(b) Claimed Amount
1. San Bernardino Valley College	\$ 101,044
2. Crafton Hills College	\$ 368,140
3.	
4.	
5.	
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21.	

(04) Total Amount Claimed	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	\$ 469,185
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PROGRAM 234	MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
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1) Claimant: n Bernardino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2006-2007
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3) Name of College: San Bernardino Valley College

4) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is owed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 53.93%	Total
) Cost of Health Services for the Fiscal year of Claim	\$ 283,922	\$ 153,119	\$ 437,041
) Cost of providing current fiscal year health services in excess of 1986/87	\$ -	\$ -	\$ -
) Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 283,922	\$ 153,119	\$ 437,041

) Complete Columns (a) through (g) to provide detail data for health fees

Collection Period	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code §76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code §76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
Per Fall Semester				\$ -		\$ -	\$ -
Per Spring Semester				\$ -		\$ -	\$ -
Per Summer Session				\$ -		\$ -	\$ -
Per First Quarter				\$ -		\$ -	\$ -
Per Second Quarter				\$ -		\$ -	\$ -
Per Third Quarter				\$ -		\$ -	\$ -

Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c)	\$ 317,961
Subtotal	[Line (07) - line (09)]	\$ 119,080

Cost Reduction		
Less: Offsetting Savings, if applicable		\$ 14,816
Less: Other Reimbursements, if applicable		\$ 3,220
Total Amount Claimed	[Line (10) - {line (11) + line (12)}]	\$ 101,044

PROGRAM 234	MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
-----------------------	--	-------------------------------

(1) Claimant: Bernardino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2006-2007
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(3) Name of College: Crafton Hills College

(4) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS <input type="checkbox"/>	SAME <input checked="" type="checkbox"/>	MORE <input type="checkbox"/>
----------------------------------	---	----------------------------------

	Direct Cost	Indirect Cost of: 53.93%	Total
Cost of Health Services for the Fiscal year of Claim	\$ 347,605	\$ 187,463	\$ 535,068
Cost of providing current fiscal year health services in excess of 1986/87	\$ -	\$ -	\$ -
Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 347,605	\$ 187,463	\$ 535,068

Complete Columns (a) through (g) to provide detail data for health fees

Collection Period	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code §76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code §76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
Per Fall Semester				\$ -		\$ -	\$ -
Per Spring Semester				\$ -		\$ -	\$ -
Per Summer Session				\$ -		\$ -	\$ -
Per First Quarter				\$ -		\$ -	\$ -
Per Second Quarter				\$ -		\$ -	\$ -
Per Third Quarter				\$ -		\$ -	\$ -

Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c))	\$ 140,977
Subtotal	[Line (07) - line (09)]	\$ 394,091

Reduction		
Less: Offsetting Savings, if applicable		\$ 23,041
Less: Other Reimbursements, if applicable		\$ 2,910
Total Amount Claimed	[Line (10) - {line (11) + line (12)}]	\$ 368,140

Program 234	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2
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(01) Claimant San Bernardino Community College District	(02) Fiscal Year costs were incurred: 2006-2007
--	--

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Accident Reports	X	X
Appointments		
College Physician, surgeon	X	X
Dermatology, Family practice	X	X
Internal Medicine	X	X
Outside Physician	X	X
Dental Services	X	X
Outside Labs, (X-ray, etc.)		
Psychologist, full services	X	X
Cancel/Change Appointments	X	X
Registered Nurse	X	X
Check Appointments		
Assessment, Intervention and Counseling		
Birth Control	X	X
Lab Reports		
Nutrition	X	X
Test Results, office	X	X
Venereal Disease	X	X
Communicable Disease	X	X
Upper Respiratory Infection	X	X
Eyes, Nose and Throat	X	X
Eye/Vision	X	X
Dermatology/Allergy	X	X
Gynecology/Pregnancy Service		
Neuralgic	X	X
Orthopedic	X	X
Genito/Urinary	X	X
Dental	X	X
Gastro-Intestinal	X	X
Stress Counseling	X	X
Crisis Intervention	X	X
Child Abuse Reporting and Counseling	X	X
Substance Abuse Identification and Counseling	X	X
Acquired Immune Deficiency Syndrome	X	X
Eating Disorders	X	X
Weight Control	X	X
Personal Hygiene	X	X
Burnout	X	X
Other Medical Problems, list		
Examinations, minor illnesses		
Recheck Minor Injury	X	X
Health Talks or Fairs, Information		
Sexually Transmitted Disease	X	X
Drugs	X	X
Acquired Immune Deficiency Syndrome	X	X
Child Abuse		

Program 234	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2
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(01) Claimant San Bernardino Community College District	(02) Fiscal Year costs were incurred: 2006-2007
--	--

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Birth Control/Family Planning	X	X
Stop Smoking	X	X
Library, Videos and Cassettes	X	X
First Aid, Major Emergencies	X	X
First Aid, Minor Emergencies	X	X
First Aid Kits, Filled	X	X
Immunizations		
Diphtheria/Tetanus		
Measles/Rubella		
Influenza		
Information	X	X
Insurance		
On Campus Accident	X	X
Voluntary	X	X
Insurance Inquiry/Claim Administration	X	X
Laboratory Tests Done		
Inquiry/Interpretation	X	X
Pap Smears		
Physical Examinations		
Employees		
Students		
Athletes		
Medications		
Antacids	X	X
Antidiarrheal	X	X
Aspirin, Tylenol, etc.,	X	X
Skin Rash Preparations	X	X
Eye Drops	X	X
Ear Drops	X	X
Toothache, oil cloves	X	X
Stingkill	X	X
Midol, Menstrual Cramps	X	X
Other, list-->	X	X
Parking Cards/Elevator Keys		
Tokens		
Return Card/Key		
Parking Inquiry		
Elevator Passes		
Temporary Handicapped Parking Permits		

Program 234	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2
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(01) Claimant San Bernardino Community College District	(02) Fiscal Year costs were incurred: 2006-2007
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(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Referrals to Outside Agencies		
Private Medical Doctor	X	X
Health Department	X	X
Clinic	X	X
Dental	X	X
Counseling Centers	X	X
Crisis Centers	X	X
Transitional Living Facilities, battered/homeless women	X	X
Family Planning Facilities	X	X
Other Health Agencies		
Tests		
Blood Pressure	X	X
Hearing	X	X
Tuberculosis		
Reading	X	X
Information	X	X
Vision	X	X
Glucometer	X	X
Urinalysis	X	X
Hemoglobin	X	X
EKG		
Strep A Testing	X	X
PG Testing	X	X
Monospot	X	X
Hemacult		
Others, list		
Miscellaneous		
Absence Excuses/PE Waiver	X	X
Allergy Injections	X	X
Band-aids	X	X
Booklets/Pamphlets	X	X
Dressing Change	X	X
Rest	X	X
Suture Removal	X	X
Temperature	X	X
Weigh	X	X
Information	X	X
Report/Form	X	X
Wart Removal		
Others, list		
Committees		
Safety	X	X
Environmental	X	X
Disaster Planning	X	X